Volume Two

Contents

Part III Constructive Cooperation on the Labour Market.
   Ch. XV. The Background to the Basic Agreement of 1938 ....... P. 537
   Ch. XVI. The Basic Agreement between LO and SAF, and other Peace Agreements ....... P. 556

Part IV Employers' Rights and Workers' Security
   Ch. XVII Employers' sovereignty and Paragraph 23 of SAF ....... P. 598
   Ch. XVIII Industrial Democracy ....... P. 626

Part V Collective Bargaining and Wages Policy.
   Ch. XIX Employment Agreements ....... P. 690
   Ch. XX Negotiation Procedure ....... P. 770
   Ch. XXI Wages Policy ....... P. 812
   Conclusion ....... P. 906
   Bibliography ....... P. 914
Part Three

Constructive Cooperation on the Labour Market
The Background to the Basic Agreement of 1938

In this chapter some of the factors that led to the Basic Agreement between LO and SAF in 1938 are taken up for discussion. The Agreement itself will be discussed in the next chapter. We have already noticed that legislative proposals on neutral third parties were of considerable importance for determining the shape and content of chapter IV of the Basic Agreement. Another important source, which arose out of demands for legislation on other aspects of labour relations, was the report of the Notin committee in 1935.

A whole series of motions in the parliamentary session of 1934 had dealt with questions of the prevention and settlement of socially dangerous conflicts, the structure of the labour market organisations, the justification for emergency legislation, and related matters. Many of the motions reflected the problems that the building industry conflict had raised both for society and the labour market organisations. The second law committee considered them all together, and said there might be a case for resuming the enquiry begun by the labour peace delegation of 1926 into these problems. It therefore asked parliament to request the government to undertake "a comprehensive and independent enquiry into measures that could be taken in the field of the right of association and of labour rights with a view to developing the nexus of organisations of employers and workers from a legislative point of view and for the promotion of labour peace", and to present proposals to parliament on the basis of the enquiry without delay.

In a special statement attached to this report by the law committee two social democratic members of the committee said that it was not easy to adopt a negative attitude in principle to the question of legislation for the purpose of promoting labour peace or for developing the organisations on a legal basis, not at any rate if, as the social democratic movement did, one laid great emphasis on a positive policy in relation to other branches of social legislation. LO had expressed this view in its statement on the report of Professor Bergendal. Whatever views one might entertain as to the intentions of the various motions and the value of the various proposals, it could not be denied that they formed a sufficiently broad base for such a general regulation in law of labour and of associations. In general there were no doubts in principle on this subject, and the issues had become
pressing as a result of the experience of recent years in the labour market and of the development of the system of organisations. Both these members accordingly thought they should support the submission of the committee to the government asking for the impartial enquiry. In fact it would complete the initiative that the social democratic government had shown in 1926 with its sweeping enquiry into these matters. As had been stressed in the 1926 directive, the two social democrat members considered that emphasis should be laid on finding out whether and to what extent there existed circumstances that could contribute to the attainment of agreements between the employers' and workers' organisations on the promotion of labour peace. The voluntary principle should not be neglected.

Not all the social democratic members of the committee were so hopeful, the remainder making the reservation that past experience did not suggest that legislation would do much good if it aimed, as these motions seemed to suggest it might, at being obstructive in relation to the associations and their freedom. However, both Houses of parliament agreed with the view of the law committee, and on 31st December, 1934, the government appointed the Kothin committee of three men to make a "preliminary investigation into the subject of intervention by society in certain spheres of economic life". The Prime Minister's directive is worth summarising for the way in which he set out the climate of opinion and the problems involved. He observed that hitherto, in spite of the many motions, there had been no complete programme for solving the problems of labour peace in recent years. On various occasions parliament had emphasised that the problem of labour peace was an important one not only for the parties themselves but also was of great social moment. The intervention of society must be justified, however, not simply by the desire to keep economic conflicts within certain legal bounds but primarily because important public interests were being prejudiced by these conflicts. It followed then that concern for the parties on the labour market could not be the sole decisive factor for the measures taken by society, nor for their nature and scope. But the Prime Minister also emphasised that if legislation in this sphere were to be acceptable to the people as a whole it was of great importance that the preparation and execution of this legislation should take place in co-operation with the parties most closely

1) See SOU 1935:66, pp. 1-4
concerned. The irritation caused by past legislation, and the fears that legislation would be onesided, were very definite obstacles in the way of a discussion of the question in the spirit of unity that befitted a democracy.

It was accordingly important that these questions should be taken up in their whole range, and that from the outset an attempt should be made to make clear both the general starting point for legislation and also the end in view. It was important that the planning of measures should be seen to be absolutely impartial and that it aimed at a just balance between the different interests.

The aim must not simply be to create certain legal forms for the negotiations and conflicts of the parties, however desirable this might be: the great interest of society was to endeavour to prevent disturbances in economic life and to ensure the normal running of production and steady supplies for the population. This problem would remain even after further partial legislation for securing labour peace had been carried, and it must be attacked on a broader front than had been the case so far. The time was now ripe to do this, the Prime Minister thought.

He went on to point out that it was not merely the relations between employer and worker that gave rise to collective opposition of interests. The nexus of trade organisations had spread to other social groups such as agriculture, tenants, property owners, and white collar workers, so that if there was to be regulation of the economic opposition of interests legislation could hardly be restricted to the relations between employers and workers only. The discussion of the question of protection for the interests of neutral third parties had also led to wider support for the view that regulation by society should be comprehensive and impartial and take account of economic conflict measures on all fronts. Thus the question of securing labour peace could no longer be treated as an independent problem, standing apart from other problems relating to intervention by society in certain spheres of economic life.

On this basis, it seemed both reasonable and proper that the state, if it considered it ought to prevent or limit the possibilities that certain groups in society had of asserting
their interests through collective action where there was economic opposition of interests, ought also to provide the necessary and legitimate support for these groups against other, perhaps superior, interests. Thus the problem extended itself to embrace a number of important questions as to conditions and terms of employment in the economy, and on the subject of limitations on the right of decision of the private owner over his enterprise and the fate of those employed in it. Since in addition the private owner often saw his freedom of action being limited to a great extent by the influence of bankers in the granting of credit, attention ought also to be directed to the question of limiting this influence when it came to conflict with important social interests.

Thus there should be an objective enquiry into the nature and scope of the measures society should consider taking in connection with the question of limiting the freedom of action of certain organised groups in society. These questions were, he said, by no means new, and a lot of them were and had been the subject of investigations. He thought too that the position of state and local authorities in relation to their employees was worthy of consideration.

He envisaged a lot of special investigations into the many detailed aspects that this whole complex of problems raised. But a preparatory task of investigation could he thought be entrusted to a limited number of experts who would, on the basis of existing material and of experience from abroad in recent years, study the problem and present a report giving the general conclusions to which their deliberations led them, together with proposals for the continued rational conduct of the investigations. The experts should be empowered to invite individuals and representatives of organisations to give evidence, and to obtain statements and ask for investigations to be made by government departments and authorities.

And so the Nothin committee set sail, armed with its wide terms of reference. It presented its report in quick time, on 9th December, 1935, the latter part consisting of 28 appendices dealing with particular problems, a feature which led to the enquiry being called "The Mammoth Enquiry".

In the first part of its report it dealt with problems of attaining a large and steady
national income and also emphasised the importance for social peace of a reasonable
distribution of income. What concerns us specifically here, however, is its views on labour
peace and the problems it tackled. Broadly, these can be divided into two groups, internal
and external problems. The internal problems of labour peace, arising out of the nature and
structure and constitution of the organisations, to which the Nothin committee drew attention,
have already been considered in part I. The external problem of labour peace was
considered in relation to a discussion on the prevention of socially dangerous conflicts,
prohibition of certain forms of action, emergency legislation, and conciliation procedure.

Demands for measures designed to achieve labour peace had arisen out of the labour unrest
engendered by the depression, but the Nothin committee took the view that interest disputes
could not be avoided over income distribution and wages, and especially disputes as to the
contents of new agreements. But compulsory settlement by the state of interest disputes
that arose seemed at present to be out of the question - it would require so many regulations
that the consequences could not be foreseen. It took the same view of an arbitration
institution, and considered that the best way seemed to be to endeavour to advance along the
road of achieving better contact and more trusting co-operation between the parties to labour
agreements. Undoubtedly developments on the labour market as well as in other spheres of
economic life had been such that intervention by society might prove inevitable. But in that
case it would be necessary to advance cautiously and with great care. State intervention
should not go beyond the point where it was supported by the public conscience and desire for
fairness. Nor, since associations were inevitable, should legislation be directed against
them as such, but only against their vices.1) Likewise, any intervention must be impartial
and uniform. Nor should it be forgotten that limitations on freedom of contract and of
negotiations must take place with as much caution as limitations on the freedom of other
economic activity.

The system of associations. On the subject of the questions these associations raised in
relation to labour peace, the committee considered the various legislative proposals, the
problem of neutral third parties, the right of association and of negotiation, and stated that

if there was to be legal regulation through social intervention it could not, in their opinion, be limited to associations of employers and workers, but must also include organisations in the economic sphere as a whole. Several approaches were possible to intervention in the system of organisations, but it was desirable that the measures necessary to make the organisations more responsible, stronger and independent should be carried through by the associations THEMSELVES. In that case legislation could be restricted to certain general rules for facilitating such a development and also for creating guarantees for the public that the organisations did not resort to measures that could appear inappropriate or unjust. This approach the committee considered was undoubtedly best from the point of view of the organisations. It was flexible. It would also be the best one for society, since the organisations were much more likely to obey rules that they themselves had made. A further advantage of this voluntary method would be that intervention could not then be considered to be directed against any particular class in society.

After discussing the problems relating to the organisation of associations in three main groups, viz. a) the right to gain entry to an association, expulsion, and the duties of members, b) the right of decision of the association, and c) the external competence of the association, (all of which have been considered already in Part I) the committee concluded that there should first be negotiations between the organisations and experts about setting up structural norms for the organisations. Only thereafter, if such a procedure brought no results, should intervention through law be contemplated. The onus was thus placed on the organisations voluntarily to do something about their structure, and this yielded fruit in the centralising of powers in LO (see chapters V and VI) and in the provisions made in chapter II of the Basic Agreement for formalising a procedure of negotiation in labour disputes.

The prohibition of labour conflicts. The question of whether the state could insist that labour disputes cease and that disputes be settled under peaceful forms depended, said the Nothing committee, on whether ways could be devised that made possible a just solution of labour conflicts and therefore made them unnecessary. In this respect there was a definite difference between rights and interests disputes. In interest disputes the outcome was
usually determined by the supply of and demand for labour, the cost of living, market prospects for the finished product, and the strength of the organisations. In the case of an export industry foreign competition was sometimes decisive. Thus it was not legal rules, but economic strength and power, that determined the outcome of an interest dispute, unlike a dispute as to rights.

Compulsory arbitration in a wages conflict must therefore be based on an evaluation of the significance of the wage-determining factors. A general prohibition of work stoppages and their settlement through arbitration presupposed therefore that the legislation would indicate the basic principles the arbitrators were to follow in their decisions. "In our country as in others it would be extremely difficult to determine such principles!" In any case neither the employers' nor workers' side considered the time was ripe for arbitration procedure in wages disputes.

If then, considering the existing conditions, practical reasons militated against a general prohibition of labour conflicts it should nevertheless, in the opinion of the committee, be possible to reduce the number of conflicts. It would for instance be of gain to labour peace if collective agreements could be given a longer period of validity than was then generally the case. The short agreement periods gave rise to fundamental disadvantages which it was in the interests of both parties to eliminate. The real reason why the parties, and particularly the workers' side, were less disposed toward this idea was primarily the fear of big changes in the value of money during the period of validity of an agreement. This element of uncertainty could be avoided if the parties were given an opportunity during the term of an agreement to obtain adjustments in the wages set in the agreement. This could take place through the introduction of provisions in the agreements that either gave the parties the right to give notice of termination in such cases or made possible an adjustment of the wages to the extent the cost of living changed. In so far as the distribution of income was dependent on collective agreements this must as hitherto be determined by the agreements arrived at when the agreements expired. The real wage would thus be determined on these occasions, while provisions as to adjustments in the wages during the term of the

1) p.114.
agreement would only be aimed at guaranteeing approximately the same real wage during the time the agreement was in force. It ought primarily to be a matter for the organisations themselves to solve this question. Only if this was seen to be impossible did it seem to the Rothin committee that the state had any reason to consider intervention.

Prohibition of socially dangerous conflicts. Even if the settlement of interest disputes should in the main be left to the parties themselves, the committee nevertheless thought there were always cases where the interests of society were at stake and it proved necessary for the state to try to bring about a solution. This often led to the demands for the prohibition of socially dangerous conflicts, but the attempts to define the content of this concept had shown how extremely difficult it was to find a satisfactory definition. Most of those put forward were based on the circumstances of a current conflict. But this was not enough for legislative purposes! For its own part, the committee thought a definition ought to take as the starting point the PURPOSE the activity was intended to serve. If the labour contract did not aim to provide for the economic interests of some employer a work stoppage seemed as a rule to concern important social functions. To prevent work stoppages in such cases seemed to accord rather well with the general view of law and justice - i.e., in the view of the committee a stoppage could be socially dangerous if the activity concerned was not primarily directed towards the economic interest of the employer. On this criterion it ought further to be easier to find ways for a fair adjustment of the interests of the parties that conflicted. Examples of such employment were the police, fire service, cleansing, and hospitals, local authority establishments for lighting, power, gas and water: for although these were in certain cases carried on as business undertakings business profit was seldom the determining motive, but rather the supplying of a necessity to the public. State enterprises with a monopolistic position, such as post and telegraph services, were closely comparable. More doubtful cases were state enterprises that competed with private, such as the state railways and the State Waterfalls Board. In the view of the committee a prohibition of work stoppages within these enterprises mentioned could be brought about in various ways.

One way would be to give the employees the status of responsible officials, in which case stoppages could lead to the workers being accused of dereliction of duty. There should be
an investigation into this question of whether ALL personnel in state and local authority undertakings should be made real white collar workers. The committee anticipated difficulties! Another way out would be - and this too should be the subject of investigations - to see whether for the personnel who could not be given employment as responsible officials UNIFORM WAGES PROVISIONS guaranteed through a legal prohibition of direct action could be devised.

Other possibilities were a special negotiation procedure providing a labour peace obligation for a longer period than that of the ordinary collective agreement and, finally, emergency legislation. The committee proposed that experts should investigate whether and to what extent labour conflicts could be prevented in cases where the activity was not designed primarily to promote the economic interests of the employer. However, it thought that the principles that it had in mind for firms not working primarily for the economic interest of the employer but for the public interest could hardly be used for the rest of economic life. Cases could conceivably arise in that sector where such big social interests were at stake that the state could not await the point in time at which the parties would be prepared to arrive at agreement, but must endeavour without delay to bring about a solution of the conflict. The arguments that could be brought against a general prohibition of labour conflicts lost much of their weight if the question became one of PREVENTING EXTENSIVE CONFLICTS IN SPECIALLY CRITICAL CASES.

In such exceptional circumstances a possible solution would be to hold wages and other conditions of employment unchanged until further notice through an AUTOMATIC PROLONGATION of the collective agreement in force. For cases where no collective agreement existed or had already expired or where prolongation would be inconvenient, authority could perhaps be considered for the government to give approval (gällande kraft) to a mediation proposal that had been presented so that it became valid.

If circumstances were such that confirmation of mediation proposals was not possible, e.g., through a mistake, then authority might be included for the government to prescribe for the settlement of the dispute through ARBITRATION.

1) This idea was adopted in the newspaper industry. See Chapter XVI.
whichever of the ways was chosen, provision should be considered in such cases for the
government to obtain the right a) to forbid the disputants to resort to a stoppage of work
or, if this had already begun, to extend it, or b) to forbid other persons to resort to or
continue a stoppage of work for the purpose of supporting the disputing parties (sympathetic
action).

However, these measures were a very delicate business, and it might very easily happen
that, in intervening, the government appeared to be laying aside its objective attitude and
to be taking sides. As to the FORM of emergency legislation, the committee was hesitant
about giving it the character of a general powers act (fullmåktslag) instead of referring
each case to Parliament for examination as it arose. The difficulty here was of cases that
arose when Parliament was not sitting. The possible solution would be to have a general
powers act, but one that gave authority to intervene only for a short period of time. Any
possible legislation on this matter should set out carefully the circumstances in which
intervention could arise. It was also important in this connection that any such legislation
did not diminish the efficiency of the normal procedure of negotiation and mediation or
abstract from the responsibility of the organisations themselves for the solving of labour
disputes.

With these remarks and view the committee expressed approval of the working out and
presentation of proposals for emergency legislation, and suggested that the solutions it had
outlined should first be examined.

In summary, the conclusions of the Nothin committee on labour market questions were
a) on the system of negotiations, that one or several experts should be entrusted with the
task of consulting with the appropriate large organisations with a view to developing norms
for their system of associations and that, if this did not lead to any result, the question
of regulating the system of associations through legislation should be taken up for
investigation, and

b) on labour conflicts and their prohibition, that it ought primarily to be a matter for the
organisations themselves to solve this question. On the question of socially dangerous
work stoppages, however, the report suggested an enquiry by special experts as to whether
and to what extent labour conflicts could be prevented in cases where the activity was not primarily designed to promote the economic interests of an employer.

On the prohibition of certain other kinds of direct action - such as blockades, boycotts, and reprisals - it was suggested that an expert or experts should negotiate with the organisations concerned in order to obtain agreement along the lines set out in the report. Thereafter the question of legislation necessary in the matter should be taken up for enquiry and re-examination. Proposals for emergency legislation should be worked out and presented to Parliament, the aim being to prevent extensive stoppages of work in certain critical situations.

Thus, although it did not entirely exclude legislative remedies for labour market abuses, the Nothin committee placed the onus fairly and squarely on the labour market organisations to try to arrive at a modus vivendi among themselves before legislation was contemplated, and at the same time a pretty broad hint was dropped to the trade union movement suggesting that it should re-organise its structure in a more centralised direction. Both suggestions were acted upon. The Basic Agreement between LO and SAF takes up for regulation many of the questions that had been brought into the public debate, and constitutional reform of LO was brought about through the investigation and report of LO's 15 men committee of enquiry which was appointed after its 1936 congress. We have already considered the slow evolution of ideas of constitutional reform in LO, and we shall now look to the other developments leading up to the Basic Agreement, before considering its contents in the next chapter.

Even in a discussion of Swedish problems such as this it perhaps behoves us to beware of being wise ex post. Nothing would be easier than to go back over the years and find conciliatory statements being made both by SAF and LO that seemed to envisage the possibility of the parties agreeing to disagree in a harmonious way. But in spite of the dangers of being wise after the event, it is worth mentioning some of the changes in atmosphere that can be traced from the 1920s.

The development of ideas that the labour market parties could regulate many of their affairs themselves is seen in the view of the problems that Möller took in 1926 when he appointed the labour peace delegation. It was not legislation alone that was seen as the
possible outcome of discussions where the views of the parties were emphasised as an important datum. "Other ways" of regulating certain aspects of their relations were hinted at, if not made explicit. The strong statements made both by LO and SAP in 1926 in opposition to legislation on interest disputes also suggests independent functional government, if not yet an awareness of the need to formalise the relationship more explicitly.

The labour peace conference arranged in 1928 on the initiative of the conservative government was also based on the assumption that there was a possibility of improving labour relations through discussion and co-operation. Emphasis here, however, was placed on the local workshop level, not on changes in the formal relationships of the parties through the devising of a complex procedure for dealing with certain pressing labour problems. Nevertheless, such discussion, even though it soon proved abortive in the short run, was evidence of a willingness on both sides to discuss mutual problems that lay outwith the formal relationships of collective agreements.

It is tempting to see in the death of von Sydow in 1931 a landmark in the change of attitude of SAP to state intervention in labour relations, for although von Sydow was not quite the exponent of iron laws of wages and mailed fists that the workers always made him out to be, he had nevertheless been at the helm when industrial relations were very bad indeed. His successors in command, Gustav Söderlund and Edström, had at least a chance, GIVEN a favourable economic climate, to make a conciliatory approach to LO, and indeed they did decide that after the depression was over they would try to bring about a reconciliation on the labour market and to build up an effective system of machinery for the preservation of labour peace as far as was possible.

The main discussion on labour market problems in the early 1930s centred around neutral third parties and, although LO said it was not opposed in principle to legislation and had many of its objections to legislation on neutral third parties written into proposition 31, 1935, nevertheless there was always a fear that, once the state had its foot in the door of intervention in the regulation of interest disputes, more legislation would follow.

Casparsson points out that the interest of the trade union movement in legislative intervention varied inversely as its distrust of legislative interference in questions that it had come to consider as issues that involved INTERESTS. Rights disputes having been regulated in 1928, the movement was thus more likely to oppose further legislation and to be prepared to take steps to avoid it. SAF had similar fears. Even LO considered in 1936 that "SAF has several times expressed the view that it could not agree to proposals for further state intervention to restrict the freedom and rights of decision of the organisations."

On both sides there was developing and growing a body of opinion that favoured negotiation and agreement as a means of fulfilling both the negative purpose of avoiding legislation and the positive one of improving relations between the parties, and between them and society. An important statement was made by Gustav Söderlund, the managing director of SAF, in a speech at the LO school (in itself a significant pointer) in 1935. He argued that the opposition of interests of capital and labour was inevitable except in a Robinson Crusoe economy. But he did think the opposition of interests could be mitigated in a peaceful way when collective agreements, the means of regulating relations between the parties, were drawn up. He was pleased to say that both LO and SAF were agreed in rejecting compulsory arbitration in interest disputes, whatever their motives for doing so might be! He did hope that one common motive was, however, that of freedom, freedom not to give up the regulation of the contents of collective agreements to anyone else. It would he thought be most advantageous if the parties on the labour market concentrated on ordering their affairs themselves, not only in relation to collective agreements BUT IN OTHER MATTERS AS WELL. This involved obligations, for the parties to be responsible and show restraint, and to do everything possible to arrange their relationship in such a way that society did not feel itself forced to intervene. One condition of the parties fulfilling this task was that the relevant problems were taken up for careful analysis and study. It was high time that both sides realised that neither of them could in the long run enjoy the protection and help of the

2) LO congress report, 1936, p.305.
3) Westerståhl, op. cit., p. 203 suggests the negative side dominated LO's views at the time.
4) Motsättningarna mellan kapital och arbete, pp. 18 et seq.
state for its interests and at the same time retain its freedom in other spheres.

This, ex post, is almost an invitation to the discussions that ultimately followed between LO and SAF. The trade union journal welcomed the idea of having Söderlund come and address trade unionists. It was something new and would do everyone good. It agreed that a free exchange of views between the parties would be beneficial, but it was not so constructive that it went on to recommend the top level discussions that did follow two years later. Of course, as it pointed out, it was not easy to move at a faster pace then public opinion. The communist newspaper objected strongly to the workers allowing an employer into their castle.¹)

Nor had the LO mouthpiece been altogether visionary when, earlier in the year, it discussed the central agreement arrived at early in 1935 in Norway between the employers and workers, which was designed partly to avoid legislation, and dealt with negotiation procedures, voting rules and other matters. (An act on voting rules had been passed in 1934, and even earlier in Denmark, which the workers strongly opposed). Fackföreningarörelsen thought ²) that this Norwegian development should make those who wanted labour legislation think again. However, this article was not so constructive in character that it can be considered a source of the discussions that developed and led to the Basic Agreement.

In the spring of 1936, however, LO began to take the initiative leading to discussions with SAF. The secretariat thought that the report of the Nothin Committee and its recommendations in favour of voluntary agreement was a way out that ought not to be left unexplored, and at an extra meeting of the representative council on 16th March, 1936, the new LO chairman, Albert Forslund, proposed on behalf of the secretariat that negotiations should be begun with SAF in order to try to arrive at some sort of regulation of certain issues. He had, he said, discussed this matter with Söderlund, who had confirmed that SAF

³) See J. Sigfrid Edström, vol. II, p. 137. Forslund and Söderlund had known each other earlier when Söderlund was engaged on government work. According to Forslund, he and Söderlund were invited to take part in a discussion on labour market legislation at a meeting of frisinnade Klubben on 20th February, and they found they had much the same views. So they decided to discuss the matter further.
was not interested in legislation and was prepared to co-operate in reaching a voluntary agreement. The discussions were to be quite open, so no agenda had so far been discussed.

There was some opposition within the council to the idea of direct negotiation, but the council decided by an overwhelming majority to approve the proposal of the secretariat that negotiations should be commenced with SAF. A statement issued afterwards said that Forslund had pointed out that proposals for legislation were being put forward in parliament (see below) and that the Nothin committee had proposed a number of enquiries for the promotion of labour peace, at the same time as it had assumed that action by the parties on the labour market by way of voluntary agreement would make intervention by society unnecessary. The view had also been frequently expressed in public discussion that initiative from the side of the parties concerned would be welcome. "Employers and workers have a common interest in limiting the intervention of society in the many problems of the labour market." So LO thought it should take up discussions with SAF in order to try to arrive at arrangements that would make social intervention, which neither side wanted, unnecessary.

When the leaders of LO and SAF told the prime minister and minister of social affairs on 17th March what they had in mind, Møller said that he greeted this initiative with satisfaction. He had had in mind (along the lines suggested by the Nothin committee) discussions between the parties with the assistance of three experts. But he had no objections to SAF and LO preferring to do without the experts. The government was to be kept informed of the progress of the negotiations, and it also agreed to co-operate in any way appropriate if this seemed desirable later. Representatives of LO and SAF met for the first time on 22nd May, 1936, and decided to adopt the name "labour market committee". There had been no direct discussions between them since 1909. It was not intended that the committee should become permanent, but it has in fact endured. The first fruits of its work were in the form of the Basic Agreement signed in December, 1936.

In the meantime the discussions raised considerable comment at LO congress in 1936 held from 27th September to 4th October. Motion 133 complained that these discussions had been agreed upon in secret, without the federations and their members being consulted on a 1) Sölvén, Huvudavtalet, pp. 101-2.
matter which was of great importance for the development of the trade union movement. Some motions\(^1\) asked that negotiations with SAF should be broken off, the main theme of the objections being that the only thing that employers and workers had in common was mutual enmity. Mondism had run its course. The events in Adalen\(^2\) in 1931 had put an end to any possibility of co-operation between the purchasers of labour and the workers. The employers were only prepared to co-operate and make concessions when economic conditions were good, as in 1929 (mondism) and now in 1936. Would they co-operate when conditions were bad? Some of the motions seemed to think the discussions were simply to be preparatory, that legislation would follow.

The secretariat did not agree with the fears expressed in the motions\(^3\). The labour movement had struggled during the whole course of its history to set a limit to unbridled competition, and to have greater state influence over the life of society, in its various forms of expression. If measures were wanted that aimed at limiting the free play of economic forces (this was a theme of the congress) it seemed obvious that one could not reject a priori the demands of society to have a controlling power of intervention over the system of organisations. On the other hand it was natural that the trade union movement, which built on the voluntary principle and strongly emphasised the responsibility of the individual and the organisations, should not be hampered in the activity it carried on for the benefit of society by unwarranted legislative measures. The secretariat pointed out also that LO had stated it was not opposed in principle to legislation on third parties, but that the existing proposals must raise serious doubts in the trade union movement.

In the discussion in parliament in 1935 on neutrality of third parties the prime minister - a social democrat - had expressed the hope that the organisations would so adjust their methods of action as to make legislation unnecessary. The Nothin committee thought that legislation based on agreements would be more acceptable. So these motions were going

1) See LO congress, 1936, motions 159-165.
2) After the shooting by the military, LO withdrew its representatives from the labour peace delegation.
3) Statement No. 5.
rather against the line expressed by the prime minister. Nor did the secretariat agree that the discussions so far with SAF had been harmful to the trade union movement. On the contrary, they had created a better psychological atmosphere. Albert Forslund said that, although the power position in parliament had changed, (the social democrats having 112 seats out of 230 from 1936 in the lower house) circumstances were such that in his view it would be unwise to withdraw the LO representatives from the labour market committee. It was high time "that we try seriously at least once to take up the problem of relations between both parties and their methods in the many spheres of the labour market, so that the wishes and views of both parties can be crystallised." Other points he made were that the trade unions were NOT perfect by any means, that they could get nowhere without discussion, and that this was a new phase on which they were entering in the light of the development of the organisations.

Congress agreed, with seven reservations, that it would be most unfortunate if the negotiations were to be broken off at that stage.

Industria welcomed the initiative in beginning negotiations. LO and SAF had decided to make this attempt on their own responsibility. (The stimulating effect of the Nothin committee was acknowledged). "No one can be blind to the difficulties that lie in the way of obtaining results, but neither can anyone fail to be conscious of the dangers of NOT arriving at agreement." There would then be political action. The time for taking up discussions was not very opportune, because of the impending election and the demands for legislation. Utopian solutions must not be expected. No negotiation procedure, no legislation, could put a complete stop to economic disputes and make the labour market a paradise. But the benefit of direct contact alone would be valuable.

while the discussions were going on, Söderlund made an important speech at the LO school on the problem of whether the parties on the labour market could retain their

1) LO congress report, 1936, pp 305-6.
2) Industria, 1936, No. 7.
independence of the state. Much state intervention had been asked for in the past, both by employers and workers. The workers had obtained legislation on protection at work, accident compensation, limitation of hours of work, unemployment insurance, while employers had been given protection against competition. Reforms had been obtained the political way. But the labour market parties had now learned mutual respect for one another, they were conscious of their strength and thereby of the practical consequences of excessive demands being made. All this promoted economic insight and responsibility. If both parties were agreed in principle and in the long term not to give up their rights of decision over wages conditions and the forms of activity of their organisations, there would be no risk of their independence being taken from them. The danger would arise when one side saw that state intervention was in its interests. On this point he suggested that the trade union movement might get itself into a dilemma if it stuck to the view that production should be under state ownership. Would it then still have the right of decision and influence on wage determination?

In sum, it can be said that many factors contributed to the change in atmosphere in the Swedish labour market in the mid thirties. The organisations were strong on each side and in some state of equilibrium. There were new men at the top on each side. The social democrats looked like remaining the largest political party, and were soon in fact to become (in 1940) the party in the lower house with an absolute majority. It seems fairly obvious that the advent of this party to power in 1932, even as a minority government, had some effect on the attitude of the trade union movement, as evidenced by Müller's views in the meetings of the representative council of LO in 1934. However, LO was being constructive before this, since the secretariat opposed the withdrawal of LO members from the labour peace committee after the Adal tragedy in 1931. By 1936 the view was being put forward in LO congress that paragraph 23 was unworthy of both LO and SAF. It may at first sight seem surprising that the unions should not particularly favour legislation after the social democrats came to power, but when one recalls that LO opposition to legislation has always been conditioned by practical considerations of whether such intervention was necessary it is not surprising that the trade union movement did not rush to seek the support of the

1) See Tva Anforanden i LOs skola, 19th August, 1937.
legislative assembly when it was now more favourably disposed to the unions. Indeed, it is a tribute to the empirical approach of the trade unions that they grasped this point. Moreover, the party did not in fact adopt too tender an attitude to the unions and imply that it would not concern itself with labour relations when it had come to power. For power brought social responsibility to the party, and indirectly to the trade union movement.

It could doubtless be argued that SAP saw the red light when the social democrats came to power as a prominent and stable element in political life, and took the less distasteful way of co-operation on a voluntary basis. But on the other hand there seems no good reason for doubting the sincerely positive spirit that moved such men as Åström and Söderlund.

The combination of favourable circumstances and personalities was perhaps unique at that period, but that it has proved epoch-making in Sweden follows from the fall in the number of conflicts and in the agreements the parties have been able to reach on a voluntary basis. To the first and most important of these agreements, the Basic Agreement of 1938, the discussion will now move.
The Basic Agreement between LO and SAF, and other Peace Agreements.

The legislative background of the 1930s, the report of the Nothin committee with its recommendations on problems that the labour market parties should face and try to solve, and the request made by LO in 1936 that SAF's paragraph 23 should be the subject of discussion provided a fair agenda for the labour market committee. From August, 1936, the committee met at Saltsjöbaden, a spa outside Stockholm which has since acquired additional fame through LO-SAF agreements (such as the Basic Agreement) being held up as examples of the "Saltsjöbaden spirit". There they discussed problems of common concern, and matters on which full agreement had been reached were submitted to LO and SAF on 12th September, 1938, under five main heads in a unanimous proposal for an agreement which was finally ratified on 20th December.

The proposals of the Labour Market Committee were thus the outcome of an attempt to arrive, through voluntary discussions, at a solution of problems that had been found to be of great importance in labour market relations. There was nothing abstract about the subject matter of discussion. Nevertheless, the agreement built on the principle that the parties themselves should be free to regulate interest disputes that were not controlled by social legislation. This freedom was to be based on responsibility to society, which in turn placed on the parties the obligation to endeavour as far as possible to regulate their opposing interests and any disputes that arose in a peaceful way. Besides the fear of legislation, there was a general desire to cooperate from many groups on both sides, and there was further a fear that control of the labour market along fascist lines might be resorted to if the organisations did not accept their responsibility to society.

The Committee set out the general grounds for the Basic Agreement it proposed in a preamble. It considered that in view of the nature and scope of the controversies that arose on the labour market the solution of the relevant problems was of fundamental importance not only for the parties immediately interested but for other groups in society as well. This was enhanced by the growth of labour market organisations and of collective bargaining, and was reflected, among other things, in the attention that open conflicts on the labour market had aroused in recent years, and in the demands for state intervention that had been raised in different connections with a view to limiting labour disputes.
and to extending public control over them. These demands had been considered particularly justified in view of the adverse effect large labour conflicts had on the economic life of the country. It had also been argued that certain labour conflicts were of such a nature as to obstruct the maintenance of essential public functions. Finally, it had been argued that in the course of labour conflicts methods had been employed that had resulted, in specific cases, in unwarranted intervention with the personal freedom of the citizens or which had otherwise been improper.

The committee stressed that the central organisations of the Swedish labour market fully realised how important it was that interest disputes should be settled as far as possible without resort to open conflict. It was of importance to those deriving their income from industry and trade that work should be carried on without interruption; they were mainly the persons who suffered loss through open conflicts. For this reason, it was natural that their own organisations took it to be their main task to endeavour to make use of all available means for settling disputes in a peaceful way. Both sides had also had the experience that the results of an open conflict were frequently not in reasonable proportion to the costs and other sacrifices connected with the conflict. The fact that the organisations themselves fully realised the responsibility they assumed in resorting to open conflict was believed to be supported by the development of relations in the Swedish labour market in recent years. One of the guiding principles of the two parties had accordingly been the importance to industry and trade and the national economy of undisturbed labour peace.

But although the organisations thus aimed consciously at a peaceful solution of labour market problems, disagreement between the parties could not always be avoided. The economic losses resulting from a test of strength in such a situation were in themselves regrettable, but could not be considered to be of such importance as to warrant the present freedom of negotiation and bargaining being replaced by compulsory state regulation of the differences of interest in the labour market.

Nor from other points of view was there any justification for the State - apart from the sphere of social welfare legislation proper - forcing upon employers and workers in Sweden a regulation of conditions of work, either in general or in specific instances.
As long as the organisations in the labour market were also prepared to take note of the general public interests involved in their activities, it seemed most natural and appropriate that the measures reasonably called for in the interests of labour peace should devolve upon the organisations themselves.

On the basis of these views the Labour Market Committee said it had concentrated its efforts on providing increased possibilities for a peaceful settlement of interest disputes and on endeavouring to prevent direct action that might be injurious to innocent parties or to the public. In this connection the Committee had deemed it important in the first place to make more effective the existing forms for negotiations and settlements between the parties and to work for a general easing of the tension between them.

This Basic Agreement therefore took up for consideration five main questions on which agreement had been reached, and each main issue is dealt with in a particular chapter of the agreement. Chapter I deals with a Labour Market Board which SÅF and LO agreed to set up as a central instance for helping in the solution of disputes by peaceful means. Chapter II sets out a negotiation procedure, which is an essential part of any system of peaceful relations. Chapters III, IV and V take up for regulation certain specific problems which society or the organisations themselves had found to be pressing. Thus Chapter III deals with questions of the termination of employment agreements, dismissals, laying off and re-engagement, which had been raised by LO in connection with SÅF's paragraph 23. Chapter IV considers the limitation of direct action and protection for neutral third parties, while Chapter V discusses the handling of conflicts that threaten essential public services. The emphasis is on ordered relations between the parties and to society. A general framework is provided, and within that framework it has since proved possible to set up a system of agreements covering SPECIFIC topics relating to the common end of PRODUCTION. In the present chapter we shall consider Chapters I, II and V of the Basic Agreement.

Only federations belonging to SÅF or to LO can adopt the Basic Agreement. The agreement is to be ratified voluntarily by the federations on each side, for it would be a complete negation of the idea of concord if one side could resort to direct action for the purpose of persuading the other side to accept such a peace document. Likewise, it is not

1) Chapter III is dealt with in Chapter XVII, on Paragraph 23, while Chapter IV has been discussed in Chapter XIV.
constitutionally possible for SAF or LO to force the agreement on their member federations, since they "adopt" it. The agreement, when accepted, is to be accepted as a whole, although the federations may in certain respects make detailed supplementary provisions for their particular needs on topics on which the Basic Agreement can only provide general guidance.

LO and SAF undertake to seek to have the Basic Agreement ratified voluntarily as a binding collective agreement by their respective affiliated federations and, in so far as this takes place, the Basic Agreement also becomes legally binding for SAF and LO under the collective agreements act of 1928. When accepted the Agreement is valid until further notice, the period of notice of termination being six months on each side. Since the Agreement does become binding under the act of 1928 it follows that disputes over the interpretation and application of it are to be taken up and decided by the Labour Court. One exception to this is that the Labour Market Board functions as a board of arbitration in relation to chapter IV of the Agreement (limitation of direct action and protection for neutral third parties).

Chapter I - The Labour Market Board.

The idea of a central board arose in connection with the discussions within the labour market committee on the limitations on certain types of direct action.\(^1\) It was decided that the Labour Court, which is essentially concerned with rights disputes, would not be a convenient body for dealing with disputes that are in their nature essentially interest disputes, e.g., neutrality of third parties. The interpretation of such disputes is so dependent on the views of the parties about the peace obligation and its meaning, and the rules were so technical in legal construction, that it was felt that a special board was necessary for the disputes arising out of chapter IV.\(^2\)

Once it had been decided to set up a special Labour Market Board for such disputes as this, it followed naturally that the Board acquired functions under other parts of the agreement, e.g., Chapter V (conflicts threatening essential public services) and Chapter III (dismissals and laying off). It also became a general forum for consideration of "general problems", such as were hinted at by the statement of the secretariat of LO to its congress in 1936, that an organised negotiation procedure between SAF and LO seemed desirable "in view

2) SAF: Redogörelse för Huvudavtalet pp 17-18
of the developments of the associations and of agreements. The preamble to the Basic Agreement also stressed this point. "The need for such a central organ for negotiations has become increasingly self-evident with the growth of the organisations in the Swedish labour market."

The Labour Market Board is thus a central negotiating, and in certain cases an arbitrating, body consisting of six members, three appointed by LO and three by SAF. (Each member has a reserve). As a negotiating body, the Board has both general and specific functions. On the plane of general duties it deals with questions that are of general or otherwise of major importance for the labour market, although it CANNOT deal with ordinary wage agreement negotiations. It provides a forum for discussion and exchange of views. On specific issues, it deals with questions in which opposing interests are involved, and which are referred to it, on the termination of agreements, layoffs, and re-engaging of labour (chapter III). In such cases each party concerned is also represented on the board by a representative of the affiliated FEDERATION concerned. A member of the Labour Market Board may not take part in deliberations on these problems if he is directly involved in the issue or if he is a director or an official of any affiliated organisation involved in the issue. This is to prevent double representation of any one interested party. Under this heading the Board also deals with conflicts that threaten essential public functions (Chapter V).

In considering these questions in which it is a negotiating body, the decisions of the Board are arrived at by simple majority. Since decisions may only be reached when all the members are present, and there are (in these questions) no provisions for casting votes, the implication is that decisions will be unanimous or that at least one member of one side must vote with the other side. When a member is not entitled to take part, because of being directly concerned with an issue, he is replaced by his "reserve".

As a BOARD of ARBITRATION the Labour Market Board considers AND settles disputes relating to the validity or proper implication of the provisions in Chapter IV relating to the limitation of strikes, lockouts and other direct action; and whether a certain action might violate these provisions or the legal consequences of an action held to be in violation of the same provisions. 1) and 2)

1) and 2): See footnotes overleaf.
If the Board cannot agree on a decision in cases where it functions as a board of arbitration it can call in the independent chairman (who is appointed jointly by SAF and LO for a period of three years - there is thus always a holder of this office) to take part in the negotiations and in the settling of the issue. If necessary this chairman has a casting vote. Provision for such a chairman is unnecessary in the case of disputes under chapter IV, for here the Board has to settle as well as discuss the dispute. Since without this chairman the Board is equally representative of SAF and LO, a deadlock might otherwise result on issues on which the party representatives were disagreed.

when it considers issues that specially concern a particular trade or trades the Labour Market Board (LMB) may summon representatives of the trade federations concerned to take part in the consideration but not in the decision of an issue. It may also summon for hearing employers or workers affected by the issue, or a representative for them. When it functions as a Board of arbitration, the provisions of §14 of the law on arbitrators apply, namely that the arbitrator should provide the parties with an opportunity to state their case orally or in writing.

The LMB has to consider and come to a decision on all issues referred to it with the least possible delay.

The Labour Market Board thus provides an organ of contact and of negotiation between the central parties in the private sector of the labour market, and sets a pattern for negotiations on problems in dispute, particularly the specific knotty problems of Chapters III, IV and V. One of the main requirements of any system for keeping the peace is that provision should be made for the conduct of negotiations, not simply at the central level, as is provided by the

1) Under the agreement of February, 1951, on safety representatives, questions relating to safety representatives being prevented from doing their duties may be referred to the Labour Market Board as a board of arbitration, provided both sides accept the clause (85) of the safety representatives agreement which provides that it is a collective agreement.

2) The main assumption behind its duties as an arbitration board is that a body composed of each side to decide what is to be applied gives greater moral support for obtaining obedience to rulings than a law would give, at the same time as this private arbitration is meant to make legal regulation on certain direct action unnecessary.
setting up of the Board, but also throughout the system in which relations are normally regulated by agreement.

This the Basic Agreement attempts to do in Chapter II, which deals with negotiation procedure.

Collective agreements usually contain rules for the manner in which disputes about working conditions that arise during the period of validity are to be treated and also on the right to resort to direct action. Prior to 1938 these provisions were rather heterogeneous, unsatisfactorily worded in some cases, and frequently inefficient. The provisions of chapter II are therefore intended as a normal order for negotiation, as a means for rationalising and bringing about greater efficiency in the system of negotiations through the creation of a uniform negotiation procedure for both rights and interest disputes which is meant to apply instead of the general rules on negotiation procedure in collective agreements. It is not intended that they should replace special rules in collective agreements for the treatment of special questions such as the drawing up of new piecework rates, or local agreements about hours of work.

The provisions of this chapter apply whether or not there is a collective wages agreement between the parties, but they do not (with the one exception that the action must be decided upon or approved by the appropriate trade federation) apply to the conclusion or prolongation of collective wage agreements, nor to sympathetic action or the collection of incontestible wages or other compensation due (for all of which action trade union federation permission is of course still necessary).

The main rule set out by this negotiation procedure of Chapter II is that if a dispute should arise regarding working conditions or other relations between the two parties they must first try to bring about a settlement of the dispute through negotiations between them, before they may take action under the clauses of this chapter (§§7 and 8) that allow reference to the Labour Court or to arbitration, or resort to direct action. It is incumbent upon each party to enter into negotiations on the request of the other party. LOCAL NEGOTIATIONS. In the first instance negotiations are to be conducted between the
parties concerned at the workplace, the local organisations, wherever such exist (they may not, in the case of employers' federations), also participating. These local negotiations are to begin as soon as possible and not later than two weeks after either side has requested them, unless the parties agree to postpone the negotiations.

CENTRAL NEGOTIATIONS. If no agreement can be reached through the local negotiations it rests with the party wishing to pursue the issue to refer the matter to negotiation between the federations concerned. A request for such negotiations is made by the federation of which the party is a member to the corresponding federation on the opposite side not later than two months from the day when the local negotiations are deemed to have ended.

The local negotiations can, however, be bypassed whenever the nature of the dispute or other special circumstances call for it and, subject to a request by the appropriate trade federation on either side, negotiations may then be taken up directly between the trade federations concerned.

Central negotiations are to commence as soon as possible and not later than three weeks from the day they were requested unless the parties are agreed on postponement. Both local and central negotiations are to be conducted with the necessary expediency and minutes must be kept, to be approved and signed by both parties in case further action becomes necessary, such as submission to the Labour Court.

Even though no negotiations take place a party is considered to have fulfilled its obligation to negotiate whenever the negotiations have been prevented by circumstances outside his control or when the other party has resorted to direct action to settle the dispute without fulfilling the obligation to negotiate.

If, owing to certain circumstances, either party wishes to claim wages or damages or any other dues from the other party, and if negotiations between the appropriate organisations are required to settle the issue, a request for such negotiation must be made without delay.

1) By which is understood any organisation in relation to which the trade union federation is by byelaws or established practice the next higher instance for negotiation, such as a union or a factory club.

2) Sulven, op. cit., p. 137.
This provision is not, however, meant to restrict direct discussion between the employer and workers concerned for the purpose of settling a controversy, and refers to negotiations only for the payment of wages, damages or other compensation, not to negotiations as to interpretation alone of the provision of the agreement on which the demand is made. But since in fact most disputes about interpretation are linked with a particular claim or dispute, e.g., about wages due, and whether a party has fulfilled his obligations under the agreement, purely interpretational disputes are less likely to occur. If there is no dispute about interpretation, then the exception allowed for the collection of incontestible wages means that the delay that might result from the process of negotiation otherwise prescribed can be avoided.

In order to ensure that disputes are brought up for negotiation as soon as possible, certain rules are provided concerning the period within which negotiations must be commenced. If the circumstances on which a claim is based have been known by the employer or his organisation or, on the workers' side, by the federation or local branch (it is not sufficient for the individual member to know) - again the emphasis is on channelling through the unions) for more than four months without negotiations having been requested in conformity with the provisions of this chapter, then the right to demand negotiations on the claim is forfeited, and also the right to refer to the Labour Court (in a justiciable dispute) or to direct action (in a non-justiciable dispute). The right of negotiation can also be lost through the passage of time, for the right is forfeited after two years have passed from the occurrence of the circumstances, whether they were known or not. This provision is designed to prevent the raking up of old issues.

What action may be taken if the obligation to negotiate has been fulfilled and the local and central negotiations have not led to any solution of a dispute? Provision for this is made in §§ 7 and 8. If a dispute is one about rights, settlement on questions of interpretation, or application of a collective agreement, or any other dispute which, by virtue of Article 11 of the Labour Court Act shall be settled by the Labour Court or by an arbitrator this can be requested by either party.¹) Application must be filed with the

¹) As we have seen the Labour Court is not concerned with settlement of individual employment contract disputes. If a question not regulated by collective agreement is then in dispute with regard to an employment contract it can be referred to the ordinary courts without first negotiating. The organisations are here considered not to have the same /continued at foot of next page.
Labour Court or a request for arbitration must be submitted to the other party not later than three months from the day when the negotiations are considered to have finished. If a party neglects to do this the right to raise the matter is lost. This right is of course also lost to the party that has forfeited the right to negotiate.

If the dispute is an interest one, direct action (strikes, lockouts, blockades, boycotts or any other similar form of direct action) may be resorted to if, after due negotiation, the party intending to take direct action serves written notice of the action contemplated on the opposite trade federation not later than three months from the day when the negotiations are considered to have finished. (Note: the action need not be taken within the limits of this period) Otherwise the right to resort to direct action is forfeited. Direct action can only be taken on the decision of and with the approval of the appropriate trade federation and direct action is not allowed to any party who has not fulfilled his duty, or has forfeited his right, to negotiate. These rules apply even if direct action is otherwise permissible under Swedish law or any collective bargaining agreement.

Chapter III of the Basic Agreement was very much influenced by trade union concern, Chapter IV reflects past legislative proposals and public concern, and chapter V, which deals with the handling of disputes that threaten essential public services, reflects the public anxiety about the safeguarding of essential functions. In the past SAF and LO had contrived, e.g., in 1909, to exempt essential social functions from any wide ranging conflicts, but there were repeated demands for legislation to ensure such protection. Paradoxically, many of the most essential public services fall quite outwith the sphere of coverage of SAF. It confines its activities mainly to private industry, and most of the demands for protective legislation have specifically mentioned state and local authority activity, which is on the

1) interest in having the negotiation procedure observed as in the case of a collective agreement and rights disputes. In such individual cases the trial of the case is dependent on individual submission (Oliven, op. cit. p. 136). But if direct action is wanted, the obligation to negotiate must first be fulfilled, in view of the collective nature of direct action and the interests of the organisations.

(Footnote continued from previous page).
whole much more directly "public service" in character than private industry.  

The provisions of chapter V accordingly differ somewhat from those of the earlier chapters, for they apply irrespective of whether the federations have accepted the Basic Agreement, and of whether the conflict situation does or does not affect a party affiliated to LO or SAF. It is in fact not possible to limit the competence of the LMB in these matters to the sphere covered by SAF and LO, just because most of the socially dangerous conflicts do fall outside the sphere of SAF. The object here again is to make legislation unnecessary, and the LMB is under this chapter merely a negotiating body.

While Chapter IV is concerned with Limitation of Strikes, Lockouts and other Direct Action, defines the meaning and limits of direct action, and states exemptions to these provisions, Chapter V deals with the Handling of Conflicts Threatening Essential Public Services. We would be entitled to assume from the very fact that these last conflicts are kept separate from those entailing direct action and detailed in Chapter IV that the Labour Market Board has a different function in Chapter V from that of Chapter IV disputes.

The wording of Chapter V lends support to this view.

Article 1.
In order, in so far as possible, to prevent labour conflicts from disturbing essential public services, SAF and LO shall jointly take up for prompt consideration any conflict situation where protection of any public interest is called for by either of the two organisations or by a public authority or by any other similar body representing the public interest in question.

Article 2.
Questions of preventing, limiting or settling labour conflicts as referred to in Article 1 shall be considered by the Labour Market Board.

Article 3.
If in the handling of a question as referred to in Article 2 a majority has been won in

1) The Conservative motions in 1936-39 on this subject stressed this point and wanted action accordingly.

2) In relation to the threatened conflict in the electricity industry in 1953 we shall shortly discuss the action of the LMB and the suggestion that it can by its recommendations exert considerable moral pressure on the parties to a dispute that occurs in the LO-SAF sphere.
favour of preventing or settling a conflict, wholly or partly, and in favour of a consequent regulation of working conditions, it shall rest with SAF and LO, each on its side, accordingly to take immediate measures for bringing about a settlement between the parties concerned.

No mention is made in chapter V of the independent chairman being called in if the parties cannot agree. Here they do not act - at least formally - as a board of arbitration. Nor is any provision made that the federations have the final say, which is explicitly stated in chapter III, in deciding whether to follow any line of action that LO and SAF may agree upon. The background of this chapter is set out in the preamble of the Basic Agreement, where we read that

"Certain questions regulated by the present Basic Agreement are of such a nature that their examination is rather given the character of considering propriety and reasonableness, where the ultimate decision depends fundamentally on a balancing of opposing interests. This is the case with regard to dismissals and layoffs and in the handling of conflicts threatening essential public services (the matters dealt with in Chapters III and V respectively). The balancing of opposing interests which, according to the Basic Agreement, shall be made in such instances is not suitable for submission to a court of law. But also with respect to certain questions of a purely legal aspect, it has been deemed less appropriate to appeal to a court for the interpretation and application of the Agreement. This applies to disputes concerning the limitation of direct action as ruled by the Basic Agreement." Such action is regulated by Chapter IV.

The preamble then deals with Chapter V.

"When considering the question of labour conflicts which imperil the public interest, the Committee has sought to judge the need for special measures to prevent those activities from being disturbed which provide the people with essential utilities, social care, and the like. Public discussion in this matter has been very much divided on how best to define and delimit those fields of activity which, in view of their special public importance, should be protected against labour conflicts. The Committee is of the opinion that no

1) Huvudavtalet, pp. 7-11.
approximately satisfactory demarcation of such fields can be made that could claim to be objective and generally valid. 1) The very fact that the public interest is always dependent on the scope of a prevailing labour conflict makes such a prefixed demarcation impossible. A particular activity is rarely in itself of such fundamental importance to the community as to warrant its protection against all conflicts. On the other hand, a conflict that is in itself by no means directed against any essential public functions may yet through its manifestations to some limited extent impede or even prevent services that are essential for providing the general public with safety of life and health. (Thus not only the nature of the activity is important, but also the scope of the conflict). Consequently, since the need for avoiding or limiting a particular conflict is directly dependent on the circumstances of each case, no other solution appears to offer itself than that of allowing the balancing of conflicting interests to assert itself in each individual conflict, with due regard also to the interests of society. A review of the open conflicts that have occurred in Sweden in the past shows that one cannot reasonably charge the parties on the labour market with having in their internal labour disputes disregarded the truly essential interests of society. On the contrary, the organisations on each side have consciously endeavoured to prevent their disputes from hazarding these interests. Nevertheless, and in order to establish more favourable conditions for efforts of this nature, the Committee proposes a more definite formula for the consideration of questions that arise as to measures to be taken with a view to preventing labour conflicts from disturbing essential public services. In this connection the Committee suggests the Labour Market Board as being the most suitable body for considering such questions (Chapter V).” Some more definite guidance on the matter was given by LO’s lawyer in his commentary on the Basic Agreement. 2) Sölven points out that no delimitation of public functions that are essential to society can be made even in an approximate way. However, he says, "as a distinguishing feature in principle of a function

1) This view was shared by SOU 1939: 19, which discussed neutrality of civil servants in labour conflicts. See SOU 1951: 54, p. 60.
2) Sölven, Huvudavtalet, p. 209.
that is vital to society could be stated its importance for PROVIDING THE PUBLIC WITH THE NECESSITIES OF LIFE, THE MAINTENANCE OF PUBLIC ORDER AND SAFETY, AND THE MAINTENANCE OF PUBLIC HEALTH AND OTHER NECESSARY SOCIAL CARE (his emphasis). To such spheres of activity belong gas, electricity and waterworks, the police force, fire safety, care of the sick and scavenging work, but also other activity IN SO FAR AS it involves the maintenance of the above.

In other words, the Labour Market Board is to consider conflicts threatening essential public services on the merits of each case, and no explanation is given in the preamble or Chapter V itself as to how the Labour Market Board (which numbers six, three from each side, without the chairmen) is to act if it cannot arrive at a majority in favour of preventing or settling a conflict. No provision is made for a vote, nor for a vote by the chairman, if the parties are deadlocked, and no specific reference is made in Chapter V, Article 3, to the machinery by which the Labour Market Board is to communicate its views - if it can form majority views - to SAF and LO. Further, the article in question is vague as to what SAF and LO are to do other than "accordingly to take immediate measures for bringing about a settlement between the parties concerned."

What the Board does is first to consider whether and, if so, to what extent the conflict is endangering essential social functions, and secondly, try to find a solution upon which the majority of its six members can agree and then try to persuade their respective constituents to agree on a solution. This is vague, but (to my mind) deliberately so, in the light of the preamble statement that no general rules can be laid down for the handling of socially dangerous conflicts. The SAF commentary says "In this connection the labour market board is to try to find the most suitable way of regulating working conditions. It rests with the central organisations to endeavour, with the means of pressure at their disposal, to have such decisions executed in the form of an agreement between the parties affected."

No provision is made for the Board publishing its views, so one cannot tell how much the parties would be forced to yield to the views of the board. But that both sides viewed such 1) Redogørelse, p. 13.
disputes with some concern is shown by the fact that they can discuss ALL socially dangerous disputes, and the right to ask for consideration of such disputes is not confined to LO and SAF.

In such conflicts the Board may be likened to a private court of enquiry. It is not stated to be a board of arbitration, but there is in fact a very strong presumption in favour of the Board arriving at a majority recommendation when the public interest is felt to be involved, and of LO and SAF likewise being able to bring pressure of an unspecified nature to bear on the parties to a dispute on their respective sides to settle it when the dispute has been the subject of consultation within the Board. Behind the acceptance of the Basic Agreement lay the fact that strong pressure had been put on the parties by the Nothing committee, by private members' motions, and by the government itself. Otherwise the law might step in. Thus both sides had - and still have - an interest in arriving at agreement, and in making it work. That is another reason why the rather vague provisions of Chapter V could be expected to work quite well in practice if resort had to be made to them. Vagueness left considerable room for flexibility. Added to that is of course the difficulty of defining precisely what constitutes a conflict that is a threat to essential public services.

On only one occasion so far 1) has Chapter V of the Basic Agreement been put to the test, when in 1953 a dispute arose in privately owned electric power stations which threatened to develop into a conflict that endangered essential public functions. The main issue in dispute was that workers in privately owned power stations felt that they had lagged behind government owned power stations in wages improvements in recent years. Let us see what happened, and how the Labour Market Board dealt with the problem.

Negotiations for a new wages agreement had begun in December, 1952, and were carried on at intervals till March, 1953, before a mediation commission of three. When the

1) The Board did have one previous case to deal with that involved a conflict endangering essential public services, namely the slaughterhouse dispute in Stockholm in 1944, which was brought before the Board by the government Food Commission on the grounds that it feared a strike in wartime. The Board rather let the matter rest, and never really got down to a real consideration of the issue, since the majority evidently thought the conflict was not socially dangerous. It was in fact settled by negotiation between the parties. See Svenska Dagbladet and Aftonbladet, 20/5/1953.
negotiations were declared "stranded", i.e., no solution of a deadlock was in sight, the electricians' trade union federation gave notice, with the approval of LO, of a strike in the private power stations from 15th April. The mediation commission thereupon intervened again and a mediation proposal was put forward on 13th April. It was then sent out to be voted on by the members of the electricians' federation affected, a reply being asked for by 6th May. The proposal was not, however, accepted by the parties, the trade union members rejecting it by 1,968 votes to 10.

Negotiations were at once resumed before the commission. Since notice of strike had been given at an earlier date, a strike could begin fairly soon after any breakdown in these resumed negotiations.

The number of personnel directly affected by the dispute was about 2,000, of whom 400 were machinists and 1,600 were installation, line workers and distribution personnel. An estimate of the total electricity supply that would be lost in the event of the strike taking place put the percentage at from 25 to 30, and in Stockholm, for example, at 15%. Now if this percentage of the total electricity supply in Sweden were to be lost, it is clear that a situation might have arisen in which "public functions essential to society" were endangered. The possibility that this might happen was discussed in Svenska Dagbladet on 29th April, 1953, where it was pointed out that if the dispute did end in the strike being carried out or the dispute becoming socially dangerous, it could be referred to the Labour Market Board set up under the Basic Agreement.

In the event, the mediation commission announced on the afternoon of 9th May that both parties had rejected a final mediation proposal which the commission had put forward. The commission accordingly declared that the mediation attempt had not led to an agreement. The Medical Board and the State Railways Board then informed the commission independently that they intended to ask at once that the dispute should be speedily considered by the Labour Market Board, since it was considered to be of such a kind as to require their consideration.

At the suggestion of the commission, the workers' side decided to postpone putting their strike notice into operation until they saw what this new initiative might lead to.

From this stage, the procedure would, according to the provisions of the Basic Agreement,
be as follows: The Labour Market Board would meet with the least possible delay. The first question it would have to ask itself would be - is this dispute referred to us such as to endanger "public functions essential to society"? If the Board were to answer this question in the affirmative the next step would be to take up the whole dispute for examination, and discuss the whole case. As a result, the Board could arrive at one of two decisions, either a) to recommend to both sides (in this case the electricians' trade/federation and the Association of Electrical Employers) that they should agree to a solution the Board might put forward, or b) to state that it could not make such a recommendation. In both eventualities the dispute would be referred back to the commission, which would then call the parties together again and notify them of the decision of the Board.¹)

As we have seen, in disputes like this the Board is only a deliberating and recommending, not an arbitrating, body. The impartial chairman is not entitled to take part in such an issue as this, which in this case was a wages dispute. The outcome thus depended to a great extent on whether the Board could arrive at some common solution.

However, even if this were arrived at, it would not necessarily follow that the parties to the dispute would be bound to accept any recommendation the board might make. Both the top organisations are committed to do everything in their power to have any majority decision arrived at accepted by the parties (Chapter V, Article 2). "It shall rest with the SAF and the LO each on its side, accordingly to take immediate measures for bringing about a settlement between the parties concerned." SAF in fact possesses greater coercive power over its members than has LO, which must rely more on moral pressure than on the bye-laws and power delegated to it from its members.

Guidance as to what was a socially dangerous conflict was vague in the Basic Agreement,

¹) The commission pointed out in a communique which it issued on 9th May that as soon as the Labour Market Board had discussed the question it (the Commission) would call the parties together again.
but somewhat less vague in Sölven's commentary, who pointed out further - and this is pertinent to what actually happened in the case of this electricity dispute - that "according to the present paragraph (81), the examination by the Labour Market Board of conflicts that are thought to have a disturbing effect on public functions essential to society can be called for not only by SAF and LO but also by public authorities or other comparable body (such as a hospital board) which represents the general interest for which protection is sought."¹)

The Labour Market Board had a meeting for another purpose on 13th May²), but, to judge from the newspapers, it was not expected that it would take up the dispute for discussion, although it would be formally informed of the threatened conflict in the electricity industry.³) By the time the Board met the Telegraph Board had also asked that the Board should take up the question for consideration. It happened that the chairman of LO, Axel Strand, was abroad at this time, and was expected to return on the 18th May. He is an ordinary member of the Board. Whether this had any significance in delaying the consideration by the Board of the threatened conflict it is not easy for an outsider to judge. At any rate he had a reserve, Einar Norrmann, the vice-chairman of LO, who could quite well have taken his place. The delay may have been tactical, of allowing passions to cool, but it may also have been purely accidental, and consideration of the dispute may have been postponed because it was felt that it was important enough to demand the presence of the chairman of LO, not least from the point of view of ensuring the confidence of the electricians' trade union federation in any recommendation which the Board might make.

When it did meet on 20th May, one of the ordinary members of the Board from the employers' side, direktör Broden, was replaced by one of the reserves, direktör Thornander, since Broden had already been involved on the employers' side in the unsuccessful negotiations.

²) It had also met a week earlier to consider some routine questions in connection with protective work and the conflict in the foodstuffs industry. This meeting was unique in that the non-party chairman took part for the first time. See AT, 20/5/53.
³) E.g., AT, 11/5/53.
at the earlier stages, and was therefore disqualified from participating. At this first stage of the Board's consideration of the dispute, however, Broden, and secretary Edvard Wilhelmsen of L0, did take part in the discussions, along with representatives from both the employers' and workers' federations in the electrical industry. Discussion of the question went on in the Board the whole day, but no decision was arrived at and it was decided to convene again on the following day. The Board heard the parties to the dispute and kept in touch with them during its discussion.

Svenska Dagbladet pointed out on 21st May that in a sense the Board was having its baptism in the matter of disputes of a socially dangerous kind, and the outcome was being awaited with great interest. For if the Board could not arrive at a recommendation it would thereby demonstrate that it could do nothing in practice to prevent conflicts that endanger functions essential to society. The newspaper pointed out also that it was a general hope that the Board could arrive at a positive decision, in view of the consequences that might follow from failure.

In fact there was a pretty strong presumption that the Board would arrive at a recommendation, not merely because this was its first taste of such conflicts, but because, as has been pointed out earlier and will be pointed out again, both sides have opposed legislation in labour market questions, and will go a long way towards settling their grievances together rather than have outsiders step in and do it for them. This is a very strong thread behind the whole conception of the Basic Agreement, not only from the side of the employers and trade unions, but also from that of society as represented by the government. In a sense, therefore, given this circumstantial bias in favour of a settlement on the basis of a recommendation by the Board, and the fear still felt from both sides that failure might again raise the question of legislation against such socially dangerous conflicts, one might be justified in saying that in fact the Board would in this case be a board of voluntary arbitration. For, whether the power of the two sides is respectively based on statutory byelaws or moral pressure, there would be a great risk in either of the federations going against any recommendation the Board might produce, not only for themselves, but for the whole labour market structure.
It could also be argued that in fact the Board were being called in to judge the effects of their own general policy, for both had general policies for the wages negotiations, and LO for example had given its approval to a strike in this case of the private electricity stations. Or, to put the point in another way, if each side tries to lay down general lines for wages policy from year to year, it must, apart from the statutory authority it possesses, be prepared to accept the consequences of it, and of deviations from it. This may not necessarily be a weakness from the point of view of ultimate conformity with the policy. If such cases as this electricity one are to return like a boomerang to the top for settlement, whether in the guise of "recommendations" or not, then the parties will be careful about the general formulation of policy, and may ultimately endeavour to exert more authority on their member groups. If they are to be entrusted to keep order in their own house, if the state is in a sense to look the other way while the labour market does its annual spring cleaning, then there must be full responsibility, and power to enforce decisions in line with it. A question which then arises, and which is closely related to the postwar problem of full employment and a wages policy for it, is whether the Basic Agreement would have been contrived at all, whether the state would have looked the other way in 1936-1938, if the issue at stake had been felt to be not only a social one, of preventing socially dangerous conflicts, but an economic one, of upsetting the general lines of wages policy drawn up by the two main bodies. It is doubtful whether this aspect was, or could have been, taken into consideration during the negotiations and discussions that led to and culminated in the Basic Agreement.

However, to return to the course of the Board's deliberations on the threatened strike, the Board succeeded in arriving at a unanimous recommendation on 22nd May,1) and the parties to the dispute met again with the mediation commission on 26th May. When they met, therefore, they had before them a proposal behind which stood the deliberations, decision and authority of LO and SAP. It was expected that both sides would accept the recommendation in the main, though perhaps some adjustments might be made. Afjontising speculated - and it could only speculate, since the recommendation was a secret one - that the employers had to some extent departed from their strict "no increases" line and agreed to certain improvements.

1) This was not made public.
in wages, but that the electricians' trade union federation had not obtained satisfaction of its demands to be put on the same footing as workers in state power plants. Thus, said AT, even if agreement is reached, the demand will probably remain and be taken up again in the coming year.

When the parties met on 26th May with the mediation commission unanimous agreement was reached on a new and final mediation proposal. A reply was asked for by the 3rd June. Both parties accepted the proposal.

The agreement arrived at meant certain improvements in wages. At once post-mortems began into the dispute and the settlement agreed upon. Aftontidningen (the mouthpiece of LO) stated that it had learned that both the parties directly involved in the dispute had considered that it constituted a threat to essential public services, and that there was some talk of calling in Parliament for an extra session if a conflict had proved to be inevitable. "Now there is no need to resort to force!" This newspaper repeated the next day in a leader

the suggestion that a proposal for a law had been in readiness.

This settlement was taken to be a good proof of the fact that the Labour Market Board does work, for this had been its biggest and most difficult task to date. The recommendation was made under the strong pressure of the knowledge that a conflict would undoubtedly be a menace to society, and that if the Board had not succeeded the state would have stepped in. And this would have been a momentous departure from the principles of self responsibility, on the basis of which the wages negotiations were at present carried on. It might have had grave consequences.

The Board, continues Aftontidningen, is indeed considered to be a deliberating body on the highest level, "but in practice it functions as a board of arbitration to the recommendations of which it would probably be difficult for the parties to say no. For it is the final instance. It can hardly expect to be a popular body therefore. In fact, in this case the electricians will probably not be content with the increases granted." But, said the paper, the solution attained must be looked at in relation to what had been gained elsewhere in 1953.

1) AT, 4/6/1953 - "Private Kraftwerken!"

2) This was not very much, the result of the negotiations being pretty much status quo all along the line.
However, the demand that workers in the private power stations should once more have the same wages level as those employed by the state had not by a long chalk been satisfied, and Aftontidning anticipated that the problem would in all probability recur in the 1954 negotiations. It was uncertain whether the desired level could be attained by trade union means. The decision of the Board had shown clearly that the workers have very limited possibilities of making use of the customary trade union means of pressure.

The issue is in a nutshell thus - workers employed in the private power stations are to have the same responsibility but not the same wage as those employed in state owned power stations, nor the same security of employment, (this last often being advanced as a sort of compensation for the limited powers of striking which state employees have). The question arises therefore, says Aftontidning, of whether it is not now too risky to allow private - and also communal - employers to pursue a wages policy that leads to such a contrast between the wages in the state and private parts of this sector. Electric power is such an important part of the key resources of the country that such a source of irritation should be removed as soon as possible. Finally, "we do not know what reasons can justify the continued existence of a private sector in this sphere of the economy. If we are unwilling, however, for reasons of considerateness, to raise the question of nationalisation, it ought in any event to be possible to arrive at some form of wages co-ordination. This of course does not mean a hundred per cent guarantee that all conflicts are excluded for the future, but we could at any rate remove the specially irritating sources of conflict that have this year constituted, and very likely for a good while to come will constitute, a danger to labour peace."

Morgontidningen considered the result in a leader. The leaders of the electricians' federation, it said, had felt themselves bound to accept an agreement, for a rejection of the recommendations of the Labour Market Board could have meant social intervention, which the trade union movement does not want. However, the federation considers rightly, in the opinion of Morgontidningen - that if a group of wage earners are, in the interests of society, to lose the possibility of asserting their interests in the customary way, society must also see to it that the wages paid are as high as those paid for the same services in other firms in the trade. The personnel employed in the private - or more correctly municipal, to a
great extent - power stations have difficulty in understanding why in many cases they have so much less pay than is paid for the same work in state power stations. For the future it will be necessary to arrive at an arrangement that does justice to both. If this cannot be achieved voluntarily, it may be necessary to use force. The present situation is in the long run untenable.

However, there was a section of the press that did express the relief of society that a solution had been found, at least for 1953. Arbeterbladet (5th June, 1953) says that the solution arrived at goes to show that the demands for state intervention that are raised, whenever an open conflict threatens, lose much of their strength. However, it does raise the point that freedom from state intervention does presuppose that the parties have themselves drawn up a sufficient and workable system of negotiation. Such is the case for the sector where those employed under collective contracts work. But, says the paper, the problem remains for the sector where white collar workers have gone from strength to strength in recent years, and it should therefore be a first priority for TCO to take up these problems for serious consideration.

1) The electricians' federation pointed out that the LMB had deprived the federation of its last weapon for obtaining justice - the strike that LO had already sanctioned. (This raises a real problem of trade union democracy, but considering its disappointment the federation was surprisingly moderate in its views, which indicates the respect in which LO is held). It went on to argue that if the private power stations were so essential to society, as had apparently been demonstrated, it was logical to nationalise them, in order to solve the wages problem. It considered that the workers involved and their federation were entitled to demand that such socially important work should be well paid, and at any rate in much the same way as the state pays its employees in state-owned power stations. In spite of the fact, therefore, that in some important details a good result had been achieved for the workers' side, the big question remained for the majority - that they were being underpaid in relation to personnel in the state owned sector of electricity production. However, continued the journal, nationalization is a long term issue, and they must hope therefore that LO would continue the interest it had shown in these workers on this issue

1) See Elektrikern, No. 6, June, 1953.
and co-operate along the new lines that were necessary in order to obtain a better solution than that arrived at this time.

The organ of the Swedish trade union movement, Fackförningstjänst, commented that the agreement arrived at here had solved a particularly tricky conflict, and that the workers had now got some wage improvements, although the result was hardly likely to be considered satisfactory by those directly concerned. But, it said, there is some consolation in the knowledge that by negotiation the trade union movement had itself been able to look after its own affairs without social intervention. "This has a value for the wage-earners in the electricity branch and for the whole trade union movement," which cannot be measured directly in money, but is valuable in the struggle for income distribution, for trade union independence and prestige. It shows in addition that the difference in wages between state and privately owned power stations should be removed. (But the journal did not suggest how this could be done).

The organ of SAF, Industri, agreed with the verdict that at least one point had been gained by both sides - namely, that state intervention had not been necessary.

In the view of Aftontidningen the Labour Market Board had in this case been a board of arbitration; but by the Basic Agreement the board is rather a court of enquiry and conciliation board rolled into one. It cannot strictly be called a board that deals in voluntary arbitration, for we have no means of establishing that what it RECOMMENDED was in fact adopted EXACTLY by the parties. Nor need reference to it always be made by the parties to the dispute. The fear of state intervention, and the moral pressure that SAF and LO are able to bring on their member organisations, do suggest, however, that it can bring greater power to bear in favour of the settlement of a dispute than could a board of conciliation.

In Swedish practice conciliators are not at all concerned with the content of an agreement, and it depends on how far the labour market board adopts a similar attitude or looks to the

1) See Fackförningstjänst, No. 24, 1953, p. 523.
2) See Industri, No. 6, 1953, p. 5.
3) This view is endorsed by LO in its statement on a Labour Market Board for the public sector of the economy (see LO report for 1952, p. 190), where it stated that there was a strong presumption that any recommendation by the LO-SAF Labour Market Board (which was NOT in its view a board of arbitration) would be accepted by parties to the Basic Agreement.
consequences of any settlement it proposes whether we can justly say it is any more than a conciliation board which can in private do what a court of enquiry does in Britain, exercise pressure of public opinion on the parties.

So much for the content of the Basic Agreement. How was it received? LO had some difficulty. The change in the political situation in 1936, by which workers' parties (though not the social democratic party alone) had a majority in the lower house of parliament had already raised doubts at LO congress in 1936 about the wisdom of negotiating with 3AF, and when the proposed Basic Agreement came up for discussion at extra sessions of the representative council of LO in October and November, 1936, there was much argument before the proposals were approved. But the realistic view prevailed in the trade union movement that the primary responsibility of the government was to society and not to any particular group.

Motions asking for the abandonment of the Basic Agreement were presented in the subsequent LO congresses, in 1941, 1946, and 1951. The motions put forward in 1946 dealt with matters falling under chapter III, and the motion submitted in 1951 dealt with reprisals falling under chapter IV. Motions 44 to 51 in the 1941 congress did not criticise the content of the Basic Agreement. No. 47 wanted members' voting procedure to be guaranteed in all wage negotiation questions, No. 48 wanted paragraph 23 to be revised in such a way as to give the workers the feeling of security to which they were entitled, while No. 50 wanted greater right of co-decision for the organised workers. Nos. 49 and 51 proposed changes in the Basic Agreement provisions dealing with organised and unorganised workers, but the secretariat pointed out that this was a matter for the parties to collective agreements. On these motions the secretariat said that experience of the application of the agreement had not had the effect on trade union activity that the motions feared. The obvious reason for this was that the agreement did not touch wages negotiations, trade union wages policy, voting procedure, or the trade union system. Hilding Molander quoted as his experience of the agreement so far that in two cases in which his federation was involved satisfaction had been obtained through individual members of the Labour Market Board travelling in person to the place where disputes (over dismissal) had arisen, in order to pursue enquiries on the
spot. This he thought was a noteworthy development in labour relations. Thus any criticism now heard of the Basic Agreement is not of the idea but of specific clauses which some party has found to operate to its disadvantage. This is a wholly healthy sign.

Much of the initial suspicion from the side of the workers against the Basic Agreement seems to have been engendered by the fear that it did mean intervention in their organisations. But in effect what the Basic Agreement did was to provide a framework for the conduct of relations between the parties, and between them and society. The uniform negotiating procedure laid down did not necessarily mean centralisation of the trade union movement. That was to follow at the LO congress of 1941, in part just because the parties had accepted the obligation to be responsible and had THEMSELVES to put their internal affairs in order.

How successful has the Basic Agreement been? In terms of worker coverge, it was accepted by the end of 1951 by 18 LO federations for various spheres of work they covered, and 522,167 LO members were directly affected by the agreement. At first sight this seems little in relation to LO's total membership, but it should be remembered that this Basic Agreement applies only to the SAF-LO sector of industrial activity and the number of workers covered represented 91% of the SAF coverage of manual workers. As we shall see, agreements corresponding to the Basic Agreement have been arrived at for other sectors of the economy, and the Basic Agreement has served as a model in doing so.

Nor can the exact influence of the Basic Agreement be adjudged in terms of the activity of the Labour Market Board. Most of its activity has been concerned with chapter III and dismissals, and it has so far dealt with only one case of a socially dangerous dispute. But its success cannot be gauged in terms of what it does. In the case of socially dangerous disputes, the very existence of the Board probably acts as a deterrent to parties allowing a dispute to go so far that it does threaten to become a socially dangerous conflict, and of course no figures can show how far the Basic Agreement has been conducive to labour peace just because the procedures it sets out provide the parties to disputes with machinery for settling disputes. The Board is only meant to be a last instance to which to refer, and its success in preventing disputes is perhaps best judged by its comparative INACTIVITY.

1) LO congress report, 1941, pp. 280-1.
Although it was not originally intended that the labour market committee should endure it has been found that informal discussions of questions of common interest could lead to agreement on specific topics. It has in fact fulfilled the "contact function" that was envisaged for the Labour Market Board under chapter I of the agreement. The fruits of discussion on specific topics have been far from negligible, as is borne out by the following list of subsequent agreements arrived at through the committee on matters of common interest but also common disputes:

1942 - agreement on workshop safety. (Revised 1951)
1944 - agreement on apprentice training.
1946 - agreement on enterprise (works) councils.
1948 - agreement on time and motion studies.

In the sphere of less formal agreement, the labour market committee has produced a report on women's work and wages, which led to the setting up of a board for labour market questions relating to women, and recently it has been discussing questions relating to workers' pensions and adjustments arising out of the adoption, from 1st January, 1955, of a comprehensive compulsory national health scheme in Sweden.

The ideas behind the Basic Agreement have thus yielded a great deal of fruit, and can no doubt claim some of the credit for the peaceful relations that have on the whole prevailed between the parties since 1938. Some allowance must no doubt be made for the fact that a period of abnormal war years followed the conclusion of the Basic Agreement, and both sides were willing to submerge their own interests in those of the nation, and some allowance must also be made for the postwar period of full, or overfull, employment, when labour relations have been helped by the absence of unemployment. But although the Basic Agreement has had an opportunity to prove itself in a period of favourable circumstances, there seems no good reason why it should ever cease to function just because of a threat of unemployment or depression. The Agreement did survive the big mechanical engineering conflict in 1945. Since it is not directly concerned with wages problems, but more with the long term problems of the framework within which the parties pursue their own interests, there seems good reason to believe that it will endure. Moreover, a new generation of employers and trade unionists is growing up, accustomed to think in terms of negotiation and discussion in the light of the spirit and content of the Basic Agreement. That is perhaps the best guarantee of all
that it will survive.

Some criticism was made when the Agreement was signed that it represented the thin edge of the wedge, that there might be a ganging up of employers and workers against the consumer, a vertical combination of industry against everyone else. This was no doubt a natural reaction, when both sides were agreed on the desirability of avoiding social intervention in the labour market. But the fears have proved unfounded. The prime minister was very quick to point out, that the Saltsjöbaden agreement gave good cause for satisfaction, since this method was more valuable in a democratic society than legislation. The spirit behind the agreement was a good guarantee of relations on the labour market. But at the same time he said that he would not hesitate to put forward the necessary measures if the labour market did become turbulent. The Basic Agreement would have to prove itself, and the state did not henceforth renounce all interest in and concern for labour problems.

In any case, the Basic Agreement was not meant to be an organ for eliminating disagreement about the actual division of the national cake among groups, but an instrument to provide rules for the game and to direct the strength of the organisations into recognised channels of operation.

One final word of warning should perhaps be added on the other side, to compensate for the excessive enthusiasm of some foreign commentators about the Basic Agreement. Undoubtedly it was an achievement, but Edström, speaking in 1939, reminded us that "behind the present fairly harmonious relations between the parties lay fifty years of development full of unremitting organisation work and many unsuccessful attempts to co-operate; nor did we wish to conceal that we still had a long way to go to anything that could be called an ideal state on the labour market." "We (the labour market committee) took the view that people abroad had to a great extent exaggerated the so-called 'middle way policy' we were considered to represent. We weren't nearly as clever as we were made out to be." 3)

1) Industria, 1936, No. 7, quotes Nya Dagligt Allehanda as expressing such fears.
2) See the debate on the King's speech, 1939, discussed in Industria, 1939, p. 68. The point was endorsed by Solven at LO congress in 1941. See LO congress report, 1941, p.229.
This needed saying, if only for the purpose of emphasising that the Basic Agreement did not emulate Topsy. It did not simply spring up overnight, but was the culmination of many years of experience, sometimes good but frequently bad, of labour relations.

One gap in the arrangements made by the Basic Agreement for improving labour relations was the public sector, in spite of the fact that under chapter V the LMB could take up for consideration any dispute that endangered essential social functions. The conservatives saw this point in advance, for they worried a great deal about the fact that legislation on socially dangerous conflicts was being pushed into the future by the discussions LO and SAP were pursuing subsequent to the report of the Nothin committee, as is seen from the motions they submitted in 1937, 1938 and 1939 on the problems of conflicts that endangered essential public services. In 1937 they complained that all the questions relating to the legal regulation of relations on the labour market were being held in abeyance until the results of the discussions between LO and SAF were known. Society, it was argued, had interests to defend quite independently of any agreements reached. In any case SAF was not an all-embracing organisation. What about the state, local authorities and public companies? Both Houses supported the views of the second law committee that no action be taken on these motions. The committee pointed out that the Nothin report had proposed negotiations with the parties on the question of prohibiting certain conflicts measures and had, as regards socially dangerous work stoppages, suggested that there should be an investigation as to whether and to what extent labour conflicts could be prevented where the activity concerned was not primarily aimed at satisfying the economic interests of an employer. Since the question of socially dangerous conflicts was being discussed by the government, and SAF and LO were having discussions, the committee recommended no action.

The conservatives returned to the charge in 1938 on the subject of preventing work stoppages that were dangerous to the public, and said that, while they would be happy to await the results of the SAF-LO enquiries on matters that were clearly related to these negotiations, this was not the case for socially dangerous work stoppages where the undertakings primarily concerned were not even represented at the discussions. In other words, it was a different kettle of fish when disputes endangering public functions were most likely to occur in state, local authority or public undertakings not even represented in SAF.
This was roughly a repetition of the 1937 argument and the legal committee rejected it with much the same arguments. So did Parliament.

In 1939 the conservative motions said that they were very happy with the results of the negotiations between S AF and LO (which had led to the Basic Agreement of December 1938), but the point was still that the negotiations could not solve the problems relating to socially dangerous labour conflicts in such a way as to render legislation on the subject unnecessary. The Basic Agreement could hardly apply to anything except the private sector of the economy. But in practice the state and local authorities could hardly allow disputes to be taken before a board (presumably the Labour Market Board was meant) on the composition of which they had no influence. In view of their activity the problem of conflicts was a special one. The second law committee, in its comments, referred to the regulation in the Basic Agreement of socially dangerous labour conflicts, and said they must wait and see how far this procedure would be successful in preventing such conflicts. Parliament agreed.

Two points emerge from this. In the first place, the cleavage the Nothin committee had suggested, between economic activity whose primary purpose was or was not that of promoting the economic interests of an employer, was not made explicit in the Basic Agreement. Nor did the state undertake to follow up the Nothin proposal to investigate the problem of prohibiting direct action in the sector (mainly public service) where the employer's economic interest was not the main end in view. Things were to be allowed to work out in the light of experience of the Basic Agreement provisions. Secondly, the emergency legislation ideas were scrapped. The Nothin committee had made a positive proposal, in that it had approved the working out and presentation of proposals for legislation which would make it possible from case to case to forbid work stoppages which, in view of their scope or nature, were found to be a hazard to important social interests. Now was a good time, considered one liberal motion in 1936, to consider the subject dispassionately, when the labour market was quiet, and the 1933/34 building industry conflict was safely out of the way.

The second law committee pointed out that in 1934 it had stated strong reasons could be advanced in favour of emergency legislation, and the Nothin committee had underlined this. The Nothin committee had said that such emergency legislation should not be allowed to
diminish the effectiveness of the usual negotiating and mediation procedures, or to blunt the responsibility of the organisations themselves for the solution of labour disputes. The law committee therefore proposed that the government should conclude the necessary enquiries and present proposals on the creation of such legislation. The committee also referred to the negotiations that had now been commenced between LO and SAF and said it would be very satisfied if these discussions could lead to fruitful results for society in this sphere. (The social democratic members of the committee made a reservation, and asked that parliament should take no action). The houses in fact arrived at different decisions, and the issue lapsed.

By 1952 nothing had in fact happened in the private sector to show how the labour market board would tackle any problems that arose in this sphere. Formally, the Labour Market Board is not prevented, and indeed is obliged if asked to do so, from taking up for consideration every conflict situation where protection of the public interest is called for either by SAF or LO or by a public authority. The provisions of chapter V are not, unlike the rest of the Basic Agreement, dependent on acceptance by federations or even affiliation to SAF or LO. In fact, however, disputes from outside the SAF sphere are unlikely to be brought before the Board since the employers' side in the public sector will always stand outside SAF, SAF has no means of bringing direct pressure to bear upon employer organisations standing outside it, and in any case the state as an employer would be unlikely to recognise the competence of a board based on private interest organisations. This had worried the conservatives in 1939, and in 1952 a motion was submitted in parliament that suggested the setting up of a labour market board in the public sector of the economy, in order to make possible such treatment of disputes on the public labour market that involved socially necessary functions as would create better conditions for labour peace there. (Such threats to labour peace as endangered socially necessary functions had in fact appeared most likely in the public sector). Thus the early demands of the 1920s and 1930s for legislation on the subject of socially dangerous labour conflicts seems to have been abandoned.

LO thought a labour market board for the public sector would be desirable, but doubted how far it would be possible in practice in view of the many different categories of

1) Lower house motion No. 297, 1952, by Hjalmarsson and Høstad.
employee in the public sector of the economy. It might be possible to set up a board for local authority workers and salaried employees, although it would not be easy to have a board with uniform composition in view of the different organisations on each side. For the state sector the problem would be even more complex, in view of the distinction between persons employed on collective agreements and those employed on a wages plan. For the collective agreements sphere a board along the lines of that set up in 1947 for state-owned companies (see below) would be possible, with the state agreements board as the party to the agreement from the side of the state as employer. LO was thus assuming the problem would be solved by agreement and not by legislation. But for salaried employees the problem is considerably more difficult, in view of the constitutional difficulty in the determination of their conditions of employment to which reference has been made in chapter X. If a labour market board in this sphere were to have "moral powers of suasion", as in the SAF-LO sector, it might be the case that the government would have to accept responsibility for persuading parliament that its recommendations should be respected. Parliamentary right of final decision might then become merely formal.

This is accordingly a very complex problem for the public sector of the economy, where socially dangerous conflicts are much more likely to occur. The 1948 committee on the right of negotiation for civil servants and local authority salaried employees thought that a public labour market board as an opinion giving body on socially dangerous labour conflicts was not without advantages, but was opposed to any suggestion of compulsory arbitration by such a board that might seem to cut off the sovereignty of parliament. However, it did not think the dangers of this should be exaggerated, and thought an opinion creating board might have advantages as a deterrent. This was in accordance with its proposals for extended forms of collective agreement for the public sector. TCO thought that, in spite of difficulties, the idea seemed worth discussing between the parties. However, it thought the problems involved should be solved BY AGREEMENT and not by law. It said much the same on motion 297, 1952.

2) SCU 1951: 54, pp. 113 & 120.
3) TCO report, 1952, p. 73.
The second law committee commented on motion 297 that the outcome here must depend on the attitude the government took to the report of the 1948 negotiation committee (as was noted in chapter X, the government decided the whole problem required much fuller investigation), but thought that if the parties could agree before then on regulation of this problem such a solution would be greeted with great satisfaction. The motion was rejected, and the next stage in solving the difficulty will depend on a) negotiations between the parties and b) the government's attitude to the right of negotiation of public servants when the new enquiry is completed. It does seem, however, that some formal change may be necessary in the constitutional process, whereby parliament has the right to decide on civil servants' salaries.

The difficulty relates to that discussed already about the Labour Market Board of SIF and LO as a body with great power of moral suasion when it makes recommendations on socially dangerous labour conflicts. The assumption is that its recommendations will be accepted by the parties. Such might not be the case if parliament were the court of final decision in the case of a labour market board in the public sector. It would be difficult to shield a public labour market board from the glare of publicity, since parliament is ultimately involved in any decisions, and it is even conceivable that any differences of view might make the situation worse. Again, the private sector of the economy enjoys unity of organisation which, particularly on the workers' (or salaried employees' side) is very much lacking in the public sector of the economy. If therefore a Labour Market Board in the public sector is to be based on agreement it will require a much more uniform front from the side of the employees if it is to be a success as a voluntary body with moral powers of persuasion based on the strength of the organisations.

Basic Agreement ideas in other sectors of the economy. Since LO covers a much wider sphere of activity than does SIF, it is not surprising to find that agreements along lines similar to the Basic Agreement have been arrived at in other sectors of the economy, eg., in the co-operative movement, which employs 52,000 workers, and in state owned companies, employing 3,500 workers.

In 1926 a conciliation board was set up between KP and LO for dealing with labour

1) Statement No. 39, 1952.
disputes in co-operative enterprises. It consisted of three representatives from KF and three from LO. Disputes were to be reported to it and its duty was to try to mediate in disputes that could not be settled by negotiations between co-operative enterprises and trade union organisations. The main rule was that no work stoppage of any kind must occur until the dispute had been submitted to this conciliation board and it had taken all the steps it found possible to try to bring about a settlement.

The background to the creation of this conciliation board lay in the emergence of the consumers' co-operative movement as an important employer of labour. Prior to this the co-operative movement had followed the practice in fixing wages of taking as a guide the wages set by agreements in the branches of the economy in which it worked and adding a cash sum and other benefits. But what happened when the movement expanded so far and fast that it came to dominate a branch of the economy, and had to pursue an independent wages policy? In view of the affinity between trade unions and co-operative movement, there was a problem if the co-operative movement came to pay high wages, and other groups of workers had to pay the piper through higher prices of the goods they purchased from the co-operative movement. The matter was raised at LO congress in 1926,¹ and the secretariat thought that the establishment of this conciliation board would be a first step towards a satisfactory basis for regulating conditions of work in co-operative enterprise.

But this did not solve the problem satisfactorily, for in its congress of 1946 LO lamented that, in spite of the co-operation between co-operative movement and unions, both ideologically and in personnel, (officials and members), and the fact that "both embrace efforts that aim at such forms of enterprise as eliminate the private profit motive" and promote economic democracy, nevertheless there had been opposition of views on wages policy between the co-operative movement and tradeunion movement.² This had led to the conclusion of an agreement between LO and KF in 1946 which provided a negotiation procedure.

Since the background to this procedure was, as in 1926, an endeavour to arrive at some for regulating wages, it is important to consider the wages principle/declaration first, before looking to the negotiation procedure. This declaration on wages policy was submitted, after consultation with LO, to the congress of KF in 1946.

¹ See motion 173, and LO secretariat statement No. 49, LO congress, 1926.
² See LO congress report, 1946, p. 451 et seq - motion No. 149, & LO secretariat statement/
The declaration stated that consumers' co-operation constituted a collective form of enterprise which differed radically from private enterprise in that profit in the private economic sense could not arise in co-operative enterprises and the whole co-operative movement worked to satisfy the consumer interest. There was a similarity between state and municipal undertakings in this absence of private profit in the co-operative movement. Another difference from private capitalism was that influence in co-operative enterprises did not depend on size of shareholding but on the democratic principle of "one member one vote", and the movement was further open to every citizen.

In all fundamental respects the co-operative movement stood for aims that were in harmony with the basic views of the trade union movement with regard to the desirability of developing towards economic democracy1) in the whole economy.

Accordingly it was in the interests of the trade unions that the co-operative form of enterprise should not be prevented from developing in scope and importance on the basis of equal competition with other forms of enterprise. Thus co-operation occupied a special position as "the other side" to the trade union movement in the labour market, both in avoiding disturbances of production and in the issue of the goals of wages policy. This special position was underlined by the affinity between the trade union movement and co-operation which found expression in the fact that co-operative employees were often both part owners in the firm and members of the trade union, while at the same time the overwhelming majority of the members of co-operatives were organised in trade unions.

Of course a wages policy that took note of the desirability of continued expansion of the co-operative form of enterprise could not divert the unions from their task of looking after the interests of wage earners. The declaration then makes the following interesting point, that while the absence of the private profit motive in co-operative enterprises is of course a guarantee that what the wage earners do not take out of the enterprise in wages benefits the consumer and the whole of society, the opposition nevertheless remains between the worker's interest in having the best wages and working conditions possible and the interests of the enterprise in having the lowest possible costs, including labour costs.

1) Industrial democracy is promoted in the consumers' co-operative sphere by the agreement of 6th June, 1947, between KF and LO on enterprise councils. See chapter XVIII.
But it was important for both sides that this opposition of interests could be overcome in some way. The general basis for the trade union wages policy against the consumers' co-operative movement is thus set out in the following three principles:

1) The consumers' co-operative enterprises shall not be burdened by higher wages costs and other labour costs for their employees than those borne by private firms in the same branch.

2) Since it can be assumed that the co-operative enterprises will be conducted at least as efficiently as other forms of enterprise, the co-operative movement shall not pay lower wages or apply worse conditions of work than those of other rationally conducted firms in the same branch. (Note: this does not say that the co-operative movement will pay any BETTER. This became a bone of contention in the 1953 foodstuffs conflict. See chapter XXI).

3) Given their position as model employers, and being burdened by labour costs as great as those of private enterprise, the consumer co-operative enterprises ought, in consultation with the trade union movement, to strive to create security of employment and good working conditions for their employees.

LO hoped that this declaration demonstrated the willingness of the trade union movement to support the efforts of co-operation to look after the interests of the consumer in purchasing the best goods at the cheapest prices.

At the same time LO and KF arrived at a "Basic Agreement" for handling disputes that arose between co-operative enterprises and workers belonging to organisations affiliated to LO. Briefly, the principle is the same as that expressed in 1926, that no direct action must be begun before negotiations have taken place. These can take place at different levels in accordance with the customary three-tier structure.

**Local negotiations.** Any dispute that arises is to be made the subject of negotiation without delay, the procedure being that this takes place in the first instance at the place of work between the parties concerned, with the assistance of local organisations where these exist.

**Central negotiations.** When the nature of the dispute or other special circumstances make it desirable, the negotiating body of the Co-operative Movement (KFO) or the appropriate trade union federation on the workers' side may ask for negotiations to be taken up directly between these two bodies. If no agreement can be reached locally the party that wishes to have the matter settled must refer the matter for negotiation between these two
central bodies mentioned - i.e., the negotiating body of the co-operative body and the TUF concerned, and such negotiations shall be begun as soon as possible and in any case not later than three weeks from the date on which requested, provided the parties do not agree to postponement. Negotiations are to be conducted with all speed.

The next level of negotiation brings in two bodies specially established: a) the trade union co-operative conciliation board, which consists of two members appointed for a period of three years, one by LO and one by KF, and b) the trade union-co-operative central tribunal which consists of four members, two from each side, appointed for four years. An independent chairman is also appointed for three years, and he takes part when the Tribunal is examining AND settling rights disputes referred to it.

Two separate procedures are distinguished, for interest and rights disputes. The procedure in interest disputes is essentially CONCILIATION procedure, since the parties can resort to direct action if conciliation fails. But if both parties agree an interest dispute can be settled by the tribunal acting as a board of arbitration. If negotiations have been carried on between a co-operative enterprise and a trade union organisation with regard to drawing up a collective wages and employment contract or for regulating other interest questions, and it has not been possible to arrive at agreement, the parties are required to report the dispute in writing as quickly as possible to the trade union-co-operative conciliation board, which shall call the parties together without delay, with the primary object of trying to arrive at agreement between the disputants in accordance with offers or proposals made during the negotiations by the disputants themselves, the board also having the power to make such suggestions as to adjustments or concessions which it feels might promote a solution of the dispute. The board has 1) to make a proposal for the solution of the dispute on the basis of what takes place in the negotiations, the conciliation proposal being set out in writing and signed by the members of the board and, if the proposal is approved by the representatives of the parties to the dispute, by them as well.

1) The Swedish text implies compulsion but, as the next paragraph shows, it is not obliged to make a proposal on the basis of the evidence at the hearing.
If the board cannot agree to a proposed solution or if the proposal it presents is not approved by the parties the board is obliged to refer the question in dispute to the central tribunal for its observations. The members of the board must then be present at and present the case to the meeting of the central tribunal, which can also call in representatives of the parties concerned, whether enterprises, workers, or organisations. Neither side to the dispute may resort to direct action for the purpose of solving the dispute until the central tribunal has made its views known and these have been discussed by the conciliation board, which is required to meet again with the parties when the central tribunal has made its views known and to try to bring about a solution of the dispute on the basis of the views of the central tribunal. This meeting must be held within six weeks of the dispute first being referred to the board if direct action is to be precluded under this clause.

In making conciliation proposals and presenting its views the conciliation board and the central tribunal respectively shall endeavour to obtain as just an application as possible of the principles approved by LO and KF for the settlement of wages in co-operative enterprises.

At the request of both parties the central tribunal functions as a board of arbitration if the interest disputes cannot be solved in accordance with the procedure outlined above. Both when acting as a reference and arbitration tribunal the tribunal reaches its decisions by majority vote. (The agreement does not state that the independent chairman is included when interest disputes are discussed, but since he is mentioned in rights disputes the presumption is that he is not present when advice is given on or settlement is made of interest disputes. Thus, since each side is equally represented in the tribunal when it acts as a board of arbitration in interest disputes, it is possible for deadlock to arise.

Disputes as to rights. If both parties wish to refer to the central tribunal for settlement a dispute about the interpretation and application of a collective wages agreement or other dispute, which would normally be decided by the Labour Court or by arbitrators, the tribunal takes the question up for consideration and settlement. The independent chairman takes part here.

This Basic Agreement does not cover sympathetic action nor action resorted to for the purpose of collecting wages or other payments due to employees. Disputes about the interpretation of the agreement are settled by the central Tribunal in the same manner as that set out for dealing with rights disputes. Parties to collective agreements who accept this
Basic Agreement are to approve it as being valid in accordance with the collective agreements. Six months' notice of termination must be given.

Another Basic Agreement along lines similar to the 1938 agreement between SAF and LO is that agreed upon between LO and the wages board for state-owned companies in November, 1947. This wages board had been created in December, 1946, as a body for bringing about co-operation among state-owned companies in questions relating to the drawing up of and disputes about collective agreements. It covers about 3,500 workers.

This Basic Agreement contains chapters dealing with negotiation procedure, enterprise councils, notice of termination and laying off, local safety services, apprentice training, limitation of direct action, treatment of conflicts affecting vital social functions, and a central council. This council of four persons corresponds to the Labour Market Board, and in it LO and the wages board take up questions similar to the LMB. It has similar duties and competence. In fact the agreement is parallel to the 1938 Basic Agreement and the 1946 agreement on Enterprise Councils. 1)

Another peace agreement that is of particular interest to a British public in the 1955 year is that in the Swedish newspaper industry. In order to ensure labour peace in newspaper printing works long term collective main agreements have been drawn up between the compositors' federation on the one hand, and the social democratic press association and the association of newspaper employers on the other. There is also a similar peace treaty for the distribution side of the industry. In each case the arrangements are similar, the main provisions being that lockouts, strikes, blockades or boycotts, masked or open, must not occur in relation to employers affiliated to the employer organisations that conclude the agreements for personnel belonging to the compositors' federation. These agreements date from 1937 and 1938, and are usually valid for a period of from five to six years at a time. If notice of termination is not given at least one year in advance the agreements are automatically prolonged for periods of five years at a time.

1) It is also parallel to the agreements on safety and training, except that in disputes over training it is the central council and not, as in the 1944 SAF-LO agreement on apprentices, the apprentices' board for each trade, that settles them. Presumably this is because of the small coverage of the state-owned companies.
Here the aim is to ensure that the public is never deprived of its newspapers, and the procedure set up under the long term agreements is designed to ensure rapid settlement of disputes that do arise. Even although the parties still continue to negotiate "ordinary" collective agreements year by year, underlying the negotiations is always this long term obligation not to resort to direct action.

The procedure for rights disputes is that all differences of opinion about the interpretation and application of these main agreements and other collective agreements arrived at between the parties during the period of validity of the main collective agreement are taken up and settled as follows. When disagreement arises between employer and worker attempts must always be made within seven days to arrive at a solution through verbal or written negotiations. If no agreement can be reached locally, the party wishing to pursue the matter further can report it to its organisation which can try to have the matter settled in the following way. A board of arbitration, whose members are appointed for one year at a time, is set up in Stockholm, consisting of five members, each side appointing two and these four choosing the fifth. This is compulsory arbitration, for both organisations are obliged to ensure that their members do not violate the procedure or the decisions of the board of arbitration. If either side does fail to keep its obligations, it liable to pay damages to the other organisations, the amount being determined, where the parties fail to agree, by arbitrators according to law. If one side breaks the agreement, the other can of course terminate it.

Interest disputes. If during the period of validity of these main agreements differences of view arise during negotiations about NEW collective agreements, an independent chairman appointed by the parties (he is to be familiar with conciliation work) is to try by every means to get the negotiators to agree. Disputed issues on which agreement cannot be reached are to be referred by this independent chairman to the court of arbitration set up as under. The obligations of the parties in relation to the decisions of this court are the same as those above for rights disputes, in that the court's decision is final.

This court of arbitration for interests disputes is, unlike that for rights disputes, a permanent court and consists of three independent persons who are familiar with conciliation and agreement negotiation issues. The parties appoint the chairman and one member, or, failing agreement between them, the Social Board appoints them. The third member is the
chairman of the board of arbitration for dealing with rights disputes.

In examining disputed matters referred to it for decision this court of arbitration is to take account of the following points, as well as the arguments put forward by the parties: the justifiable demands of the public that newspapers be published, the official cost of living index, the general wages position on the labour market and the official cost of living groupings, rationally ordered production and sound working conditions, and reasonably good living and employment conditions for the workers.

During the period that these collective main agreements are in force the provisions they contain as to holidays are to be inserted unchanged in all new collective agreements arrived at between the parties.

It is noteworthy that this type of agreement adopts a solution that the Nothin committee had recommended for certain socially dangerous disputes, namely long term peace treaties between the parties which prevent disruption of production when the annual collective agreements are being negotiated. By these agreements for the newspaper printing industry the public is virtually guaranteed that there will be no stoppages of work, since compulsory arbitration is provided for all disputes. That is not to say that the trade unions have in this case abandoned all their tactical weapons, for these peace treaties have certain advantages. They guarantee indirectly that the printing industry trade union federations will always have a high proportion of their members at work, who can accordingly support any of their comrades who come out on strike or are locked out. Secondly, notice of termination of the peace treaties can be used to force through improved conditions of employment, such as better pensions. This was attempted in 1954.

In addition to this peace treaty system in the printing industry there is also a compulsory arbitration system for interest disputes in the privately owned railway network, but this is little used. Between the tobacco monopoly and the tobacco workers' federation there is a special negotiation procedure that provides that disputes over changes in piece wage rates are to be settled by arbitration which is binding upon the parties.

The ideas of co-operation and ordered relations that underlie the SAF-LO Basic Agreement have thus found expression in certain other formal and somewhat parallel arrangements for
different sectors of the economy. But that is not the only effect of the Basic Agreement. Where its success primarily lies is on the somewhat intangible plane of attitudes to the other side, willingness to negotiate frankly and openly, to recognise that differences do exist but that they can be reconciled in most cases by peaceful compromise rather than by the use of direct action in an indiscriminate way. The Basic Agreement has set a new tone, of which it is at once itself the product and the pioneer. This is amply demonstrated by the change that has come over some of the most sensitive aspects of labour relations, workers' security and employer's sovereignty, which are analysed in the next part.
Part Four

Employers' Rights and Workers' Security
Chapter XVII

Employers' Sovereignty and paragraph 23 of SAF. The right claimed by members of SAF under "paragraph 23" of the byelaws of that confederation have been frequently mentioned in earlier chapters. This is an appropriate point at which to take up the principles that SAF has followed under the heading of paragraph 23, for they represent a sphere in which one interest group has been able to lay down principles - it might not be too fanciful to liken it to private legislation - to which it has clung tenaciously, and which it has even succeeded in having endorsed in the Labour Court. At the same time the modifications in Paragraph 23 that the trade union movement won after thirty years of debate and recrimination represent a triumph of moderation on the part of the trade union leaders.

The first landmark in the development of paragraph 23 was in February, 1905, when the Board of SAF sent out a confidential circular to its partners in which it discussed the advantages and disadvantages to the employer of collective agreements, and advised as to provisions that should be included in collective agreements. The employer should expressly assert his right freely to engage and dismiss workers and to lead and allocate work. It argued that employers must resist attempts by the workers' organisations to acquire the power to determine whom the employer might employ, and that it was in the interests of unorganised workers as well that the freedom of the labour contract should be preserved.¹)

The trade unions were trying to strengthen their organisations through establishing priority for organised workers to obtain employment, and at the same time to gain recognition IN FACT of the right of association. These attempts had been resisted by the employers even earlier, for example in 1896. In 1900, after the building industry conflict in Stockholm, the agreement recognised the right of the employer to lead and allocate the work, and freely to engage and dismiss workers without the intervention of the union, while it was also stated that the employers must not on the other hand dismiss workers merely because they belonged to a

¹) SAF's paragraph 23 is to a great extent a replica of a similar idea that found expression in Denmark in 1899, in the September Compromise that resulted from a lockout. The compromise provided definite rules for strikes and lockouts, that all agreements between top organisations were to be respected by their member organisations, that the employer had the right to lead and allot the work and to make use of suitable labour, that foremen should be free to remain outside workers' unions. A permanent voldgiftsdomstol (arbitration court) was set up to deal with disputes between the top organisations over breaches of the compromise agreement.
union. Workers on their side were not to leave employment just because the employer made use of unorganised workers.

The justification for the move by SAF in 1905 elucidates different answers, according to the view point of the particular commentator about which side, employers or workers, was trying to dominate the other, which was defending its freedom in the face of attempts to encroach on its activity. Aman considers¹) that the motive of SAF was to prevent the workers obtaining a stronger organisational position, but it is noteworthy that LO commentators in 1941 did not repudiate the allegation SAF made in 1905 that the workers were trying to establish the power to decide whom an employer might employ.²) Hallendorff argues that the workers already had a powerful position from which they were trying to dictate to the employers.³) ⁴)

The general assembly of SAF considered the circular that had been set out when it met in May, 1905, and the following addition to the existing provisions of paragraph 23 were accepted: "collective agreements concluded between partners in the confederation and a trade union or trade union federation must contain a provision stipulating the right of the employer to engage and dismiss workers at his own discretion, to direct and allot the work, and to avail himself of workers belonging to any organisation whatsoever, or to none." A further addition proposed in September, 1905, and accepted in 1906 added that "any partner in the confederation or trade federation wishing to enter into a collective agreement with a trade union, trade union federation, or other organisation of workers, is obliged to submit the proposed agreement to the board of the confederation. No such agreement may be signed without the approval of the board." This last addition is a matter of internal control within the confederation, but the first addition, by which the employer claimed the right to

¹) Aman, Valter, §23, p. 10.
²) Feckföreningen och näringslivet, p. 169.
⁴) It was a somewhat paradoxical situation. SAF claimed to be protecting unorganised workers from being forced into trade unions against their will, while at the same time it was not opposing the right to organise, and the unions, trying to get priority of work for their members in order to strengthen their minority position, found themselves too weak to resist the pressure SAF put on them to accept §23. It is doubtful in the extreme whether SAF was being altruistic in protecting unorganised workers. At that time it was embarking on a policy of aggression. As will emerge in the course of this chapter, SAF did not require in law any bolstering of its management prerogatives through §23. At the same time, SAF was not numerically strong in 1906, nor had it yet proved itself in battle - indeed, §23 was its first great challenge.
direct and allot the work, to engage and dismiss workers, and to engage organised or unorganised labour, clearly was a matter of the first rank for the trade union movement. We shall accordingly be exclusively concerned throughout the remainder of this chapter with the subsequent history of this paragraph and its assertion that the employer was the boss.

The new provision in SAF's byelaws aroused trade union indignation. The report of LO for 1906 complained, for example, that to decree in advance and in this one-sided manner provisions that must be contained in possible agreements was to ignore the other side in a highhanded way and to rob him of his free right of negotiation. 1)

In fact a series of conflicts blew up during the course of the year 1906 on the issue of inserting these provisions of §23 in collective agreements. SAF took the initiative for negotiations with LO in December, 1906, on these and other conflicts that were threatening to break out, and the results of the meetings were expressed in what has become known as the "December Compromise." But in fact in November, 1906, the SAF board, recently enlarged, had been discussing, in relation to these conflicts, whether changes in the provisions of §23 might be necessary. The decision reached was that the board was opposed to changes, although there was nothing to prevent additional provisions being included in agreements that had the object of protecting the workers' right of association. 2) Another question discussed at the same time was that the board asked itself the question whether participation in a lockout that had begun was reconcilable with a collective agreement in force - the reply given was that it was. This laid the foundation of SAF's policy of favouring sympathetic action.

One significant decision taken here also was that SAF discussed with whom it should discuss the issues raised by the conflicts, and to whom it should direct ultimatums. The conclusion reached was that it would be best to deal with one body, and it was decided to suggest negotiations to LO. If these failed the next step was apparently to be an ultimatum and then, if need be, a lockout.

At the December meetings both SAF and LO put forward their respective formulations of paragraph 23. LO wanted to have included a clause providing that it was not to be considered a breach of agreement if a worker refused to work alongside strikebreakers. A

1) LO report for 1906, p. 19.
2) Hallendorff, op. cit. p. 80.
compromise solution was eventually adopted on the formulation of the independent chairman, and read as follows:

"while observing the provisions of an agreement in other respects, the employers are entitled to lead and allot the work, freely to engage or dismiss workers, and to make use of workers, irrespective of whether they are organised or not.

The right of association is to be inviolate on both sides.

If the workers consider that dismissals have taken place in such circumstances as can be interpreted as an attack on the right of association they are entitled, before other steps are taken, to demand an investigation, through their organisation, for the purpose of obtaining adjustments."

LO added a rider to the agreed formulation, emphasising that when they had expressed themselves willing to approve the above formulation they had not abandoned the views they expressed earlier, that refusal to work with strikebreakers should not be considered a breach of agreement.

This December Compromise was only definitely confirmed towards the end of January, 1907, after LO had had some trouble in getting some federations to accept it, and after SAF had threatened to put the lockout (which would have affected some 60-70,000 workers) into effect.

The compromise meant that SAF agreed to respect the right of association of the workers, as SVM had done in the previous year, and to co-operate in investigations about dismissals. As was to be complained of several occasions in the future, however, to agree to investigate issues where the workers claimed the right of association had been violated was not the same thing as to agree to arrive at a solution in every case acceptable to the workers. There was some discontent on both sides with the compromise. Some employers argued that SAF

1) The national agreement arrived at in the mechanical engineering industry in 1905 did not include §23 (SVM was not then a member of SAF) but a provision was included that "the right under all circumstances freely and without interference to participate in work shall, like the right of association, be held inviolate on both sides." When SVM did join SAF in 1917 it had to obtain dispensation from §23, but it had in fact applied the principles of §23 since 1905.

2) Hallendorff, op. cit., p. 35.
had missed an opportunity to press home advantages over the workers, while others were surprised that LO had been so much on the defensive and had seemed reluctant to have an open conflict.\textsuperscript{1} Here, however, it should be pointed out that the workers had at least gained recognition of an objective they had striven for for years, the right of association. Further, Lindquist and Nils Persson, for example, recognised that the employer had in principle the right to lead and allot the work. The trade union objections were mainly against abuses, such as unjust dismissals. The subsequent discussion brings out that it was the abuses rather than the principle that aroused the workers' ire. But another strand can be traced - the feeling of insecurity when there was no recognised procedure for laying off or dismissing workers. The trade union movement strove to have this principle of §23 modified, rather than have it abolished - a somewhat typical Swedish empirical reaction.

But LO was not completely passive in its attitude to the December Compromise. It stipulated that the partners in SAF should recognise the agreement in full, and it made the reservation about strikebreakers already mentioned, in order to show clearly what its point of view was. At the congress of LO in 1909 some of the critics of the Big Strike of 1909 argued that it was a mistake in 1906 and later years to avoid a showdown and to accept the employers' conditions that included §23, since conditions had then been much more favourable to the workers' side than they now were in 1909.

In spite of this December Compromise §23 has in fact been considered a very unsatisfactory solution of a complex problem by the workers' side. The question has been a thorny one at LO congresses, and proposals have been put forward from various sides and at different times that the trade unions should make use of their strength to force through a revision of §23. The reasons for the agitation are plain. §23 is felt to recognise explicitly arbitrariness on the part of the employer in the workplace, and to stress the position of dependence and insecurity occupied by the worker. But the employers' side has reiterated frequently that SAF is prepared to use all the means at its disposal to retain the principles expressed in §23.

\textsuperscript{1} Casparsson, op. cit., Vol. I, p. 229.
The trade union discussion can best be considered in the light of some of the arguments put forward at successive LO congresses.

Motions 124-129 at LO congress in 1909 raised the issue of §23 and asked for its repeal, or changes in it. Herman Lindquist, the chairman of LO, in discussing the motions, said that the employer's right to lead and allocate the work in the usual sense was "a rather natural right."1) It must of course be the employer who determined how and in what way a certain job should be executed. The right to dismiss workers when there was no employment ought also to rest in the hands of the employer; but the organisations should see to it that the employer did not abuse this right in such a way that dismissals took place because a worker belonged to an organisation or worked on behalf of it. Against that, however, there was the right the worker had to take such matters up, which was set out in agreements (as the result of the December Compromise). On the basis of this agreement all abuses by employers should be taken up. In 1906, he said, LO had done everything in its power to prevent §23 from being forced through but, although it did not succeed, it had at least succeeded in getting a formulation of the paragraph such that the employers also were dissatisfied with it! If congress had accepted the motions asking for §23 to be removed from agreements, it had to be assumed that the trade union movement was strong enough to endure the consequences of such a decision. The secretariat was of the opinion that it would be unwise to take up the challenge of a gigantic conflict over this paragraph, and it was in the light of the big conflict of 1909 that the secretariat had, said Lindquist, written its statement on the motions.

The secretariat's statement pointed out that several provisions in collective agreements, such as the fixing of hours of work, modified the absolute sovereignty of the employer. In fact only the technical process of leading and allocating the work was exempt from free agreement in the collective agreements.

In the early days of the labour movement there had been demands from the workers' side that only organised workers be employed, but this had now been almost entirely abandoned, and there seemed to be no opposition to the principle itself that the employer was entitled freely to engage workers. But nevertheless, the workers thought it reasonable that some limitations

of this principle could perhaps be stipulated, e.g., that workers resident in a place might have priority to jobs in that place. The question of dismissing workers was perhaps a more thorny one. Safeguards against arbitrariness were desired here, and some safeguard had been sought by the workers in the principle of "last in first out." But this the employers also opposed. Nor was it easy to obtain the justice which was implicit in the December Compromise with its guarantee of enquiry into cases of allegedly unjust dismissal.

Undoubtedly employers had aroused resentment by their strict interpretation of §23, said the secretariat statement, but it did not see that anything was to be won by taking up the cudgels and fighting the basic principle of §23. A war in defence of principles would suit employer tactics, and the Big Strike had cost enough already without anything really being gained. The secretariat took the view that the workers' side should still stand on the principle of free negotiation, "a point of view towards which the force of circumstances will sooner or later drive even our employer organisations with their defence of principles." The secretariat therefore recommended congress to condemn the way in which the employers had to date used their rights in accordance with §23, and to instruct the secretariat to work through negotiations for such modifications as were possible for removing the arbitrariness of the paragraph. All cases of suspected unjust dismissal should also be taken up.

Congress approved this statement and policy by 182 votes to 156. Of those who opposed the proposed policy 44 made an express reservation against this statement by congress which, they argued, was merely to accept the principle of the right of SAP freely to engage and dismiss workers.

Arvid Thorberg put essentially the same view as Lindquist during the debate. He pointed out that it was the bad economic conditions of recent years that had made the paragraph so significant, but he considered that the opposition to it from the workers' side was merely strengthening the employers' hand. The aim of LO policy should be to work against abuse, the movement had not the power to do more, and a decision by congress to have the whole paragraph removed would simply have been abandishing of fists in thin air. That would merely damage the labour movement. Congress, as we have seen, adopted the secretariat line, but only by a small majority.
Again at congress in 1912 Thorberg pointed out that abuses by employers of the paragraph varied with business conditions. When there were plenty of unemployed workers the employers abused §23, and vice versa. Motions 40-43 at this congress raised the question of repealing §23 again and, in relation to them, the secretariat of LO repeated its statement of 1909. On motion 43 (from the board of the Transport Workers’ Federation), 1) which set out a reformulation of Paragraph 23 to include a seniority rule which was to take account of family responsibilities, the secretariat thought such a formulation was too rigid. Conditions varied from one trade to another and with spheres of work. But it recommended they be applied where possible.

It suggested a repetition of its statement of 1909. But congress did not follow the guidance of LO secretariat this time, accepting instead by 147 votes to 32 a proposal by J.E.Käll of the Transport Workers' Federation which stated that LO was to support as far as was possible the federations who in future did not consider they could accept the inclusion in collective agreements of provisions as to the employer’s right freely to engage or dismiss workers, but who instead considered they should demand the introduction of provisions that provided for co-influence on the part of the workers, or who sought to have every provision on this matter removed from collective agreements.

Congress thus committed LO to give support, presumably both moral and economic, to any federation that felt like making an issue of §23. That congress went against the secretariat is shown again by the speeches of Lindquist and Thorberg. Thorberg pointed out that SAF did not now oppose investigations into alleged abuses of §23 by both sides. Lindquist considered there was a tendency to blame all things on §23. But they had the right of appeal, he said, against abuses of §23. As in 1909 so now in 1912 he anticipated that as the organisation of the workers became stronger they would be able not merely to bring up abuses but to secure "färdelse", justice—i.e., he envisaged strong organisations that had co-decision in questions of working conditions. Then the effects of §23 would not be felt.

1) This federation had been involved in a big conflict in 1908 because one employers' association decided to join SAF. It has been the practice in the dockyards to have priority of the right to work for organised workers.
At the congress of 1917 motions 41 (from the board of the transport workers), 42 (from a branch of the transport workers) and 43 raised §23, and two of these wanted repeal, in that there should be a refusal to accept §23 in agreements. The secretariat proposed that the line taken by Käll in 1912 and approved by congress then should be repeated. The declaration made in 1912 was, it felt, as far as 10 could go. Congress agreed.

In 1922 two motions (Nos. 145 and 146, both from branches of the paper industry workers) wanted §23 removed for ever from Swedish agreements. The secretariat proposed that the Käll statement be repeated and congress agreed. One significant feature here was that Charles Lindley, an official of the transport workers' federation - which has been one of the strongest opponents of §23, on account of casual dock labour - now stated that his federation had at the end of 1918 forced the employers to agree on such changes in §23 that it was now completely inoperative for the transport workers federation. (At 1926 congress Lindley pointed out that the transport agreements were formulated in such a way as not to give the federation members the formal right of preference to work, but paradoxically this federation was in 1926 being accused by fellow unionists of a closed shop and monopolistic policy in relation to them). Thorberg took the view in 1922 that if the unions wanted §23 removed the question was quite simply one of the strength of the federations and their ability to crush SAF with its large economic resources. This he considered would require a certain amount of time.

The sovereignty of the employer expressed in §23 was obviously a matter that the 1920 committee on industrial democracy had to consider. In its discussion it took the view that among Swedish workers the question had generally attracted much less notice and been considered much less fundamental than the question of the right of association. This in part was due to the fact that most employers did not as a rule make use of their prerogative in this question to work against attempts by the workers to organise, but rather preferred in many cases that the workers should be organised.

But it was a well known fact that the workers had reacted against §23. (The committee quoted LO congresses of 1917 and 1922). It pointed out also, however, that the employers themselves had limited their right "freely to engage", a) by the inclusion of provisions that

prevented the use of workers who were on strike or locked out and b) by provisions that employers were obliged, in the event of a strike or lockout, to send to the board details of the workers involved.

On dismissals, it seemed that in reality most employers had gone further than they need do according to the December Compromise of 1906, in that they discussed with the workers' side dismissals that were not necessarily connected with the right of association. In the last resort it was possible to exercise some influence on dismissals through strikes or blockades. The right of dismissal was also modified in many agreements by provisions as to the period of notice to be given.

Of course the employer could get rid of people he did not want by other means, e.g., by reallocating work. But on the whole the committee took the view that a practical code was growing up as to what was meant by gross misbehaviour and some agreements specified what it covered. The question in fact was gradually being transformed from one where each side considered the possibilities that were open to it to a different situation where reasons were taken into consideration, and mutual trust was developing. The committee suggested that the councils it proposed would be suitable bodies for discussing dismissals. But the matter still continued to attract notice at LO congresses.

Motions 138, 139 (both from branches of the paper workers) and 140 in the congress of 1926 wanted changes in or removal of §23. Motion 140 for example mentioned that the enquiry on industrial democracy had disappeared into the shadows and it wanted LO to see to it that agreements contained provisions about the workers' right of co-decision over the management and administration of enterprises. Again the secretariat proposed a repetition of the Käll formula of 1912, and again congress agreed.

Ideas of industrial democracy were taken up by the labour peace conference which the conservative government convened in 1928 (see chapter XVIII), and paragraph 23 inevitably came up for discussion when questions of improving workshop relations were on the agenda. Arvid Thorberg (LO) felt that §23 was a potential stumbling block in the way of co-operation, and that it ought not to be applied rigorously if co-operation was desired.
He hoped employers would find that §23 was a provision in which concessions could be made, involving supplementary provisions as to the workers' right to take part in discussions about the management of work. He believed conditions would change so that in a few years §23 would have a different formulation which corresponded more with what was necessary in production and which included greater equality and more co-operation between management and men in all spheres of the firm. But it might not be necessary to start tearing down §23 itself. It would perhaps be more realistic to build it round with safeguards in an endeavour to obtain consultation. He considered this was possible, and likely to lead to results. In this connection Thorberg was to prove a sound prophet - we have seen elsewhere already that he was a supporter of gradualism and empiricism. But von Sydow was not too conciliatory on this point. He seemed rather aggrieved that so many of the workers' spokesmen took up the question when it was not specifically on the agenda, and repeated the view that the labour contract was one of fully reciprocal rights. The employer could not abandon the right to decide himself whether he wanted to retain his staff or not. Of course the right to dismiss should be exercised with caution and commonsense, not brutally or unjustly. But that workers should have a say in the engaging of workmen was quite irreconcilable with the economic laws of business activity. Responsibility and power must be united. This made rather doleful hearing for the trade union representatives present, and Sigfrid Hansson criticised von Sydow for being negative.

The minister of social affairs, Lübeck, was rather optimistic and seemed to share Thorberg's view when he envisaged in his concluding speech that §23 would eventually become superfluous. "From both sides declarations have been made, if I understand the matter aright, that we ought to be able to proceed in such a direction that it (§23) becomes superfluous, a piece of paper, because in practice each side has achieved what it aimed at?"

The LO congress of 1931 was very much to pattern on the question. Motions 152-159 on §23 asked that it be removed from collective agreements and that LO should give economic support to federations that considered themselves obliged to take up the cudgels in the cause. The secretariat repeated the Käll formulation, reminding congress that by this formulation

and its repetition at congresses since 1912 congress had probably gone as far as was possible. It therefore proposed a repetition of the 1917 statement, and congress agreed. Edvard Johanson, the new chairman, pointed out that the employers were prepared to fight for this right as long as anyone else cared to. So the workers' side must be quite clear; he said, that demands for change from their side would be rejected and continuation of the demands would lead to a long conflict.

The Labour Court gave some judgments in the early 1930s that had an important influence in setting out what the position was. Judgments number 100/1932 and 159/1933 declared that the right of the employer to dismiss could not be contested even in cases where §23 was not written into collective agreements. The right of the employer freely to dismiss workers was unlimited in all cases where agreements did not include rules for the government of dismissals. Judgment Number 100/1932 stated that, apart from certain special spheres, there were no provisions in Swedish law about the individual labour contract. But as regards the termination of a labour contract that was concluded for an indefinite period there was no doubt that in Sweden as in other countries the general legal principle applied, that notice of termination of such an agreement could be given from either side, and that no reason for the notice of termination need be given, from one side or the other. The provision of §23 of the byelaws of SAF thus meant only that the partners must not, in concluding agreements, depart from the general legal principle, but/obliged to ensure that it was endorsed in the agreement.

But this procedure of terminating employment without stating reasons for it, which also implied that the motive behind the dismissal could not legally be sought after, could be modified in several ways. Thus the employer must not make use of his right of termination for a purpose that violated law or morality. Express provision for modifications could also be made in agreements, e.g., such as the obligation of the employer to respect the right of association (note this is prior to the law of 1936 on the right of association and negotiation).

In sum, three different possibilities exist:

a) nothing is said in the collective agreements about the general legal principle, in which case the principle applies.
b) because the principle is not compulsory, the parties can agree to modify it, e.g., (prior to the law of 1936) by including a provision that the right of association was to be inviolate. Modifications were very frequent in agreements to which an SAF federation was not a party.

c) the parties can endorse the principle, and perhaps make some exceptions to it.

There are then exceptions to the employer's unrestricted right, either because of other "general principles" of law or morality, or because of particular agreements and circumstances. Judgment number 121/1936 said that these must be judged from case to case.

In relation to case number 100/1932 the Labour Court said that it could not share the workers' view that they had a sort of right to be retained in employment if no objectively acceptable reason for termination existed. The employer, like the worker, was entitled to decide himself whether he wished to terminate the employment relationship through giving notice. Both were entitled to keep their reasons to themselves. The workers' representatives in the Court did not share the majority view that, in dismissing workers, the employer need only refer to what was prescribed in the agreement as to his rights. They did not think that the interpretation of the agreement under dispute should be based solely on the formal content of the provisions of the agreement. 1)

The principles set out in this judgment of 1932 were developed further, for example in judgment number 82/1933 and in judgment number 159/1933. In judgment 82, which was unanimous, the Labour Court pointed out that if modifications to the generally accepted legal principle were made by agreement then the real reason for dismissal would have to be stated, in order that an investigation might decide whether the employer had violated the terms of the collective agreement containing the modifications to the general rule. Judgment number 159 again stressed that if the free right of the employer to dismiss were to suffer modification then it was necessary to make provisions to that effect in the individual or collective labour agreement. If no such modification were made the right of the employer was absolute, even if it was not expressly stated in the agreement. From that point of view

1) The Labour Court did not think a settlement of the opposing interests of §23 could take place other than through legislation. See Fackföreningssrörelsen och Märingslivet, p. 172.
§23 was then merely a safety device. In relation to the problem under discussion, an interpretation of the mechanical engineering industry national agreement, the Court concluded that since there was no provision in the agreement as to limitation on the employer's free right to dismiss workers then the employers retained that right.

Judgment number 50/1933 stated that, in the event of dismissals because of a shortage of work, the employer was only obliged to pay attention to the length of employment of individual workers if there was specific provision to that effect in the collective agreement.

Esten Unden, in discussing the practice of the Labour Court, comments on the judgments relating to the right to dismiss freely or leave employment freely that "the general legal principle" here expressed, as for example in judgment number 100/1932, is not a legal principle of any great value in the sense that its maintenance appears to be of significant value for society, but is rather a general rule of interpretation. The rule he says comprises only an indication as to how certain clauses in an agreement are to be interpreted, and can be modified by agreement between the parties. The Labour Court was of course fully aware of this, being a court concerned with the interpretation and application of agreements.

The question in short is how far one can have a fundamental legal principle which is permissive in character, which can be modified by parties agreeing to qualifications of the principle. It is not clear what Unden has in mind when he talks of a "significant value for society." It presumably depends on what one means by the principles of society, and those that one considers to be peculiar to one's ideal society. One's interpretation will clearly depend on what one in fact takes to be the desirable legal principles governing that society. An employer would no doubt argue that, given that the society was to be one in which legal principles recognised the worth of individual freedom and initiative, then it would be a fundamental legal principle of that society that free enterprise should be respected. A worker setting off from similar premisses might arrive at entirely different conclusions as to what the essential freedoms meant for him in practice. The issue is not an empty one, for one of the great problems in the discussion of industrial democracy in Sweden, with which §23 is so intimately connected, is precisely the consideration that when

1) Från Arbetsdomstolens Praxis (1932), p. 27 et seq. (also discussed in Aman, § 23, pp. 32-34).
an employer speaks of freedom he usually has something quite different in mind from the worker. And indeed, it is in a sense because the two sides have been speaking about different things, just because their interests are not identical, that industrial democracy has been such a hot potato. It is the level at which the compromise between the two sides is arrived at that is important. And developments in relation to §23 have consisted of a process of modification, of deferring to the wishes of one side while retaining those of the other. Thus, when Undén was writing in 1932, the right of the employer in accordance with §23 was certainly not absolute. After the collective bargaining act of 1928 locks were forbidden during the period of validity of an agreement except in certain circumstances. The right to give notice is in fact, as Undén says, considerably hedged round with modifications and to that extent it cannot be said to be fundamental in the sense of a legal principle that is inviolate. It can be modified by agreement between the parties, and has been so modified.

In response to motions No. 150-158 in the LO congress of 1936, which wanted §23 fought against or additions made to it such that employees were protected against the whim of the employer, the secretariat of LO repeated1) that congress had on no less than four occasions declared that federations that wished to take action to fight against or for modifications of §23 could count on economic support from LO. But the economic support of LO had not in fact been asked for by any federation for this purpose during this period. Why? The answer was obvious, said the secretariat. The employers considered §23 to be an inalienable right. The Labour Court had also declared in favour of §23. In theory the parties were equal. But in practice the employer already had, on the basis of his right of ownership, full freedom to determine the position of the worker. It did happen, said LO, that employers dismissed workers arbitrarily and, by making agreements with other employers in the branch, excluded a worker from a livelihood in the place. In order to obtain greater equality, therefore, customary rights must be reformed in the direction of giving the workers greater influence on the conditions of employment. The aim was by no means that of having the trade unions take over the role of the employer and the foreman in the firm and determining issues such as the engaging and dismissal of workers. But it was reasonable that the demands for

1) LO congress, 1936, pp. 282-294, and statement No. 4.
industrial democracy should be heeded to the extent that the workers and employees were given greater security in the workplace.

In relation to the Labour Court decision mentioned above, the representative council of LO had met from 7th to 9th May 1935, where two motions, one from the metal workers' federation (which suggested discussion as to the best action to take) and the other from the paper workers' federation were discussed. The latter motion said that the collective agreements act had changed things to the disadvantage of the workers. An employer did not even have to give his reasons for dismissal. The only moderation he need practice was that he must not OPENLY confess that a worker had been dismissed because of his work in and for an organisation. The process of rationalisation had also put the workers at a disadvantage.

On the basis of the discussion that these motions raised the representative council instructed the secretariat of LO to make an enquiry and to report back to it. The secretariat then appointed a committee of five, which collected views and information from the federations, but which had not completed its work by the time the congress of LO met in 1936.1) In relation to motions 150-156 the secretariat continued (in its statement No. 4 to congress) that the state of affairs there described was worthy neither of SAF nor the trade union movement. The secretariat thought accordingly that it would be to the advantage of both sides if this question were to be made the subject of a comprehensive investigation in an attempt to bring about a satisfactory solution. §23 would also be taken up in relation to motion 224 (the motion from the metal workers' federation which also discussed wages policy and centralisation of LO, and which led to the report of the 15 men).

The secretariat accordingly asked congress to approve (and it did) a statement to the effect that the secretariat should try to bring up for discussion the workers' demands for co-influence in the engaging and dismissing of workers, and that the LO representatives in the labour market committee recently set up between LO and SAF to discuss labour market

1) It reported on 7/1/1937. Its enquiries showed that only the transport workers' federation had been able to bring about modifications in §23. Outside SAF's sphere of activity some procedures had been devised for dismissals, and some federations had obtained a prior or exclusive right to employment (e.g. in building). The committee suggested some rules for governing dismissals that took account primarily of length of service, but also of family responsibilities and skill. These ideas were expressed in chapter III of the Basic Agreement of 1938.
problems (the committee whose deliberations produced the Basic Agreement) should put forward proposals for a revision of §23 with a view to ensuring for the workers the just demands they were making for security of employment. August Lindberg suggested (in the discussion on repeal of the acts of 1928) that the workers would be better to direct their attack against §23, "that antiquated paragraph, which has caused so much evil and for changes in which the time ought soon to be ripe."

Chapter III of the Basic Agreement accordingly takes up the questions associated with §23. In its preamble the labour market committee mentioned that the chief labour market problem whose solution it had regarded as particularly important for easing tension concerned the methods and requirements for the dismissing and/or laying off of labour. On this score agreement was reached on obligatory advance notice and negotiation procedure, and on some general principles governing these matters. These had been devised with due regard both to the legitimate demands of the workers for security of employment as well as the dependence of industry on the skill and fitness of the labour employed.

Chapter III has been amended since 1938 in the light of the agreement on enterprise councils concluded between SAF and 1O on 30th August, 1946, which introduced rules for re-engaging workers. The version here discussed is the amended one, since if both the Basic and Enterprise Council Agreements apply to an undertaking the provisions of the 1946 agreement on dismissals and laying off replace those of chapter III of the Basic Agreement. SAF considers that the provisions of this chapter do not affect the employers' rights under §23, since the rules refer to a situation where employment for a particular worker terminates or he is laid off. The employer's legal right freely to dismiss or lay off workers is not infringed. The rules of the chapter are based on the legal position that both the worker and employer can, where employment is for an indefinite period of time, freely terminate the relationship, taking account of the period of notice agreed upon.

At the same time, SAF concedes (p. 16) that the rules agreed upon in chapter III do

1) Changes made in 1946 concerned the period of employment, end of notice, and the inclusion of about re-engagement of workers.
2) Redogörelse för huvudavtalet p. 13.
constitute a reminder to the employer to be cautious and careful in making decisions that do affect employment. "It is indisputable that this part of the Basic Agreement does place a fairly heavy and greater burden on the shoulders of management." 1

SAF is thus concerned to show there is no change in principle, but only in practice. Sölven thought there was a change in principle, and that Chapter III does provide for important limitations on the rights of the employer in these matters. In practice the recognition of a change is clear. The provisions of the chapter provide a reasonable degree of security of employment, through setting out a procedure for cases where the employer can be considered to have abused his freedom to dismiss and lay off workers. This SAF recognised. 2

The chapter sets out procedures that impose three obligations upon the employer:

1) to give notice of intended termination, laying off, or (as now amended) re-engagement,
2) to have consultations with the representatives of the association of workers affected,
3) to allow any such cases of notice being given to go, on the request of the workers' federation concerned, before the Labour Market Board for investigation and examination by it in the light of the rules set out in the Basic Agreement.

In the light of these obligations, it becomes very difficult for an employer bound by the Basic Agreement to avoid revealing the real reasons why he is dismissing or laying off workers. The fact that notice of dismissal could be given without stated reasons had long been a grievance with LO, and it had tried to have this obligation written into any legislation that was to be passed on the basis of the report of the 13 men in 1934. Now Chapter III provides a forum, the Labour Market Board, where these reasons can be objectively examined by both sides. The same three obligations also rest with the employer in respect of his right to employ new labour after there has been a curtailment in numbers employed through a shortage of work, and to re-employ personnel dismissed or laid off on account of the shortage of work.

One big restriction, however, is that the provisions of this chapter apply only to workers who are members of a trade union federation that has accepted the Basic Agreement.

1) Ibid., p. 16.
2) p. 13.
but not to the dismissal and laying off, nor to the employment or re-employment after laying off, of workers who are NOT organised or who are members of trade union federations that have not accepted the Basic Agreement. Nor do they apply to salaried employees, who are normally employed on different terms.

Procedure for dismissals and laying off. When a worker who has been employed for at least nine months (originally one year) is to be dismissed or laid off, the employer must give at least two weeks' (formerly seven days) warning to the local representative of the trade union concerned of the action contemplated. This period of notice is in addition to the actual execution of the contemplated act by the giving of definite notice, i.e., there must be two weeks' notice of the "giving of notice" in the popular sense. Such warning must also give the names of those to be affected. This means that a representative is needed for the local union in every workplace. When a representative has been elected the workers must inform the employer at once. Under the 1946 agreement on enterprise councils this representative is now a member of the Enterprise Council. The intention here is clearly to channel all cases through the unions, and to ensure that "contact men" are available to bring cases to the notice of the local branch of the union. Under the 1946 agreement, however, either side may ask for such questions to be discussed in the Enterprise Council.

If circumstances are such that personnel must be cut within less than the prescribed period of two weeks, and if this emergency could not reasonably have been foreseen by the employer (e.g., cancellation of orders) notice is to be given as soon as is practicable. Notice must be given both for OBJECTIVE reasons, such as a shortage of work, and for SUBJECTIVE reasons, e.g., when a worker is considered unsuitable or lacking in skill. "The obligation to give notice and consult exists in principle for dismissals and layoffs irrespective of the reason for the measure."¹)

A continuous reduction in working hours is not regarded as a layoff in the sense of this chapter.

The action to be taken after notice has been given, and EITHER side so requests, is as follows.

Consultation shall take place at once between the employer and the representative of the labour organisation regarding the action contemplated. Usually this consultation will take place within the period of fourteen days notice that forms the usual case. Breach of the obligation to give notice and to consult is a breach of agreement, the examination of which falls to the Labour Court, the penalty being limited to general damages for the breach (i.e. no economic damages are allowed).

Exceptions to the obligation to give notice and to consult are given in the following cases:-

a) where a worker has been employed for a certain fixed time only or for the time required to complete a particular job. In such cases, the labour contract expires at the end of a certain time or job. The provisions of this third chapter apply only to labour contracts of indefinite duration, but a sort of middle case is considered by Sölvén, 1) where the contract is for a specific time but also contains the provision that notice is to be given. In such a case he considers, quite rightly, that the provisions of the chapter should be observed as soon as the termination of contract is dependent on the giving of notice.

If a worker continues to be employed indefinitely after the employment period originally agreed upon has expired, account is to be taken of all the time he has worked in deciding whether he comes under the nine months' qualification for giving notice.

b) where a worker is dismissed because of conduct on his part that entitled the employer to revoke the contract of employment at once. The grounds of conduct that entitle such dismissal are, for obvious reasons, not specified. There is a safeguard against possible persecution in the fact that the workers have the right to ask for the Labour Market Board to examine their case through the branch reporting the matter to the federation, which may then take the issue to the LMB.

c) where layoff is caused by such fluctuations in the supply of work as may result from the work being of a seasonal or otherwise of a non-recurring nature. The cases covered here are not specified, but provision is made that, when they subscribe to this agreement, the individual trade federations are at liberty to define the conditions on which workers engaged in such seasonal and intermittent work are to be regarded as continuously employed, and to

1) Huvudavtalet, p. 155.
what extent any possible suspension of work may be regarded as a layoff in these cases. d) when layoff is ordered for a limited period not exceeding two (originally three) weeks or when the circumstances indicate that it will not last for more than two (originally three) weeks. If it is expected to last for a greater length of time notice must of course be given. If after such a layoff the period of layoff is subsequently extended the aggregate length of the layoff period is to be taken into account when applying the provisions on notice (this is now less important since the time of notice was extended in 1947 from 7 to 14 days, as a result of the Agreement on Enterprise Councils).

These rules as to the forms and conditions for dismissal and laying off do not justify any demands from the side of employers for the termination of more far-reaching limitations on their rights to dismiss and lay off which may have been arrived at in collective wages agreements. Nor do these provisions of the Basic Agreement imply any limitation in existing and recognised rights of negotiation 1) on questions as to the dismissal and laying off of workers who have been employed for less than nine months. That is to say, the Basic Agreement provides a standard minimum and uniform practice. The parties may establish more far-reaching provisions if they wish.

Re-employment. In 1947 provisions on re-employment were introduced into the Chapter, which was amended to conform with the 1946 agreement on enterprise councils and its provisions on this topic. If because of shortage of work (i.e. objective reasons) a worker has been dismissed or laid off under circumstances in which the provisions of the agreement apply, i.e. where the workers were entitled to notice and were dismissed or laid off, where they were employed for at least nine months and belong to a federation that is a party to the Basic Agreement, and if the question of employment or re-employment of labour of a corresponding nature should arise within a period of four months thereafter, the employer is obliged, before taking any such step, to notify the local representative of the labour organisation of the employment or re-employment he has in mind. He must also give the names of the worker or workers he considers should be employed or re-employed, including all workers he has in mind, whether they are organised and bound by agreement or not. If possible (and it is not possible to be more precise, since the need for more workers may arise suddenly), such

1) These are supported in the 1936 act, Chapter II.
notice is to be given at least one week in advance and in any case before labour is engaged or re-engaged. Where either the employer or the representative of the workers' organisation so asks, consultation is to take place without delay on the action contemplated.

These provisions do not lead to any change in established practice if, by that established practice, consultation takes place on questions as to employment and/or re-employment of labour even more than four months after dismissals and/or layoffs.

The Labour Market Board is the central instance to which matters falling under this chapter are referred. If notice of dismissals or laying off has been given in cases to which the provisions of the chapter apply, and if the workers' side desires negotiations because of the action taken,1 and provided the action does not violate the right of association or is not otherwise contrary to Swedish law or the pertinent collective agreement,2 the circumstances are to be reported to the board of the trade union federation concerned which may, IF IT SEES FIT, refer the matter to the Labour Market Board for investigation. However, if either trade federation requests (this provision was introduced in 1947) the dispute is first to be the subject of negotiation between the federations before it is referred to the Labour Market Board. These provisions also apply (since 1947) to the employment and re-engaging of workers. In discussing these matters, the LMB also includes a representative from each side of the affiliated trade federations directly involved.

The procedure of the Labour Market Board, the general rules it follows, and points it has to bear in mind, are as follows. The board is to endeavour to acquire a factually correct picture of all the circumstances in which the action cited was taken through a careful investigation of the matters referred to it. (This may involve members of the board travelling to the scene of a case referred to it). In appraising the position the Board is to pay due consideration both a) to the extent to which production is dependent on the skill and suitability of the labour employed, and b) to the legitimate interests of the workers in

1) This "action taken" applies also in instances where the dismissal has been prompted by such conduct as entitles the employer to revoke the contract of employment at once.
2) "Contrary," e.g., to the Collective Agreements Act, the 1936 act on the right of association and negotiation, the criminal law, ch 11, §8, the law forbidding the dismissal of conscripts under certain conditions. If it is "contrary" to any of them, the dispute goes to the Labour Court or the public courts.
having security of employment. Thus security is not to be at the expense of productive efficiency. These criteria are rather subjective, but the agreement goes on to expand them. Consideration is to be given to the necessity of the undertaking being served as far as possible by skilled labour that is suitable for the job, which means, e.g., that the Board can take into account the labour costs of a particular workman. Further, when, because of a shortage of work, the employer finds himself obliged to resort to dismissals or payoffs and the choice lies between workers of equal skill and suitability, regard is to be paid to the length of the period of employment and also to any particularly heavy family responsibilities.

Decisions. The LMB is to endeavour to arrive at a unanimous view in judging questions referred to it and to devise means for settling the differences between the parties. Any decision on which the majority of the members of the board are agreed is communicated to the trade federations concerned and it rests with them, in consultation with LO and SAF respectively, to take any action such as may be prompted by the decision. A note to this clause adds that the parties are agreed that it shall ultimately rest with the appropriate trade federation on each side to determine the scope and nature of any measure which, by virtue of a decision reached by the Labour Market Board, may be considered for settling the dispute. This is to say in so many words that the advice of the LMB will be listened to, but it cannot impose its views. There is no such note to chapter V of the Agreement, dealing with disputes that endanger socially necessary functions, where of course it is much more important that the "advice" of SAF and LO should be listened to. On Chapter III, SAF says that "the decision of the Board is not legally binding for the parties involved but it constitutes a morally binding value judgment." But it also states that the functioning of the rules set out in this chapter will depend on the willingness of the parties to carry out decisions of the Labour Market Board. Even though an employer is not obliged to follow advice, it is clear that he should try to meet all reasonable arguments if this can be done without prejudicing the efficiency of production.

So far this chapter has assumed that notice is given from the side of the employer. What if the workers give notice? The provision here is that if workers give notice on such a scale or in such a manner as to put the employer in difficulties with regard to the labour

1) Redogörelse för huvudavtalet .. p. 16.
he requires the employer may, provided there is no question of veiled direct action, report
the circumstances to his federation, whose Board is then entitled to refer the matter to the
LAB for its consideration in the usual way. Some tricky points could arise here in relation
to workers moving to better jobs but obviously there is no intention of restricting such
movement of workers from one job to another.

By the time the congress of LO met in 1941 the Basic Agreement was in force, and the
fifteen men had presented their report. So we find §23 being discussed in relation these
matters. Motions 48, 49, 50 and 51 raised several of the thorny problems, of doing away
with §23, giving the organised workers greater rights of co-decision, deciding on measures for
the purpose of giving the right of priority of employment to organised workers, and of
preventing an organised worker from being dismissed unless both the employer and the trade
union federation considered he was unsuitable to continue his work. The secretariat pointed
out in reply to these motions that the Basic Agreement limited §23 in significant ways. And,
even though the right of association was now protected in law, this did not mean that
endeavours to improve the position of the worker in the workplace had ended. It must still
be one of the main points in the reform programme of the trade union movement; but they should
wait until experience of the Basic Agreement had been gained, said the secretariat, before
deciding what other safeguards might be required against §23. Congress agreed.

Ragnar Casparsson made a speech at this congress in which he considered that the
limitations on §23 were significant.¹ The employers "have abandoned their opposition in a
war lasting more than thirty years and have accepted a different arrangement from that for
which §23 had become a much debated expression." The employers had conceded that unjust
dismissals could take place. The workers were no longer to be exposed to pure arbitrariness.
Casparsson seemed to envisage further negotiations in the spirit of the Basic Agreement
leading to the right of co-decision. "For the workers the interest in the development of
industrial life is linked with the demand for a good and respected position in the production
process. In view of this the trade union movement cannot accept the view expressed in §23,
that the employer should, because of his right of ownership to the means of production, also

have a self-evident and uncontrolled right to exercise full control over living labour." We shall have occasion to take up this point in some detail in chapter XVIII in relation to industrial democracy in Sweden.

Casparsson was here saying essentially the same as the fifteen men (of whom he was one) had said in their report on the subject of §23.¹ In the speech here quoted he was presenting the report of the 15 men to Congress. There it is stated that the provisions of the Basic Agreement could not be taken to be the final word in an old bone of contention. If the worker was to feel any affinity with the firm he served a necessary condition was that he could count on continued employment as long as he fulfilled the obligations resting upon him. He must know that he could not be dismissed on unreasonable grounds. The Basic Agreement was helping towards this. "Through continued negotiations in the spirit of the Basic Agreement it ought not to be impossible to achieve an order of things which eliminates old feelings of uneasiness on the part of the workers without thereby neglecting the equally justified demands of management for responsibility and efficient work. It is not merely the owners of the means of production who are interested in the yield from the work. The whole of society shares in that matter. For the workers their interest in the development of the economy is linked to the demand for a good and respected position in the process of production. For this reason therefore the trade union movement cannot accept the view expressed in §23, that because of his right of ownership of the means of production the employer should also have a self-evident and uncontrolled right to prescribe for living labour power as well."²

At the LO congress of 1946 (7th-13th September) §23 was discussed in motions No.43-50 in relation to the Basic Agreement, and in fact this was the only part of the Basic Agreement to be discussed at this congress. Motion 43 wanted §23 removed entirely from agreements, since an essential step towards the realisation of The Post-war Programme, at least for industrial democracy, was felt to be the removal of §23. Motion 44 wanted the paragraph worded so as to give priority to organised workers. Motion 46, from branch 61 of the transport workers' federation, wanted legislation to modify §23 so that the workers really did have security in

¹) Facitföreningsrörelsen och näringslivet, p. 169 et seq. on "Paragraph §23".
the workplace through the right of co-decision in questions of employment. Judging by the speech of John Christensson\(^1\) of this federation, one of the main reasons for wanting legislation was for the purpose of covering the small firms. August Lindberg considered on this point that legislation would be unwise, since the trade union movement had gone in for solving this question by agreement. The agreement between JAP and LO on Enterprise Councils had in fact just been signed, and Lindberg suggested that they should wait and see how it worked.

In its comments on the motions the secretariat, after noting that security of employment was in part dependent on a rational organisation of economic life, went on to say that now, in 1946, it could see no reason for abandoning the view as to the FORM, namely via agreement, for extending security guarantees, although the form of agreement was not an end in itself. Legislation might have to be considered, although the secretariat did not think that the experience of recent years was such as to call for legislation. On the contrary, that experience had shown that employers were on the whole exercising their rights under §23 with greater restraint and objectiveness. The Basic Agreement did have defects, but the LO representatives in the Labour Market Committee had been able to have amendments inserted in the new agreement on Enterprise Councils which gave greater protection. This last agreement was important not merely for the direct security rules it contained, but also for the active co-operation it envisaged in order to make things better in the workplace.

Again the point was repeated that the workers' objections to §23 had not been against the provisions as such, but the right FREELY to invoke them without giving any reasons. But the secretariat considered that the Basic Agreement and the new agreement on enterprise councils in reality meant the end of this arbitrary right. Again Lindberg made the point that these two agreements were only a beginning, a first approach, and he envisaged a continuation of the work towards increasing security of employment.

The agreement of 1946 on enterprise councils had in fact gone further than the Basic Agreement, for it introduced discussion of these questions in the works councils provided for by the agreement. The shift of emphasis was in effect that while the 1938 agreement gave

\(^{1}\) LO Congress report, 1946, pp. 208-9.
security on dismissals to the individual workman, the 1946 agreement not only extended this to include re-engagements but also widened the scope of security in such a way as to give it a more collective emphasis, and an emphasis more in the direction of the workers having a share in the other controversial part of §23, the right of the employer to lead and allot the work. The object here is to increase production and workers' security. This development is fully analysed in the next chapter.

On a more informal level, attempts have continued to be made to increase worker security. In 1944 the main industrial organisations and the state arrived at a voluntary agreement that notice of closing down of curtailing of production operations would be given in good time, in order to give the labour exchanges time to re-employ labour in an orderly way. Provision was made that in the monthly reports submitted by firms to the social board via the county labour boards about the current employment situation information should be included about the number of workers who would probably have to be dismissed or laid off during the coming two months. If such questions arose after the report had been submitted the firm was recommended to get in touch with the county labour board.

This procedure was revised in 1952, after a chocolate factory in Sweden had decided to close down its manufacturing plant without giving the recognised notice to the 300 workers and 100 salaried employees or to the county labour board.1)

In April, 1952, a new agreement was accordingly reached between the Federation of Swedish Industries, SAF, the industrial production council2) and the government, which provides that notice of anticipated layoffs or dismissals is now to take place through management informing the county labour director or the labour exchange inspector directly. Announcements of definite closing down or complete stoppage of work for more than two weeks are to be given at

1) The company did continue operations for more than the two months period when complaints were raised about its action. In both employer and trade union circles the company's original action was felt to be a complete negation of the ideas included in the 1946 agreement on enterprise councils, and a reflection on the enterprise council in the firm. However, there may be extenuating circumstances here, not so much because of the high tax on chocolate at the time but because (so the writer has been informed by an ex-member of the firm's enterprise council) the warnings given by the management about bad markets and difficult conditions had been considered as propaganda designed to resist wage claims.

2) This council is a joint body for SAF and the federation of Swedish Industries, designed to help in smoothing out employment and avoiding dislocations when works shut down temporarily or permanently.
least two months in advance, and similar notice, or as much notice as possible, is to be given where activity is to be curtailed on an extensive scale.

Thus the framework is continually being widened to ensure that notice of stoppages is given some considerable time in advance in order, wherever possible, to avoid the workers' being inconvenienced by unemployment. This is of course only sensible in a highly industrialised economy. These agreements provide a framework, and it is for goodwill on both sides, expressed primarily through discussions in the enterprise councils, to justify them. One noteworthy feature of the case mentioned above in 1952 was that SAF deplored the manner in which the firm had handled the problem. These arrangements are designed to eliminate such cases, and to prevent the spectre of a shut down coming upon the employees like a thief in the night. The governing principle underlying this approach via agreement instead of legislation is that both sides will co-operate in a positive spirit in reconciling efficient use of labour with effective worker security.

Arbitrary action by employers in connection with workers' security is thus hedged round with considerable modifications in practice. Although SAF found support in the practical ruling of the Labour Court for its paragraph 23, nevertheless practice itself and experience have shown that modifications of the employer's sovereign powers can be advantageous if they are self-imposed on both sides. It can be said in conclusion that the trade union movement's attitude in relation to S23 has been a very patient and enlightened one. Slowly but surely modifications have been won by compromise and by the exercise of reason on both sides. Just how far workers' security of employment is to extend is discussed in the next chapter, on industrial democracy.

1) Dismissal is prevented by law in certain cases, e.g., marriage, pregnancy, or military service.
Chapter XVIII

In a discussion of industrial democracy it is perhaps not always easy to separate the economic from the moral, political and religious aspects. Many of the problems of human relations that have been raised by industrialisation raise fundamental issues about human personality, whether man is the end or the means, whether the "natural rights" of property are more basic than the right of a worker to dispose over his person. Solutions to the problem of the loss of personality that has been considered to follow from industrialisation and the craze for production and productivity have of course varied, from Sismondi, through Fourier and Marx to Mr. Cole. Everyone knows the answer Marx gave. Others have found refuge in a religion. Some have advocated a return to nature, or at least to the Gild system. Fourier found his proposed solution in the ingenious and perhaps significant device of making everyone a capitalist and worker. Essentially, the problem involves all aspects of the relationship of man to man in society, and it is perhaps only by taking refuge in Marshall's definition of economics as "a study of mankind in the ordinary business of life" that one can think of the problems that arise in industrial democracy as questions with an economic aspect: and even then the psychologists, sociologists, political philosophers and clergy may be breathing rather hotly down our necks.

The claims of socialists and trade unions in Sweden for greater influence on the management of undertakings and on the conditions of employment fall into two distinct phases, the first following on the first world war, when industrial democracy was rather a consequence of the process of political democratisation and an appendage to it, and the second coming at the conclusion of the second world war, when the British Joint Production Committee provided a stimulus in many countries. In Sweden the difference between the two phases is marked by the fact that in
1920 industrial relations were almost intolerably bad, while by the 1940s the trade union movement had grown to a position of strength, was very positive in its attitude to production, and through the development of the collective agreements system in general and the Basic Agreement in particular had achieved an even greater measure of influence on conditions of work and employment than it had, in a more negative way, in the 1920s.

In the second period the employers also were more positive in their outlook. The first phase in Sweden hinged on the appointment in 1920 of a commission to enquire into the post-war boom in various forms of industrial democracy abroad, and to see how this could be applied in Swedish conditions. The discussion was political rather than trade union in character.\(^1\) Tiden discussed the ideas of industrial democracy in 1919,\(^2\) and the Scandinavian workers' congress in Copenhagen in 1920 stressed industrial democracy as a MEANS to the end of social democracy gaining political and economic power with a view to making the means of production the property of the whole people. Industrial democracy was seen as involving the right for the workers to obtain control over and to influence the running of private capitalist enterprise. This would be obtained through factory councils, but a warning was given that such councils must not be independent to the extent that they might split the trade union movement. They ought to be appointed by and come under the unions.

At the 11th congress of the Swedish social democratic party which followed it was decided to ask LO to form a joint committee.\(^3\) After the

1) This is brought out by an article in Industria, 1919, p. 711 et seq.
2) Tiden, 1919, pp. 49-53 (Ekonomisk demokrati, by Erik Palmstjerna), and p. 270 et seq.
3) It was this committee that sent Hansson, Wigforss and others to England to study the building guilds there (those referred to in The Control of Industry, p. 144, by D.H. Robertson). Model byelaws were eventually adopted in Sweden for building guilds (see LO annual report 1922, pp. 110-115), but Hansson was rather cautious in his approval of the building guilds. Such co-operative building guilds are still run in Sweden, but on strict business principles. The guild idea is therefore no longer strictly applied. Several federations and branches hold shares in the company, which employs over 200 workers. In 1952 it built about 300 apartments. See Naksbyggsens report for 1952.
first minority social democratic government had been formed in March, 1920, it took the steps of appointing a committee on industrial democracy in June, and also a socialisation board to study questions of socialisation. The report of this last board was ultimately shelved, and the LO party committee came to no specific conclusions, but simply made recommendations on the report of the committee set up by the government in June, and which reported in March, 1923. It is accordingly with this last committee that the discussion is at this stage concerned.

At the time discussion in the trade union movement was not very articulate, for the metal industry workers' congress in 1919 expressed doubts about the ability of works councils to look after the interests of the workers better than the unions did, and considered that the Swedish trade union movement had already gained as much - and more - via collective agreements as had the industrial democracy adopted in other countries with the aid of works councils. A statement made at a labour meeting in Eskilstuna in January, 1921, was also rather moderate in tone and did not ask for any direct worker influence on the running of firms, but simply that the workers should be given an opportunity to acquaint themselves with information about the economy of the firm, its sales prospects, and technical and financial administration. The representative council of LO stated in the same month that the workers would be willing to help to bring down the costs of production, on condition that they were given a chance to exercise an influence on the economic, and administrative management of the firm through representatives appointed by the unions. At its congress in 1922 LO gave a cautious approval to the idea of continuing gild experiments, and agreed that the question of industrial democracy ought to be solved by basing legislation firmly on the trade union movement.

1) LO annual report, 1921, pp. 84–86
2) LO congress report, 1922, p. 296.
The report of the committee on industrial democracy\(^1\) was considerably influenced by the directive the prime minister had given it in 1920, in which he stressed that any arrangement decided upon must not be detrimental to production but help to increase it, and the fact that the committee was debarred from considering any ideas of replacing individual ownership by social ownership. The report was thus orientated towards production and was moderate in tone. It contained a recommendation by the social democratic majority of members for legislation on works councils. The four employer representatives made a reservation.

Industrial democracy was, the committee considered, a problem of the relationship between the owners of capital and their employees, whether the capital was in the hands of individuals or the public. It took industrial democracy to mean certain forms for and views on the internal organisation of enterprises for economic purposes and the relations between those participating in production. Even within this narrow range it found there was still ample room for differences of opinion about whether any organs that were created should be advisory in character, whether profit-sharing could solve the problem, and what workers' control involved. Much of its discussion was based on a concrete approach, for it took steps to find out what influence the workers already had in the workplace and found that in collective agreements and in other ways this influence was, "in the nature of things", very considerable.

The task of the legislation it proposed was to lay a foundation for the organisation of works councils, and to set out the first outlines for their activity. The arrangement was rather tentative, in that the main aim was said to be to raise a discussion of the problem.\(^2\) This is certainly some-

---

1) SOU 1923: 29, del.1. Den Industriella demokratens problem. Part II, SOU 1929: 30, dealt with industrial democracy in several other countries.

2) This statement was made by Wigforss, who was originally a member but ultimately chairman of the committee, at a meeting of the Economic Society of Stockholm. See Nationalekonomiska föreningens förhandlingar 1923, pp. 36-45, and in particular p.62 for the statement referred to above.
what academic, and the wisdom of raising discussion on such a controversial issue by suggesting legislation may be doubted. The proposed law was not an attempt to obtain for the workers the right of co-decision over industry. It was nothing more than a negotiating instrument to deal with a number of problems. "The proposal is in a word a door which legislation opens and through which the trade union movement can, if it wishes, come into contact with the problems of production in a different way than hitherto." 1) It was a proposal for regular negotiation between employer and workers on the position of the individual firm, a framework, an attempt to create a platform for discussion of important problems, and to give direction and form to the still rather vaguely formulated demands for industrial democracy. It should thus be made clear from the beginning, it was argued, that the proposal was the fruit of a new orientation in both worker and employer circles, that it presupposed a shift in or extension of the interests of the workers in economic problems to which the employers did not show themselves completely unsympathetic. The factory council formed the formal basis, but the real basis lay in interest from the workers' side and in access to the facts that were necessary for judging issues. The workers should themselves try to overcome their deficiencies in the ability to understand information, and here the trade union movement was important. But information from the employers was equally necessary, both as a basis for discussion and for creating trust that it would not backfire, e.g., in dismissals as a result of technical changes proposed by the workers. 2) The works councils were to be internal to the firm, and were not obligatory, but confined to firms with not less than 25 workers, where these were organised in unions affiliated to national organisations AND where the workers had voted in favour of a council being set up. The requirement was that at least half the workers employed should vote, and that at least three

1) SOU 1923:29, p. 105
2) Ibid., p. 105.
quarters of those voting should agree. The workers ALONE were to decide that a council should be set up, and thereafter discussion was to take place with the employer about the size of the council. No provision was made for foremen representatives, but salaried employees were to be represented where organised. In fact the workers' unions were to control the councils, since the basis of organisation was essentially a trade union one, the ratio of workers' representatives to employers' representatives was envisaged as about three to one and decisions of the council were to be made by simple majority vote. The committee emphasised strongly the union basis. It was no good trying to create a new spirit by overlooking them and building a new form of organisation alongside them.

The works council was to be an ADVISORY body, and its purpose that of giving the workers greater insight into production and a greater opportunity to co-operate actively in the stimulation of production. The employer was to be obliged to give the members of the council the opportunity to acquire a knowledge of the technique of production in the firm and, for this purpose, to supply the necessary information. He was also, in so far as this could be done without special cost or obvious inconvenience, to explain the production process to the council, which ought also to be given the opportunity, as far as was possible, to express its views on changes in the technical arrangements within the firm. The council was to be entitled when it considered necessary to submit views or proposals to the employer on technical questions affecting the firm. (The committee commented on this that although the council was only to be given powers to propose and suggest in these matters it would probably be difficult for the employer in the long

1) This was not stated explicitly in the draft proposals, but (op. cit., p. 199) it was said to be the intention that organised office workers would be entitled to elect representatives on the same basis as other groups in so far as they were organised. Discussing employer opposition to salaried employees participating in the councils, the committee thought this was exaggerated, because they were mainly unorganised and would therefore be represented only infrequently. This is a striking contrast to the lack of organisation among salaried employees (loc. cit.) Cf. chapter IV.
run to reject really good proposals by the council.

The council was to work (§17) for the greatest possible economy in the running of the firm, e.g., the avoiding of waste of labour, raw materials, fuel, power, tools, machines, and stock and consumption articles. (Here it commented that goodwill could do a lot in these matters and that the workers were in a position to contribute. Goodwill and interest formed the basis). For this purpose the council was to be entitled, where possible, to obtain from the employer the necessary material for calculating operating costs, and for otherwise judging such matters. The employer should explain any problems in this connection. Again there is the qualification, however, that the council was not entitled to demand knowledge of such economic conditions as referred to the general business position of the employer, or the revelation of which could cause the firm harm.

The council should be given an opportunity to express its views on changes in economic conditions within the firm, and it would be entitled to submit proposals or views to the employer in economic questions affecting the firm. Every three months the employer was to give the council an account of the general position of the firm, and of how business was going.

On these points the committee commented that it was easier to get the workers interested in technical than in production and economic matters,

1) The committee noted (ibid., p.215) that it was not the intention to load the employer with an educational programme.

2) The representatives of the employers objected to this. Manufacturing costs were the very kernel of management secrecy. No management would even tell its shareholders what its costs were. Admittedly the employer was authorised by these provisions to make reservations, but the employers feared that if he used them he might incur odium for not showing his hand. Nor was it necessary to know ALL the running costs of the firm in order that the worker should economise in the use of materials, and they feared that one of the main reasons for a detailed examination of the economy of the firm would be for the unions to be able to judge better than before the most suitable point in time for beginning conflicts.

since they were more remote from and unfamiliar with this sort of thing, it noted too, that, with the modern trading and credit system, it was not possible for ANYONE to be completely master of the house.

The council was to be obliged to work for good relations between management and workers within the firm in order to promote production, and was to be entitled to take up for discussion all such questions as affected the workers personally in relation to the firm, and which did not fall under the given sphere of activity of the workers' organisation in question, and in addition to state its views and make proposals. The committee pointed out that the overwhelming majority of wages questions could not be taken up by the councils without the agreement of the organisations concerned, for these questions fell under the given sphere of activity 1) of the workers' organisations. But on the subject of local piecework pricelists it seemed to the committee from experience in other countries that the proposed councils might in many cases be invited to help in fixing local piecework pricelists.

Although an awareness was shown of the dangers of treading on the toes of the unions, it is doubtful if this infiltration would have been welcome, or could have been avoided by this arrangement. The 1946 agreement on works councils draws a very rigid dividing line between union and non-union matters. The committee did not approve of the idea that workers should have the right of decision on questions of dismissal, but did suggest that the works council should be allowed to express an opinion on these matters when asked to do so by the trade union.

The legislative proposal made no provision for local, district or national councils, a) because this was a new departure, b) the proposals should be simple, c) the principle was to link the councils closely to

1) This was not defined.
existing worker and employer central organisations; and d) the main emphasis was to be on production and the councils had been built round that idea. This it was claimed was a different approach from most of the other works council ideas in Europe at the time. The Whitley idea was criticised for not paying much attention to production problems, the explanation it was thought lying in the fact that from the beginning the emphasis in Whitleyism had been placed on the nation-wide councils rather than the factory committees. "It is probably safer to start to build from the bottom! But the committee was alive to the problem of having a meeting place where questions affecting whole branches of industry could be discussed. "The committee is convinced that it is desirable if not necessary to have general problems of industry treated through representatives of employers and workers in the whole branch of the economy. But it appears that negotiating bodies of this kind could quite easily be formed by the appropriate workers' and employer organisations which would take account of the prevailing conditions in each industry better than it would be possible for the committee to do." 2)

Wide differences of opinion prevailed within the committee about the suitable forms for developing works councils. The four employers' representatives were very doubtful about calling the proposals industrial democracy at all, for no sphere of activity was in their view less suited to democratic manner of government than industry. They could not accept the provisions about workers' insight and competence, and opposed every proposal to give rights of decision to the works councils. This last criticism was irrelevant, since no right of decision was proposed for the councils in the

1) A central body for dealing with disputes about the application of the act, the size of councils, and the definition of a workman was suggested in the labour council, a body set up as a watchdog under the act of 1919 limiting the hours of work.

draft legislation. But their fundamental objection in essence was that this was not a subject that was suitable for legislation. Even so, the proposals went further than they would have been prepared to agree to voluntarily. The best path of development would in their view be to continue the trend whereby the trade union movement was obtaining industrial democracy via collective agreements, the goal being co-operation between workers and employers in the same firm based on mutual trust.

Von sydow made much the same points in a brochure published in 1927, and SAF argued in its annual report that, although the committee had said the works councils were preparatory, this was a tactical move, since the committee had considered continuing towards more complete industrial democracy. In view of its principles on the subject, SAF rejected the proposals.

Johan-Olov Johansson (LO) thought that the first requirements for real industrial democracy lay in the workers' right of co-decision in the engaging and dismissing of personnel, in leading and allotting the work, and in rights of membership in the board. The LO-social democratic party committee on industrial democracy also proposed some changes in the proposals, including the introduction of workers' influence on the engaging of personnel. When LO considered the report of the committee and had obtained the views of the trade union federations, the representative council, at a meeting in December 1927, decided to ask the government to work out a proposition for a LAW on factory councils which would incorporate the changes recommended by LO, the federations, and the party. Stress was laid on the importance of basing the councils on the trade unions, so that no dualism between them could arise. LO submitted a statement to the government along these lines, and included

the views of the federations. Most of them it thought were in agreement that there should be workers' influence through legislation on the running of the firm, but some disagreement was expressed about content. Some federations thought the proposals could form the basis for legislation, while others thought that they did not give the unions any more than they had already acquired through the provisions of collective agreements. Some were indifferent to legislation on the whole, provided it did not give the workers increased competence in deciding how enterprises should be run, in particular in questions relating to the engaging of workers.

It emerges from this that the committee was correct when it stated that the results of its enquiries among the trade union federations about their demands for industrial democracy suggested that most of the federations had no decided views on the matter, but seemed to consider that LO represented their views. Wigforss also expressed the view that there was no unified voice in the workers' organisations for a development in the direction of binding the worker more closely to his firm.

An attempt was made to have legislation passed on works councils in 1924, when motions were put forward in parliament by Wigforss and others. The second legal committee (statement No. 43) responded by saying that this question was still at the enquiry stage, that many authorities opposed it (many of the state activity boards said there was no need to give the

1) SOU 1927: 29, p. 151.
2) National ekonomiska föreningens förhandlingar, 1925, p. 49.
3) No. 106 in the upper house, and No. 194 in the lower house.
4) The Social Board was awaiting the report of another enquiry, for, with the permission of the government, the social department gave two officials, Messrs Mölin and Söhlman, the task of undertaking a study visit to Norway, Britain, Czechoslovakia, and Austria, for the purpose of finding out something about the forms of industrial democracy applied in these countries and the experience gained. Their report was issued as SOU 1925: 30.
workers increased rights in the individual state undertakings, since information was available in other forms), and that the employers and some trade union federation boards also rejected the idea. It seemed therefore that there was not enough support from those most closely concerned, and so the committee asked parliament to take no action on the motions.

Why did nothing come of the idea? Edvard Johansson (later to be chairman of LO) had agreed earlier that the workers' side was rather indifferent to the matter. But, somewhat philosophically, he said people were like that: unless they were farsighted they had to be offered immediate advantages as a stimulus. "It is possible that the committee has just been wasting brain power on its proposals; however, the question has been discussed and the future must show whether the idea that was so strongly expressed in various countries during the war years has any strength in it? He did not think this would be the last time this question was discussed, however. One saw things differently when the balance of power shifted."

Wigforss, who supplied much of the intellectual power and formative influence on the committee's work, looks back on the position in his memoirs. There are, he says, questions that cannot be answered because the time does not seem to be ripe for posing them. The social democrats were not prepared to link industrial democracy to their economic policy, not least because of the influence of the unions. For it was they who must carry the banner, and they were hesitant about the new and difficult tasks. All legislation aroused misgivings when it affected the labour market. Could not the trade unions solve the question themselves? Was it not to weaken the trade unions as fighting organisations to seek to bring them inside the walls of the capitalist citadel? Looking back in 1944, the board of the metal

1) Nationalekonomiska Föreningens Förhandlingar, 1923, pp. 55-56.
2) This is hardly a valid question, when LO had expressly said it was prepared to accept legislation on the subject.
3) See Wigforss, Minnen, vol. II, p. 162 et seq.
workers' federation thought the main reason why there had been no legislation on the question/the 1920s was that the workers were not prepared to accept the consequences. 1)

The justification for dealing at some length with these proposals of the 1920s is that some interesting parallels exist between the proposals for a law that were made then and the agreement that was arrived at between LO and SAF in 1946. Much the same sort of employer doubts were raised, the works councils were made advisory, orientated towards production, and based firmly on the trade union movement. The fact that it was by agreement and not law that the matter was regulated in 1946 shows, however, the changes that took place in the interval. The shift in opinion and in emphasis will now be discussed.

The compositors had argued 2) that the committee's proposals for industrial democracy were too onesided, in that they suggested greater insight but not increased influence for the workers. The compositors did recognise the difficulties, however, of giving the workers increased rights via legislation, and that there would have to be a development by easy stages in this matter. A first step would therefore be to give the workers the right of co-decision in the engaging and dismissing of workers, and the right to appoint foremen themselves. These rights could be granted without the existing rights of ownership and jurisdiction being displaced, and this increased influence would produce a greater interest in the economy of the firm. These views were important two years later, when the compositors succeeded in getting an agreement with the social democratic newspapers (in 1926 an agreement was also reached with one "bourgeois" paper, Göteborgs Posten) which gave the workers the right of consultation, through 1-3 elected delegates, on management problems, and on the engaging and dismissal of personnel. Experience of this agreement was a bit mixed, and the results

1) See congress report, 1944, p. 354.
2) In a submission made jointly with the bookbinders and lithographers. See LO report, 1924, p. 117.
obtained depended to a great extent on the personalities involved. One of the main difficulties seemed to be that of distinguishing between the functions of the union club and those of the employees' delegates. The latter devoted most of their time to discussing technical questions.\textsuperscript{1)}

After the attempt to introduce some form of industrial democracy into the post-war Swedish labour market had failed the next stage of the discussion did not materialise until 1926, when the new conservative government took the initiative in suggesting an open conference to discuss the possibilities that existed for bringing about VOLUNTARILY better co-operation in between the parties on the labour market and/individual enterprises. The conference was held on 30th November and 1st December, and consisted of about 200 persons, including representatives of workers' and employers' organisations and other persons who had experience of and an interest in the matters discussed. One notable omission was foremen. The background to the conference was on the one hand the influence of the Mond conference in Britain on other countries, and also the fact that the minister of social affairs, Lübeck, who sponsored the conference, had long been interested in the problem of bringing about a greater understanding of economic and industrial subjects. The discussion on the proposed collective agreements law in 1926 also stressed the growing spirit of co-operation in labour relations, which it was feared this legislation would disperse.

Lübeck emphasised concord at the factory level based on general insight and understanding, but not the right of co-decision.\textsuperscript{2)} To promote concord and labour peace the conference agreed that a delegation should be appointed, and the labour peace delegation which was set up thereafter, consisting of representatives of SBF, LO and the government, issued a report in 1929 in which it emphasised a) better information and b) better contact between management and men as two things that were essential for making labour

\textsuperscript{1)} See Karlbom, Industriell demokrati, p. 15.
\textsuperscript{2)} Arbetsfredskonferensen i Stockholm, 30 Nov.-1 Dec., 1926, 144 pages.
relations more peaceful.\(^\text{1}\) A smaller committee was thereafter appointed to follow up the developments of co-operation between employers and workers in the workplace and to supply information and directions. Two reports were issued,\(^\text{2}\) in which accidents and safety representatives were discussed, but the committee was dissolved on 20th November, 1931, as a result of the events at Adalen on 14th May, where a demonstration of workers had been fired upon by the military, four of the demonstrators and a young girl being killed. The climate of public resentment that this created influenced the LO congress in 1931, and it was decided, against the advice of the secretariat, to withdraw from the labour peace committee. This precipitated its dissolution. The idea of worker co-operation with the employers in rationalisation roused much indignation in congress, (see motions 165-171), motion 170 arguing that they were trying to hitch the trade union movement to the capitalist cart. In reply, the secretariat pointed out\(^\text{3}\) that the report of the labour peace delegation had said that this co-operation between employers and workers did not involve anything remarkable or new. It was only a realisation of the obvious point that employers, managers and men should consult on the best arrangements for the firm and its personnel which were not of such a nature as to be issues in collective agreement or were otherwise regulated in collective agreements. Co-operation would reduce discontent and lead to proposals. Social arrangements made by the employers could be undertaken not simply FOR the workers but in CO-OPERATION with them. Personal contact was the basis, and the fulfilment of co-operative ideas was dependent above all on close personal contact, mutual understanding and respect for the just points of view of the other side. Since the natural organ for the collective appearance of the workers was the trade union (and sometimes the factory club), questions relating to the spheres that were the object of such
\(^\text{1}\) Arbetsfredsdelegationens rapport, 27/9/1929, Stockholm 1929.
\(^\text{2}\) One on 2nd October, 1930, and the second on 15th July 1931.
\(^\text{3}\) LO congress 1931, statement No. 23.
co-operation as the delegation were considering should be arranged in consultation and co-operation with the trade union and boards of factory clubs.

Co-operation in the workplace did not mean any intervention in collective agreements or in matters regulated in current agreements. But there should be a rich field for co-operation, the need and conditions varying with the nature and organisation of the work and the size of the firm. Questions the delegation had in mind for such discussions were: safety, contentment, technical and economic questions, social questions and a whole range of others of a more general nature, such as rationalisation. The delegation also considered it was advisable in most cases that discussions should take place, on the call of the employer, between him and the board of the union or club. Such discussions should be held quite apart from whether a particular question demanded an immediate solution. The discussions would refer to general arrangements in the firm or special questions of mutual interest.

On all this the secretariat of LO concluded that the result of these attempts at co-operation would be a matter for the future.

It is difficult to say what the lines of development might have been as a result of the labour peace conference and the subsequent reports if the depression had not soured men's minds, and there had not been occurrences like the Adalen incident. It is possible that, as had been suggested by the labour peace delegation, industrial conferences might have developed, that from the growth of better understanding and co-operation in the work place there might have sprung up industrial, district, perhaps even national agreements on problems of industrial democracy. It does seem unlikely, however, that any central agreement could have been reached before the Basic Agreement was arrived at in 1936. For there were other pressing problems in the early thirties, such as the right of third parties to neutrality in
conflicts. Indeed it was such questions as this, in essence interest disputes, that led to the Basic Agreement. But it is not entirely inconceivable that developments towards greater democracy in industry could have proceeded parallel with disagreement on and the evolution of ideas about interest differences. For one of the aims and indeed assumptions - and difficulties - of industrial democracy is simply that there are certain things on which it is possible for two sides to agree, on which they have common interests, while on others selfish passions may predominate. But clearly industrial democracy gets a big push forward when the parties can agree, as they did through the Basic Agreement, to settle many of their most tricky interest disputes by agreement. The atmosphere thus became much more favourable in 1939 for subsequent ideas on the subject of industrial democracy. But the 1926 conference is important as a stage in the development of new ideas. Both sides were now strong, and could thus afford to become more tolerant and compromising.

The time elapsing between the attempts of the labour peace conference to achieve a measure of industrial democracy and the conclusion in 1946 of the Agreement on Enterprise Councils between LO and SAF brought significant changes. Union membership became more extensive, the right of association was guaranteed in law, the political complexion of the ruling group changed with the victory of the social democratic party at the polls.¹) There developed increased state control over the economy through public works and taxation techniques. This process, allied to the maturing of trade unionism and of the collective agreements system, and a co-operative attitude on the

¹) Torvald Karlbom, in Industriell demokrati, p.4, considers that the reason why LO and the federations had in the main contented themselves with approving the IDEA of industrial democracy was in part because of other tasks, and in part also because "the strength of the parties on the labour market or the political front has not until recent years been such that it 'paid' to bring the question into the forefront of desirable reforms."
part of SAF, meant that the workers need no longer fear that all the fruits of worker-management production would necessarily go to the employer. The workers could take a greater interest in increasing the size of the national cake if they knew they had the means at their disposal to ensure their receiving an adequate slice. After the conclusion of the Saltsjöbaden Basic Agreement between LO and SAF in 1938 co-operation between the main organisations continued to develop and was reflected for example in the agreement of 1942 on local safety services at work, and the 1944 agreement on apprentice training. All these agreements involve co-operation at the factory level on particular problems, e.g., (under chapter III of the Basic Agreement) on dismissals of workers.

Let us now look at the developments leading up to the 1946 agreement. In the later 1930s the question of industrial democracy continued to crop up for discussion, but no coherent body of opinion was developed along such lines as those leading to the conclusion of the Basic Agreement in 1938.

The Nothin committee considered\(^\text{1)}\) it would be of great significance for social peace if a greater sense of affinity could be achieved between employers and employees, and between them on the one hand and the enterprise on the other (a significant distinction). It stressed also increased insight into economic affairs, and was quite optimistic about the prospects of greater voluntary co-operation to increase the positive attitude of the parties to one another. It did not think legislation could have anything positive to contribute here.

Occasional articles and speeches also drew attention to the problem of workshop relations and the distributive problems of sharing the results of production. One article in 1936 on entrepreneurs and other workers (a significant title in itself) emphasised the fact that the firm had interests that differed from those of both sides. People spoke of capital and labour

\(^{1)}\) SOU 1935:65, pp. 127 et seq.
but forgot the enterprise as such. It was the development and future of the enterprise that was the really important thing.

Axel Brunius, (SAP), speaking at the LO school in 1937, said that the industrial democracy that was important was that everyone in a firm should feel they belonged together. The impulse must come from management. He anticipated that it would develop along with the new spirit of co-operation being fostered between the top organisations.

LO's 15 man committee, appointed after the significant motion raised by which included demands for workers' influence the metal industry workers' federation in 1936, also devoted some space to a consideration of industrial democracy. They argued that the trade unions now had a social function within the enterprise. It was in the interests of employer and workers that there should be regular discussion to prevent accidents, to create better hygiene, increase security, raise morale at work and arouse interest in the firm. And there was nothing to contradict the view that this co-operation between the interest groups on the labour market ought to be and could be further extended and be given a form that allowed the worker to gain a knowledge of and some influence in the firm to which he devoted his whole interest and daily toil during his working life. If the individual obtained genuine information as to the position of the firm and the general market outlook it would be easier to win his support for plans and proposals that could serve production and the whole society.

"The organisation of work and its yield cannot and must not be a private interest of the owners of the means of production .... society cannot be indifferent to the question as to whether the present organisation of industry is the most efficient .... clearly the general process of democratisation cannot stop at the door of the factory." "The social and

1) Svensk Tidskrift, 1936, pp. 63-91, Företagare och andra arbetare, by K.F. Göransson (who was a great supporter of Mondism)
2) Söderlund and Brunius, Två Anföranden i LOs skola, 19th July, 1937.
economic development justifies with growing strength the demands of the trade unions that the worker be guaranteed the right to co-operation actively in the planning and solving of the internal problems of the firm of a technical, economic and administrative nature.¹)

This discussion, as the quotation suggests, was one of general principles, the general outline, and little attention was paid to the form in which the problems of the right of co-decision and responsibility would be solved. The method envisaged seemed to be an extension of the collective agreement. "The workers can be guaranteed influence on questions of common interest through agreements between the parties." When this report was discussed at LO congress in 1941 it was considered that industrial democracy should be arrived at via agreement, but since this congress was preoccupied with the revision of byelaws in the light of the report not much discussion of industrial democracy took place.²) Almost the only reference was in a speech by Einar Norrman, who agreed that the Basic Agreement could be seen as one element in attempts to obtain industrial democracy. But he warned the trade union movement that it could not change over from the idea of being a cog in the wheel to that of co-operation in production simply by a wave of the hand. It would take time.³)

The 15 men report might have led to a detailed discussion of proposals for industrial democracy had it not been for the war, but in fact little debate on the problem did take place until the war was nearly over and the problems of the post-war reconstruction period were beginning to excite comment. Paradoxically, wartime experience in the British joint production committees again provided a stimulus.

1) Bäckföreningarsrörelsen och Näringslivet, pp. 177-183.
2) The revised byelaws of 1941 did touch on industrial democracy in setting out the goals of the trade union movement to include that of working for political, social and economic democracy.
The influence of the British JPCs was seen in "a first Swedish experiment," that began in 1945 in the Swedish defence industry, although here the driving force from the side of the workers was not the goal of winning a war but that of ensuring employment and having some influence on the work available in the defence industries, in short to make the state-owned defence factories better equipped to meet peacetime conditions. Discussions took place between the minister of defence and the Swedish Defence Industry Personnel Federation from 1943, and in 1945 an agreement was concluded, the first of its kind in Sweden, which provided for the setting up of purely advisory production boards in each defence workplace that employed at least 75 workers bound by collective agreements. The function of these boards was to deal with rationalisation and efficiency questions, and job security and welfare. The boards were NOT to take up matters regulated directly or indirectly at a national or local level by collective agreements. There was to be a central committee to decide on the application of the agreement to any particular factory, but it was not a central authority over the purely local councils, although it was hoped that it might act as a clearing house for information. This agreement was amended in 1947 to bring it more into line with the SAF-LO agreement of 1946.

Appropriately, it was the metal workers' federation that raised the issue of industrial democracy again in 1944, when it published the results of an interview with the head of the Volvo car firm, Director Gabrielsson, on the question of rationalisation and its resumption after the war. If, as seemed

2) See Arbetare och arbetalsledning diskutrar företagsdemokratin, pp.28-29
3) The agreement board stressed that this covered only such questions as canteens, workshop fittings, music while you work, tidying up. Under no circumstances would time and motion questions, and issues of dissatisfaction with bosses be discussed.
4) Appropriate, because it was the metal workers' federation that was responsible for motion 224 in LO congress, 1936, which included the problem of co-influence for the employees in the running and management of enterprises.
5) Metallarbetaren, No. 10, 1944.
the case, Swedish industry wanted more efficient production and the co- 
operation of the workers in achieving it, it appeared reasonable that the 
and conditions of the forms for this co-operation should be discussed. In other 
words, on what terms was the federation going to take part in rationalisation? 
The trade union club or board was envisaged as a form, and this was made more 
emphatic later.1) Typografitidning also took the matter up, and stressed the 
aspect of worker influence rather than rationalisation and productive 
efficiency.2) The discussion so far had not, it thought, extended the 
consequence of works committees beyond technical and organisational aspects, 
and at an advisory level, but the compositors' organ thought such committees 
could have no real importance unless they were given a controlling influence 
through the workers obtaining the right of co-decision in production. When 
the owners of the factors of production had come so far as to seek the co- 
operation of the workers in the technical side of production it was time to 
demand in return control over production and the social product.

Gunnar Andersson (the vice-chairman of LO) was asked later3) whether he 
thought employers would oppose worker co-influence in production and said 
that the co-influence sought in all matters that had to do with production 
would certainly be resisted, just as collective agreements had at first been 
resisted. But these now showed that the employers were aware of the 
necessity to create security for the workers, and developments were showing 
that the parties to production were beginning to realise how dependent they 
were on one another. Already there were employers who understood the issue, 
and many managers would willingly receive co-operation from the workers' side 
for increasing production, even if they would not give up their right of 
decision at one go. But already in fact chapter III of the Basic Agreement

1) Ibid., No. 17.
3) Metallarbetaren, No. 17, 1944, pp. 10-12.
showed the changed view on the employers' side about workers' influence, and this was likely to be extended. The question had already been discussed informally by LO and SAF, and discussions could be continued. The speed at which increased co-influence was gained would depend on the experience gained. A motion in the metal industry workers' congress later in 1944 raised the question in the light of all this discussion, and suggested using the power of the trade union movement, in alliance with the social democratic party, to bring about a practical programme in the matter. Congress decided to support this view, and a committee was set up between the party and LO to discuss industrial democracy.

A political element had in fact already been introduced into the discussion by the publication in July, 1944, of the Post-War Programme of Swedish Labour. It is important to grasp the background to the agreement on enterprise councils of 1946 which the debate on the Post-War Programme aroused, in order to understand what the parties thought they wanted, or did not want, and the means they sought to use to those ends. The Programme set out objectives for the labour movement under the three headings of full employment, fair distribution and a higher standard of living, and greater productive efficiency and increased industrial democracy. Emphasis was laid on the idea that economic democracy, "which is the aim and object of our Post-War Programme, should also be extended to the internal sphere of the workplaces." Sweden's national economy must be controlled more and more by the democratic forces of the country ... we must utilise an important but hitherto unexploited asset, i.e., the active interest of all those engaged in productive work in common economic problems? It was stressed that productive efficiency could be increased through this development. However,

1) See metallindustriarbetareförbundet, kongress protokoll, 3rd-6th September, 1944, pp. 353-356.
2) Post-War Programme, Swedish edition, point 27, p. 29.
it is not easy to disentangle the political and economic threads in the statement on economic policy. In this case, increased worker influence is seen as a good in itself, production stands both as an end and a means, and industrial democracy is treated both as an aspect of and one step towards economic democracy. Stress is also laid on nurturing the worker's latent sense of responsibility, and on increased security. Finally, "it will devolve upon the trade union movement to achieve these aims by negotiation and agreement with employers. As an alternative the objective can be reached via legislative action."¹ That this alternative was not altogether neglected is seen from the fact that the Prime Minister was later to state that if they could not in some other way carry through some form of industrial democracy it must take place with the help of legislation. Myrdal too doubted whether voluntary agreement would succeed all along the line in this question, although he said he did not wish to have legislation on the subject merely for its own sake.² In fairness to the Programme it should, however, be added that, whether the outer forms for industrial democracy were arrived at by agreement or legislation, it was realised that it was necessary, if any progress was to be made, that co-operation really did take place in practice between management and men.³ There was of course some precedent for dark sayings about the alternative of legislation, since the Basic Agreement of 1939 was in some sense produced by SAF and LO as a result of the realisation that, if they did not do something about regulating labour market relations, the law would.

Fackföreningarsrörensen also took the matter up in 1944. It emphasised the production side of industrial democracy, and suggested there were good reasons in favour of having a special production organ - works councils - as distinct from the trade union, which was historically the prior organ.

1) Ibid., both editions, p. 30.
2) Tiden (1945) p. 517 et seq.
Dualism could be counteracted by anchoring the works councils to the unions.\(^1\) In a later article it argued that industrial democracy was a manifestation of the workers' interest in both production and distribution, but that the production interest was the predominant one. The distribution aspect already had its system of organisations. Industrial democracy aimed at extending and deepening the workers' and salaried employees' influence on the process of production.\(^2\) It seemed to envisage that matters referring to the whole of an industry would be the concern of the trade union federations, and they would supplement the works councils by planning and providing impulses for the whole idea. Fackföreningsrörelsen appeared also to consider that works councils should be obtained by a voluntary approach, along the Basic Agreement lines, but the compositors' journal argued, since it stressed the problems of distribution of income and property as well as production, that provision for industrial democracy should be made in law, if it was to be part of economic democracy in the wide sense.\(^3\)

Torvald Karlbom added a pamphlet to the discussion, but it is rather vague in character and discursive, if not rhetorical, and obviously aims at stimulating interest in industrial democracy. But many of the fundamental ideas had not been thought through properly. He did not define very clearly what he meant by greater worker influence or how far it should go. The problem of industrial democracy is not solved "unless the employees have something to say in the matter of running the firm.\(^4\) If further the representatives appointed by the employees have an opportunity of becoming acquainted with the firm's plans, its disposition of profit and to be able to have a say in these matters (whatever THAT may mean!) the atmosphere would be created for increased contentment and personal contribution to the

\(^1\) Fackföreningsrörelsen, vol. I, 1944, pp. xxiv-xxv.
\(^2\) Ibid., vol. II, 1945, pp. 577 et seq.
\(^3\) Typograffitiidningen, 1944, pp. xxv-xxvi.
\(^4\) Karlbom, Industriell Demokrati, p. 11.
He seemed to envisage workers' representation in the board.  

The Liberals stressed that MAN was the important thing, and that it was not formal power in the form of participation in management that the employees sought, but security, which in turn was the real basis of productive efficiency. A framework of draft byelaws for a works council was put forward, and stress was laid on the parties on the labour market themselves experimenting in the working out of suitable forms. Legislation could not force the spirit of co-operation, which was every bit as important as the form.  

In a whole series of articles in Tiden the problem of what industrial democracy meant was discussed further. August Lindberg, (LO), stated that much remained to be done to get the workers more interested in their work and firm. For the individual worker industrial democracy was primarily a question of security of employment, and if that could be solved it would go a long way towards solving the production problem. Söderlund (SAP) replied that already, under chapter III of the Basic Agreement, the workers were guaranteed a very considerable degree of employment security and modification of SAP's Paragraph 23. The collective agreement negotiations, legislation, and various agreements already gave the worker much influence. The Basic Agreement had limited the employer's rights as far as he dared to modify them. 

As to method, Lindberg said that if what was commonly called industrial democracy was looked upon as a complex of labour market questions, it would be best for the parties to solve them themselves. To the extent the problems fell outside this sphere, social and state interests would obviously

2) Ibid. pp. 19 and 22.  
3) Industriell demokrati. Folkpartiet, 1946.  
want to say. Soderlund wondered whether this boundary was fixed by the
nature of the problem or simply by opportunism? Would the state force co-
operation on one side if it felt unable to give it voluntarily? Knut
Larsson emphasised production, and wanted progress to industrial democracy
to be made via collective agreement and negotiation, not legislation.
Torvald Karlstrom also thought the most suitable form would be by agreement,
but if this way proved barred then"there remains nothing else but to try to
interest the state in a solution by means of legislation." 1)

In fact of course the whole series of precedents begun by the Basic
Agreement pointed in the direction of solving the problem by agreement, and
in August, 1945, SAF stated that it was willing to agree in principle to a
request from LO that there should be negotiations on industrial democracy.
(LO had previously consulted the social democratic party leaders). 2)
Discussions were accordingly begun in the Labour Market Committee. It is
frequently suggested that only the hints of legislation persuaded SAF to
agree to the request of LO, but that the employers were not altogether
negative is shown by the fact that in the spring of 1945 SAF and the
Federation of Swedish Industries appointed a committee to look into the
question (raised at the annual meeting of the federation) of trying to bring
about better understanding and contact between management and employees.
More internal information was suggested as one means. The result was a
joint publication in December 1945 - with the agreement of the labour market
committee - on contact and co-operation within industrial enterprises. 3)
It stressed the importance of giving information to the workers regularly, but
emphasised also that insight into the firm should lead to a more positive
input of effort by the worker. Few firms had as yet made use of the commit-

3) Kontakt och samverkan inom industriföretagen. Riktlinjer för intern
information. SIF and SAF, Stockholm, 1945.
form for giving information and obtaining co-operation, but many had declared good intentions and interest in the matter. There was thus a positive attitude in many employer circles to the problem of better contact between management and workers, and "an intelligent policy of adaptation" was being pursued in response to the workers' claims for greater influence.

The salaried employees also came into the discussions of industrial democracy in an active way, for TCO appointed a committee to look into the problem and the attitude of salaried employees to industrial democracy, and as a result set out its views in a statement. It emphasised (1) the positive interest of salaried employees in this question and (2) the importance of their being given a chance to contribute and co-operate. It thought more intimate contact was desirable between management and the employees in questions relating to production and security. The form for such co-operation should be the subject of detailed discussion, and so it asked the government to introduce industrial democracy into state administration, and asked SAF for negotiations for salaried employees in private service. Negotiations with SAF began in March, 1946, and agreement was reached at the same time as the SAF-LO agreement was signed.

The Agreement between SAF and LO on Enterprise Councils. The Swedish discussion of industrial democracy had never really grappled with fundamental philosophical concepts, and one strand running through the whole discussion had been the emphasis on increasing production, and the contribution that workers' influence on the running of the firm could make to increased efficiency. The agreement arrived at at the top between SAF and LO in 1946 emphasised this practical and concrete aspect, and although

1) The phrase occurs in Metallarbetaren, 1946, No. 1, p. 7.
2) TCO report for 1945, p. 38.
the agreement sets out limited aims for the EOs, i.e., enterprise councils, these are essentially practical. It is meant to provide a framework within which constructive help can be given from all sides in improving the economic position of the firm, and is not intended as an instrument in the struggle for the distribution of the fruits of production. This gives it a greater chance of success or, to put the point in another way, the fact that the trade unions have become so strong on the distributive side of the employment relationship means that they can, and do, adopt a positive attitude to production problems.

Under this agreement the industrial democracy aimed at is essentially democracy within the individual firm. Through the agreement SAF and LO assume the obligations to carry out the duties in the Labour Market Board which the agreement imposes, and to work for the acceptance of the agreement by their federations. They cannot force the agreement upon federations, however, much they encourage them, and the agreement only becomes binding upon LO and SAF when federations on their respective sides accept it. Thereafter federations can agree about the application of the agreement.

Emphasis is on the local nature of the EO, the object being that there should be one council within each firm in each place, and on the fact that only ORGANISED workers are affected by the agreement and qualified to participate in the election of workers' representatives. The agreement applies only to enterprises in which at least half the workers belong to federations that have accepted it (the 50% rule), since it was considered undesirable that the workers' representatives might be chosen by a minority of the workers. In view of the strength of organisation, and the industrial federation principle, this rule is however of minor importance.

1) This point is now accepted and reflected in popular terminology, in which "enterprise democracy" has almost entirely displaced "industrial democracy."
Councils are not compulsory, but are to be set up in enterprises employing at least 25 workers if the employer or the workers' local organisation requests it. This might of course mean that one side had to accept and carry on work in an EC with reluctance. For firms with less than 25 but more than 4 workers "enterprise representatives" may be selected by the organised workers, if the workers' local organisation so desires.

When an EC is formed, the employer and members acquire certain obligations. The EC, which is an organ for information and consultation, and is thus purely advisory, has the following tasks:

1) to maintain continuous co-operation between employer and employees in order to achieve the best possible production;

2) to give employees an insight into the economic and technical conditions of operation and into the financial position of the enterprise;

3) to promote security of employment for the workers, and safety, soundness and satisfaction in connection with their work;

4) to encourage vocational training within the enterprise;

5) to work in other ways for good production and working conditions.

A further duty, 6) which is hidden away in article 5 (which deals with information obligations) is that the EC must work for an economical disposition of personnel and material within the firm.

The main emphasis is thus on production, but since co-operation is to be mutual the worker's security is also emphasised. Production is given priority, however, since the trade unions realise full well that security in the place of employment would not exist without adequate production. The functions of the EC and the way in which they are to be carried out are defined in greater detail in the succeeding clauses of the agreement along with the obligations that its acceptance imposes upon each side. The employer is OBLIGED to supply the EC with continuous (note) production surveys, including reports of changes undertaken or planned, or other

1) This includes male and female workers, apprentices, organised and unorganised, but not foremen or other salaried employees.
important alterations in operating or working conditions within the enterprise, and of new products, new manufacturing or working methods, and other technical arrangements. This information is for the purpose of enabling the EG to concern itself with questions of the technique, organisation, planning and development of production, with a view to making use of the experience and insight of the employees. The employer need not, however, reveal information which could cause him any damage.

The economic position of the firm. It is the duty of the employer to give the EG regular information (regular in the sense that it is meant to meet every three months) about business trends and the state of the market within the industry in question, with particular reference to his own firm, and to supply information about the economic conditions of production and possible sales. Again this obligation is qualified by the proviso "insofar as the revealing thereof could not cause damage for the employer." The EG is entitled to obtain the balance sheet, profit and loss statement, administration report and auditors' report of the enterprise, where the publication of such reports is required by law.\(^1\)

On the basis of all this information the workers' and salaried employees' representatives in the firm may make suggestions to the employer. It is of course a highly relevant question just how far the information given is to be intelligible, and how far the representatives are capable of understanding it. This will be discussed fully below, along with a consideration of suggestions activity, which is provided for under § 4. The workers may also present for the consideration of the EG suggestions for different methods of operation or other arrangements or measures for the benefit of the enterprise. The EG has the right to judge the value of these suggestions and to consider whether the suggestions should be rewarded if the

1) This requirement is discussed below.
employer accepts them. The EC is to keep the person who makes a suggestion informed about what has happened to his proposal.

Boundary questions with other bodies in the firm. When this agreement was being formulated there was already in force the agreement of 1942 on rules for the organisation of local work safety, by which a central organ, the workers' protection board, was set up. The EC agreement accordingly provides that in matters relating to safety and health protection in the workplace it is the duty of the EC "in co-operation with" the safety representatives (skyddsombud) and safety committees (säkerhetss kommitté) to try to make the safety and hygiene services efficient. In relation to vocational training the EC is given a more active position, in that it has the DUTY of seeing to it that apprentices employed within the firm receive a good allround training. This applies, irrespective of whether the SAF-LU agreement of 1944 on this subject applies to the firm. But where it does apply, the EC has to co-operate with the appropriate vocational representative (yrkesombud) in the firm. If, for instance, the employer and the representative are unable to agree on a matter concerning the laying off of an apprentice or the cancellation of his contract, the matter may be referred to the EC for further discussion.

In view of the emphasis placed on production, the EC is almost bound to have contact with other production organs, and the agreement thus tried - successfully, as experience has shown - to prevent any friction or disputes about spheres of power and influence. The position of the EC is strong in that it is empowered to call in anyone whose advice and views it wishes to have.

One possible boundary issue that touches on wages has developed in connection with the 1948 agreement on Time and Motion Studies, where it is provided in the preamble that, while local negotiations between the workers' trade union and employer should deal with matters of immediate importance
for the composition of wages, the questions of PRINCIPLE as to work study arrangements and practice may also be taken up for discussion in the EC. (See chapter XIX).

Article 12 of the 1946 agreement prescribes that "The EC does not have the right to deal with disputes which have reference to the drawing up, extension, cancellation, interpretation, or application of collective wage agreements or any other disputes concerning the regulation of working conditions which are normally dealt with by union organisations in the manner prescribed by agreement or practice." The intention behind this clause is to keep the EC from taking over any of the functions of the organisations on the labour market, which might well happen if it were entitled to take up questions of dividing the cake. This is not to say that the EC may not (for instance as the Time and Motion Study Agreement provides) take up questions of principle in relation to such things as work study for consideration. But it is no part of its competence to cover any topics relating to the actual fixation of wages.

This principle of division of function can in theory be violated by the provisions in Articles 7 and 8 on the subject of the security of the individual in employment. "But this must not be taken as a justification for introducing other trade union questions into the activity of the EC. Even if wages issues and other trade union questions are connected with problems that can be taken up by the ECs they must not be taken up there." 1)

The EC forms a very important part of the machinery for dealing with questions relating to employment, whether in relation to the individual or the whole working staff. Already the Basic Agreement had made considerable modifications in the rights of the employer to dismiss workers and, as has been noted in the preceding chapter, the 1946 agreement extended this to

1) Odholm, Alvar: Kommentar till 1946 Års. avtal... pp.15-16.
include re-engagement of workers. The person to whom the employer gives information about his plans for dismissal and other changes in staff is now one of the members of the EC appointed by the workers, and the whole problem of security of employment has now been taken within the competence of the EC, which can discuss such problems on the request of either side. Security of employment of salaried employees is not covered by the agreement.

COLLECTIVE security of employment is provided for in §6 of the EC agreement, where it is stated that "Should any possibility arise of a discontinuance, suspension, or considerable curtailment of the firm's operations, there shall be consultation on the matter within the EC in as good time as possible before the step is taken. If the matter is reported to a government authority the EC is to be kept informed of the report and of further developments."

This could in practice be said to involve the EC in a consideration of trade union questions, since modification of the employers' right of decision over labour had long been sought by the unions as a goal of policy. Another question on which trade union boundaries may be approached emerges in §10, where it is stated to be the duty of the EC to promote good order and discipline in work and to work for good relations between management and employees. This of course links up with the task of the EC to promote production. Odholm considers that it is probably advisable for the EC not to take up cases of individual breaches of discipline for discussion (for which arrangements are frequently made in collective agreements), but that it should limit itself to discussing general questions of order and discipline.1) Ahlberg says much the same.2) Since it has no powers of decision there is no question of the EC becoming a sort of courtmartial in front of which the foreman may be called upon to defend his conduct and

2) Företagsdemokrati, p. 87.
actions. The paragraph is much wider than a "foreman's paragraph" (the name Ahlberg bestowed upon it), since order and discipline depend on all, and not on the foreman alone.

Composition of the EC. Membership is internal to the firm. There are no outsiders, although the management representatives may be provided by another enterprise within the company. Depending on the size of the firm, the workers may elect from 3 to 7 representatives in the EC, and the employer can appoint at the most as many representatives as the workers have, while foremen and salaried workers together may elect 2 or 3 representatives, depending on the number of members elected by the workers. Thus the employer can never be in the majority. He is not obliged to sit himself in the EC, but it is generally recognised as being advantageous that he should, and in fact many of the best ECs owe their success to a virile chairman in the person of the managing director.

The workers' representatives are elected for a period of two years at a time through the union local to which the majority of the workers belong. Only members belonging to a federation that has accepted the agreement are entitled to vote. In enterprises employing more than 200 workers an indirect system of election may be used. In the selection of EC members an effort is to be made to provide representation for the different kinds of workers and departments in the enterprise. LO recommends that at least one representative of the workers shall belong to federations adhering to the agreement has been considered unnecessary, since only members of such organisations possess the right to vote. Sölvén, Fackförningargörelsen, 1946, p. 245.

1) This was feared at the time by the foremen. See Ahlberg, op. cit., p. 28.

2) In enterprises employing not more than 100 employees, the maximum number of workers' representatives is 3, between 100-200 the maximum is 5, and over 200 is not more than 7. The salaried employees and foremen have 2 representatives where the workers have not chosen more than 4, and 3 if the workers have chosen 5, 6 or 7. Thus the maximum size of an EC is 17 members.

3) The express condition that representatives of the workers shall belong to federations adhering to the agreement has been considered unnecessary, since only members of such organisations possess the right to vote. Sölvén, Fackförningargörelsen, 1946, p. 245.
or two members of the local branch executive should take part in the EG. In §2 of the EG agreement between SAF and TOO it is stated that the salaried employees' representation in the EG should always include a foreman. Members elected by the workers are to be at least 21 years of age, and should have been employed by the enterprise for at least one year. "The member shall have a sense of responsibility and good judgement and he shall have a good knowledge of working and operating conditions within the firm" §17 prevents the employer from persecuting a worker in any way because of his activities in connection with the EG. This would of course constitute a violation of the right of association, on which the Labour Court is the final authority.

Unless the members of the EG unanimously agree otherwise, the chairman of the council is appointed by the employer from among the members he appoints, and it is advisable that he himself should be chairman. The other members select a vice-chairman, who is usually a worker.1)

The EG is to hold an ordinary meeting once every three months and oftener if the representatives on all sides agree. (During the preliminary negotiations on this agreement the question was discussed whether meetings should be held once a quarter or once a month, and the quarterly meeting was chosen, since "it was considered there was a risk that interest might wane if more frequent meetings were held."2) Extra meetings may be held, if either side so requests, to deal with business that cannot be postponed until the next regular meeting. Notice of meetings is to be given in writing by the chairman, in the case of regular meetings at least three days in advance, together with a copy of the agenda. The content of the agenda is covered by §21 - "Questions shall be taken up for consideration at regular meetings which members of the EG have presented in writing to the Chair and not less

1) Although the agreement does not say so, Odholm says (op. cit., p. 29) that only when the employers' representatives in the EG do not exercise their right to appoint the chairman can another member be appointed to that position.

2) Odholm, op. cit., p. 40.
than one week before the meeting. If the members approve, i.e. are unanimous, the Council has the right to take up a matter for consideration even if it has not been so presented.

Meetings should be held outside of working hours, in a place provided by the employer. The workers' and salaried employees' representatives are paid six crowns by the employer for every regular meeting they attend, and every extra meeting called by the employer. If the EC meets during working hours the wages of the workers' representatives must not be diminished because of it. Any other legitimate expenses connected with the activity of the EC are to be paid by the firm. Three copies of the minutes of the meetings are to be kept, each of the three groups receiving a copy.

When special business comes before the EC it is possible for it to call in an employee of the firm with special knowledge of the matter, if either side so requests. If the majority on each side agrees, the EC may also call in outsiders as experts to be heard in the matter under discussion, e.g., on job evaluation methods. The EC may also appoint committees, e.g., suggestions committees, or special investigators to look into particular problems and report back to it.

Since it is a contact organ, the EC AS A BODY has the duty of making the results of its work known in a suitable manner to the workers and salaried employees of the firm, subject to the qualification that the member may not reveal or make use of any knowledge of a technical or economic nature which he has acquired by virtue of his position in the EC and which he knows to be a professional or business secret, or which the employer has particularly stipulated is not to be revealed. Very few cases of such breach occur in

1) A formal flaw in the agreement here is that notice of items for the agenda must be given a week in advance, while notice of meeting requires only three days' notice. The chairman could "pull a fast one" here by the letter of the agreement; but such action would be quite contrary to the spirit of the EC idea, and a counter is provided in the phrase that allows the EC to take up questions not on the agenda.
practice. The phrase "a suitable manner" allows the Council to make use of the means it thinks best for making the results of its deliberations known. The practical aspects of this problem are considered later.

The SAF-TC0 agreement of 30th August, 1946. This agreement is dependent on the SAF-LO agreement as regards content, acceptance and validity. It can apply only in enterprises in which an EC has been established in accordance with the SAF-LO agreement. The salaried employees cannot themselves ask for an EC to be set up. The SAF-LO agreement does of course take account of the fact that there will be representatives of salaried personnel in the Council for, although one of the main purposes of introducing ECs has been to achieve the necessary contact between workers and employers, it was considered important that salaried employees and foremen should also be represented in the EC, partly on account of their fairly comprehensive degree of organisation now (as compared with their lack of organisation when the industrial democracy law was being mooted in 1925), and partly because of their strategic "in-between" position in the firm.

The salaried employees are not covered by the SAF-LO agreement rules about security of employment, nor may their representatives take part in discussions within the EC of questions of workers' security of employment. The rules for the election of salaried employees' representatives in the EC are more complex than those for the workers, mainly because of the less comprehensive degree of organisation and because the group covers foremen as well as other salaried employees. The rules provide that where 3/4 of the salaried employees are entitled to organise in TC0 federations,1) and have so organised, they are OBLIGED to elect representatives jointly in the EC. Where less than 3/4 are organised, the unorganised and organised

1) This excludes some salaried employees automatically, e.g., because of age, but often because it is agreed between the parties that senior employees shall not organise.
may first decide whether to take part in the EC and thereafter, if they do agree to take part, appoint their representatives through a joint election. Foremen are always to be represented by at least one of their number in the group of two or three persons that represents the salaried employees in the EC, and different functions are to be represented as far as possible. This does not allow much variety, when there are only two or three representatives! Salaried employees in very senior positions may even be appointed by the employer as his representatives in the EC.

This SAF-TCO agreement does give express recognition to the organised salaried employees as a group able to take their stand alongside the older employers' and workers' organisations. They have reached a mature and independent position as employees AND union members. But the position of the salaried employees in the ECs, in view of their "in-between" position, has in practice led to some problems, mainly arising out of the historical relationship that has existed in the past between them and the employer, and also because of the problems of communication channels within the firm that the EC may both create and bypass. Salaried employees were at first hesitant about the ECs, since their attitude of personal loyalty to the firm conflicted to some extent with the idea of becoming a representative group in the ECs. There was a certain amount of initial distrust of the political implications of industrial democracy, and of the possible bypassing of the staff and line system of communications by the EC. However, TCO and the union of clerical and technical employees in industry have emphasised that these psychological problems must not be given as an excuse for lack of interest on the part of the salaried employee, and experience of the working of the EC agreements in practice, coupled with the growing organisational strength of salaried employees - which means that, while still loyal to the firm, the salaried employee does feel he is in a different group from it - have led to greater interest and participation,
and to better relations between salaried employees and workers. In most ECs salaried employees serve as secretaries.

The foreman has the most delicate position of all the salaried employees. Basically, the foreman is in the difficult position of being, by definition, at one and the same time the firm's representative and the leader of the workers, and there was a certain amount of initial scepticism and fear that the EC might very well develop into a court in which the foreman was permanently on trial. In the beginning many foremen took the attitude to ECs that they had been doing this sort of thing for years anyway. The initial reluctance of foremen to adopt a positive attitude may have had its roots in the fear that their position might be usurped, and that they would be bypassed. This attitude was not the one taken at the centre, for the foremen's union was the first in the field with an explanatory book on ECs, and the positive contribution they could make was emphasised. But nevertheless there remains a basic difficulty, which may be illustrated by looking at suggestions activity. Many workers and employers complain that the foremen make few suggestions in the Council meetings. But, as the Agreement recognises, it is and long has been the duty of the foreman as part of his job, quite apart from any EC agreement, to make suggestions for improving production, economy and welfare. From the foremen's side it has been argued in reply that one of the reasons why the foreman may not have much to say in an EC meeting is that he may already know much of what the employer is accounting for to the representatives of the workers. Again, the implication of the agreement is that only one foreman is included in an EC, and he may thus feel psychologically set apart. This argument should not, however, hold much weight if one is in agreement with the view often expressed from all sides, that the members in an EC do not sit as Government and Opposition, but as one group discussing questions of common interest. Many foremen have complained that their status as a link in the

line system of communications has been replaced by the suggestion box, although the necessity for and justification of such alternative means is not questioned, and that the workman can bypass the foreman in offering suggestions to the EC. But the fact that the SAF-IO agreement makes specific provision to allow this bypassing to take place seems to indicate that in the past the line system of communication has not functioned satisfactorily. The foremen can of course reply to arguments in favour of the suggestions box, with the cover for anonymity and shyness allied to fear of the foreman that it gives, that if consultation and co-operation is one of the fundamental points in the EC idea, then there should be no need for secrecy. The answer to this problem can only be found in mutual confidence, and it is essentially a long term answer.

Central organs for enterprise councils. Besides the acceptance by IO, SAF and TCO of the task of encouraging the development of enterprise councils, there is a central organ, the Labour Market Board, which, although already in existence under the Basic Agreement, acquires additional functions. It has:

a) to act as a board of ARBITRATION in disputes about the validity or correct interpretation of the provisions in the two EC agreements;
b) to take up and settle disputes as to whether certain courses of action conflict with the provisions of the agreement, and the consequences of action that is found to conflict with them (disputes about the right of association still go to the Labour Court); 2)
c) to act as a board of REFERENCE in disputes concerning dismissals, layoffs and re-engaging of workers.

2) It is stated as being understood that damages will not be required of anyone in a trivial matter or where there is reason to suppose that an order will bring about amendment in the future. But failure to give notice or information is not ordinarily to be regarded as a trivial matter. It is also agreed between SAF and IO that there should never be any question of a demand for damages between them, nor should a federation make such demands of the opposing central organisation. Damages can in theory arise under the collective agreements act, since the SAF-IO agreement has when adopted the force of a collective agreement.
d) to further and guide the activities of the ECs, to promote continuous co-operation among the parties on the labour market in order to foster efficient production and employee welfare, and to discuss problems which are of general or considerable importance for the organisation of economic life and the support of labour.

When matters that affect salaried employees directly or indirectly arise it is now the intention that a representative of TOO, chosen for a period of three years at a time, should take part in the discussions of the board.

Other types of central organisations for the ECs occur in other sectors of the economy in which ECs have been set up since these agreements were concluded in 1946. In 1947 agreement was reached on the setting up of ECs in all the state communication departments, and in local authority undertakings and departments. These reflect the SAF-LO provisions in the main, as does the agreement for the consumers' co-operative movement arrived at in the same year. In the agreement on ECs between the consumers' co-operative federation and LO the central council created there in 1946 to correspond to the LMB has in principle the same functions as the LMB in relation to the ECs in its sector. There is a similar central council for state-owned companies (where ECs ARE to be set up where there are at least 25 workers), and also for trade, whose employers are not in SAF.

Two other types of central organisations may be distinguished, a) where there is a central council which functions as an EC but which also serves as an organ for the encouragement of and contact between ECs. This is the case in most state undertakings like the railways, post offices, telegraph and telephone, the waterfalls board. On the other hand there are b) central boards which, besides encouraging and promoting ECs, also decide doubtful cases about where the relevant EC agreement shall be applied. This is the case in defence factories, and here the central board dealt with fifty
problems between 1948 and 1950 about the interpretation of the agreement. Such questions will obviously diminish in importance as the meaning of the agreements becomes clearer with use.

The big advantage of a central co-ordinating board is that it can help to develop uniformity of procedure and act as source of and clearing house for information, advice and experience in EC matters. But on the other hand it is important that the flexibility in the EC agreements which allows of deviation from the main framework to suit local conditions should not be lost in the desire from the centre for uniformity. It is perhaps because of the centralised organisational structure of defence factories in Sweden that there have been complaints there that the workers were disinterested in making suggestions because of the interminable delay in handling questions, particularly those involving finance, which had to be referred to the central authority. In this respect, however, the central EC has performed a useful service in proposing that it should have at its disposal a sum of money to be used for the rewarding of proposals that are accepted.

The problem of contact between ECs is important, but as we have seen the emphasis in the SAF and LO agreement is on the workplace. No branch or district or central ECs are included.1) Perhaps this was because the LMB was envisaged as a central clearing house, but it has not been given very extended powers under the agreement, and SAF, LO and TCO have in fact preferred to channel their experience of ECs through special departments at the top and within each trade federation, where adjustment to varying circumstances is more likely. Karl bom suggested there should be central production committee in various sectors of the economy alongside the local ECs, to act as clearing houses;2) but since the EC idea is so firmly anchored

1) In the consumers' co-operative movement local co-operating boards can be set up where there is more than one EC, to co-ordinate activity.
to the unions this has not in practice proved necessary. The criticism has been put that there is not enough exchange of good ideas about production between firms as a result of EG experience, that firms do not exchange improved production hints they receive through the EGs. However, this criticism loses much of its force when it is remembered that there is rivalry between privately owned firms, and the last thing one may want is for another to find out information from which it is deriving the benefit. It may be admitted that this is however a poor answer to the trade unionist who has no great interest in the competitive jealousies of enterprises. At the other end of the scale, indeed, it is the case that the central councils in state owned undertakings, e.g., the railways, are so adept at passing on hints received through the whole system that not only is production efficiency increased but it becomes difficult to think of new ideas for suggestions! In the light of the structure and relationships that have been built up through the trade unions it is difficult to envisage the EGs becoming the basis for national industrial councils dealing with all aspects of the employment relationship, for the historical development has been all the other way, through the strong federation at the top to workshop relations which the union, as a fighting organisation, is not always suited to tackle directly.

The success of the agreement in practice. The SAF-LO agreement was concluded at the top and propaganda has had to be conducted in favour of it, but since the agreement is essentially practical in emphasis it has been possible to make factual knowledge the basis of the propaganda. LO, SAF and TGO have all created special departments for the purpose of stimulating the activity and formation of EGs, and individual trade federations in some cases have full time officials dealing with EG problems. Courses are held at all levels, and fruitful exchange of views is obtained through discussion among officials from all sides on the problems involved. At the employers'
college at Yxtaholm, for instance, which provides courses for employer members of ECs, it is quite normal for trade union leaders and officials to lecture and take part in the discussions on an informal and co-operative basis. This informal type of contact does much to infuse spirit into the agreement, and this is recognised to be as important as the formal content.

A campaign to stimulate interest in ECs was conducted by SAF, LO, and TCO and the state in the autumn and winter of 1952-53, and almost 27,000 people took part in the study of a course that was drawn up to emphasise different aspects of the EC framework and their practical significance. An enquiry has also been conducted on behalf of the organisations in an attempt to find out how, from the experience gained in the practical application of the EC agreement, the work of the ECs can be made more effective.\(^1\)

The agreements between SAF, LO and TCO have been followed by similar arrangements in other sectors of the economy, state, municipal, and co-operative, and the idea has taken root in branches of the economy where non-manual work predominates, e.g., banking and insurance. In banking, for example, there were 5\(^3\) ECs in 1953.\(^2\) But the LO-SAF agreement set the pattern, and is quantitatively the most significant. The subsequent analysis is based on its development.

Numerically, the ECs have got off to a good start, and the number of ECs in the sphere of LO's federations is shown by the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of ECs</th>
</tr>
</thead>
<tbody>
<tr>
<td>End 1947</td>
<td>522</td>
</tr>
<tr>
<td>1/7/1948</td>
<td>522</td>
</tr>
<tr>
<td>End 1949</td>
<td>2,000</td>
</tr>
<tr>
<td>1949</td>
<td>2,650</td>
</tr>
<tr>
<td>1950</td>
<td>2,943</td>
</tr>
<tr>
<td>1951</td>
<td>3,043</td>
</tr>
<tr>
<td>1952</td>
<td>3,165</td>
</tr>
<tr>
<td>1953</td>
<td>3,353</td>
</tr>
</tbody>
</table>

\(^1\) See Faktföreningsrättsen, Nos. 7 & 8, 1953; for two articles by Ture Flybbo, the head of LO's department for enterprise councils, on this enquiry.

\(^2\) See Företagsnämnden i en affärsbank, by Åke Bergqvist, in Skandinaviska Banken quarterly review, April 1953.
It has been estimated that about 4,000 ECs could be formed in the LO field, so the percentage of coverage is now very high. Since 1951 most of industry and state activity has been well planted with ECs, and increases can only now be expected in forestry, agriculture, transport, building and service industries, all spheres where the production unit tends to be small or scattered, and where the soil for ECs is therefore not very favourable. Progress with enterprise representatives in small firms has not been good, and in 1951 they numbered only 546. Their progress has been poor in view of the fact that at least 10,000 enterprises in Sweden employ less than 10 workers. There has been a fairly steady improvement in the percentage of ECs that hold the regular number of meetings per year, namely four. In 1951 about 54% of the ECs held four meetings, in 1952 the figure was 58% and in 1953 63%. Even such an apparently objective criterion as this has pitfalls, however, for no one would argue that the number of meetings should necessarily be forced, and an EC that meets three times a year and is enthusiastic may be more effective than one that is merely fulfilling the letter of the agreement by meeting four times.

It is by what the EC does that it should be judged. Success should be looked at in the light of the tasks it is required to perform by the terms of the agreement, and not by ideal standards. But, having said so much, it is extremely difficult to measure success in the light of the tasks the EC does have. Some criteria, such as the number of meetings, are fairly objective, but most of the assessments made of the ECs use rather doubtful standards. LO relies for its judgments on a standard report form which the branches send in to their federations, but no standards are defined for judging the activity of the ECs and their efficiency. The whole material is thus subjective, and shows not so much how the activity of the EC is being

1) In 1953 the building workers' federation reported only six ECs in its sphere of activity, while the masons', painters', seamen's and hospital personnel's federations all had no ECs.
2) See Morgon-tidningen, 27/4/1953, for a survey of EC activity.
carried on, but rather how the workers' representatives in each EG consider it SHOULD be carried on.

The difficulty becomes clear if one looks at some of the main points with which the EG is concerned, first information and then proposals. Information received by the EG is one of the most important means to the end of promoting production and security. It provides much of the diet of the EG. LO has produced the following figures for the percentage of EGs where information was considered satisfactory:

<table>
<thead>
<tr>
<th>Year</th>
<th>Production Information</th>
<th>Economic Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949</td>
<td>-</td>
<td>about two thirds</td>
</tr>
<tr>
<td>1950</td>
<td>75%</td>
<td>-</td>
</tr>
<tr>
<td>1951</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>1952</td>
<td>66%</td>
<td>60%</td>
</tr>
<tr>
<td>1953</td>
<td>69%</td>
<td>69%</td>
</tr>
</tbody>
</table>

The union of clerical and technical employees in industry, a TGO federation, does not now seem to consider that salaried employees are too satisfied with the information they receive on changes in production and conditions of work. But this is notoriously subjective ground, where attitudes are of very great importance in determining the replies given to questions.

Information is in fact a hoary chestnut in the debate on industrial democracy. Much of the demand for increased worker participation, in Sweden as elsewhere, has sprung from a feeling that the employer did not lay all his cards on the table, that profit might not be so defensible as a classical economist might make it, that somehow, in a vague fashion - the worker was being cheated somewhere in the economic system. Whether this is true or not, the fact remains that perhaps the best way to show people that one has nothing up one's sleeve is to allow the audience to inspect the

coat, and even to speak to the tailor if it is so disposed. All the same, while the giving of adequate information is perhaps the most fundamental condition for the successful functioning of an enterprise council, it does not follow that the employer CAN tell all, and account for all. Business is a highly complicated affair, decisions may have to be taken swiftly, and the firm is never the isolated compartment of economic theory, where ceteris are always paribus. We are all, in the Keynesian truism, dependent on each other.

The giving of information can be encouraged by persuasion, from both sides. LO has a research department, SAF issues general accounts of the economic situation for the benefit of its members; and the Economic Research Institute serves an important function in analysing the economic scene. Information can too be prescribed by law.

In the latter field there have been considerable developments in Sweden in recent years, not merely because of the development of enterprise councils, but in part because the party in the economy which has in the past felt itself to be inadequately informed has had the political power to make more information a legal requirement.

According to the new Companies Act of 1940, limited liability companies, state and communal enterprises, and savings banks and insurance companies (the latter whether limited companies or not) must publish annual accounts. The law extends to economic associations from 1953. These various categories account for the greater part of the economy, by employment and turnover.

The law requires that, within the framework of the balance sheet and profit and loss statement, the administrative report should give a commentary on and an account of significant developments during the year. It should in fact put some flesh on the bare bones of the figures. All this is, however, subject to the qualification that it can be done without injury to the company. Since July, 1950, the law has been amended in certain
respects, on the basis of the report of the Insynsutredning 1947 (Sov. 1949: 8), to cover (a) an obligation to state the total income from sales, provided the firm is not damaged by revealing such information, and (b) information on the rateable value and the fire insurance value of property, and the fire insurance value of machinery and stocks and also changes in stocks. It was hoped in this way to make easier a judgment of the size of concealed reserves.

It should be noted that even in firms which are not obliged to publish their accounts the enterprise council is entitled (§5^ to receive certain information.

Though the law has thus been developed in the direction of extensive social accountability for business, the law and accounts can still make rather dull reading unless the employer fulfils the obligation implied in the EC Agreement, to make information as full and yet as simplified as possible. This may well involve a lot of expense and skill and a definite technique. But that the obligation is not onesided follows from the implication that EC members are expected to become aware of the law and accounting concepts involved, so that the information given may be understood and used to good purpose. Both SAF and LO are doing much in this respect to promote guidance both in the giving and receiving of information.

A problem which remains, however, is just how far beyond the legal requirements the employer should go in giving information. In Industria it is argued that the employer should NOT go beyond the legal requirements as regards content of information for (a) fear of competition and (b) fear that the more information given freely the more will the law eventually require. Again it is asked whether the additional information, or the education to understand it, ought to come first. This is the crux of the argument between the articles in Industria just mentioned, and an article 1) 1949, Nos. 7, 8 & 12.
in Tiden, by Henriksson. One can see the employer's viewpoint - if too much information is given it may be misunderstood, and be worse than no information at all, if the other side does not possess the mental equipment to understand it. On the other side, Henriksson argues that misunderstanding can best be dispelled by giving full information. What the answer to this problem is it is difficult to say, although in this case it may well be based on mutual confidence about what the other side will do with the information. It is well to note also that since Plato's Republic we have been building many fine but elusive Utopias on sound education and sweet reasonableness, and that after all is the core of the information problem. It is by no means certain that a thirst for information, like that for Cleopatra, will grow with what it feeds on. However, LO takes the view that the greater dissatisfaction of the workers with the information given in 1951 was because of a growth of understanding about what constituted good information. This can only be intelligent guesswork, however.

A further problem in the matter of information is how far the employer can be sure the information given at the quarterly meetings of the EC may not be used against him in annual wage negotiations. In Tiden, Henriksson suggests that LO is more interested in information and publicity of accounts for purposes of collective bargaining than for the development of enterprise councils. In the Insynsutredningen mentioned, the committee concerned itself more with better publicity of accounts as the basis of negotiations between the parties to collective agreements than with that of information for employees in separate firms.

A further problem of confidence may well arise between the workers and their representatives to the extent that the employer gives information in the council which may not be passed on by the members. The reconciliation

1) 1950, p. 291.
2) 1950, p. 292.
in one person of the dual functions involved in being perhaps both a representative and a trade union official may ultimately be rather difficult.

The counterpart of information is suggestions, and proposals on production, social and safety questions, and on economic matters. This forms another sector of activity of the ECs. Here there has been a steady advance in proposals on production questions while the number of proposals on social matters has fallen from a high level at the start to a fairly low level. Proposals on economic matters have never been very great in number. This outfall of the proposals is perhaps what one would expect, since the workers can be expected in general to be most at home in the production problems and less happy with economic matters. Social questions tend on the other hand to be non-recurring.

The number of production proposals has increased steadily from 5,000 in 1949 to 14,100 in 1953. (These are tentative and minimum figures). From the reports proposal activity is seen to be largely a question of organisation. The firms that have well organised suggestion activity, proposals committees, and which provide help for the workers in formulating ideas, have made the biggest progress. There is increasing emphasis on organising suggestions activity, and the number of suggestions committees set up to deal with proposals has grown quite quickly, from 651 in 1951 to 755 in 1952 and 995 in 1953. Part of the problem of organising effective suggestion activity is psychological, of confidence that a job will not be lost or earnings reduced as a result of a proposal that improves productive efficiency. The reward offered for proposals has not always been generous, or even adequate. In accordance with the strict letter of the agreement the employer has the final decision in assessing the reward to be given to proposals, but SAF has nothing against the ECs being given the power to decide. Attempts to evaluate proposals in a systematic way and in common are now increasing. Even so, it is difficult to arrive at principles that give and are seen to
give justice. Much irritation can be avoided if the basis of assessment is known at least to the EC. But what principles are there?

It might be accepted that proposals which help production and working conditions, and which the employer accepts, should be rewarded. But then the question arises whether production suggestions should be given a higher reward than welfare suggestions. Even if one accepts a rough and ready division of proposals into various categories, what criterion have we for assessing their usefulness to the firm? A production proposal might be assessed on the basis of the contribution it is estimated to make over a given period of time to increasing profit and/or reducing costs, e.g., in the form of saving of material, increasing the length of life of a machine. But profit and costs can alter for many reasons, and it will not always be possible to assess the value of a single proposal in the light of these criteria. The situation is even more complex with suggestions which are accepted because they "increase welfare", improve quality or make production more efficient. An accurate assessment in monetary terms of a proposal which leads to a better working atmosphere, and thus indirectly influences production, may be well nigh impossible on any objective basis. In the last resort the evaluation of all proposals by the employer may be subjective, and based on very vague criteria of the value of the proposal to the firm. This is not to say that there should be no basic rules, e.g., about a minimum reward for any proposal that is accepted. On the other hand, it is not in the spirit of the agreement to fix, as some employers have done, a maximum reward. SAF does not approve of this.

There is a narrow dividing line between some proposals and inventions, especially in production matters. When does an invention fall within the daily sphere of work? There is an attempted answer to this in law, in the Inventions Act of 1950. An invention is defined as something that can be patented, something that develops a new principle. The act tries to
classify inventions in four types, in three of which the inventor is obliged to let the employer know and have the option of the use of an invention. Since 1946 there has also been an agreement between SAF and the union of clerical and technical employees in industry which regulates inventions made by salaried employees. In 1947 an advisory bureau for inventors, run by the state, LO and other interested groups was set up, and it gives advice and information on patents and inventions, and assists in the development of inventions and the drawing up of applications for patents.

The Factory Workers' Federation has tried to obtain a picture of the state of the ECs in its field by assessing them, in the light of their reports to the federation, on a merit rating system. Points are awarded for satisfactory, good, bad levels of information, suggestions and other matters. It is emphasised that this is simply an attempt to form a general picture and to encourage ECs to do better. It would seem, however, that the next step ought to be to give some guidance from the centre as to what is meant by information. On the other hand, the EC is meant to be a local instrument, and it is perfectly logical to argue that information in economic questions must vary from one firm to another, and that to attempt to devise precise criteria is merely to distort the picture for the sake of uniformity. At the same time, if the federation spends much time and money on EC questions and on education, it is perhaps entitled to try to see what is happening at the work place. Eventually it can be expected that as more EC members have courses in enterprise questions there will develop a more uniform attitude to what can be required of an employer and of the Council's activities.

Some people equate the success of a Council with the number of production and other proposals received. But the possibility of such an

1) Företagsnamnderna, May, 1951, p. 5.
assessment being valid is very slight, for the POSSIBILITY of making proposals may vary with size, age, and type of firm. Who is to say that a firm which gets very few proposals has a bad EC? The answer may lie in the fact that management is alive and efficient. No one has yet suggested, but it is just as valid as any other, an assessment of Councils based on the number of suggestions NOT put forward. In the last resort, it is accepted on all sides that proposals can never replace the duty of management and engineers to make the enterprise as efficient as possible.

The problem of further information. The EC has the task of making its work known. Here experience has shown that almost everywhere the contact between the EC and the workers and salaried employees is not good. This is in a sense the real testing ground of the EC, for it may otherwise become an oasis in a desert of indifference. The activity of the EC can be publicised in a number of ways, by magazine, special meeting, personal contact, and at trade union meetings. This last is the most common form of contact, largely because the ECs are tied to the unions, and the workers' representatives report back to union meetings. Here of course one touches on the dilemma of democratic unionism and of political democracy at large, and the fact that it is not easy to get workers interested in union matters. LO takes a long term view of this matter, and quotes a figure of 5% for those really interested in ECs as being encouraging. Many firms try a variety of methods of stimulating interest in the EC and contact between it and the workers, e.g., a free dinner at discussion meetings, public sessions of the EC, leaflets, reports given in pay packets or sent to each individual worker, factory concerts. Although this problem of interesting the staff in the activity of the EC is a fundamental one it cannot be said that the EC is a failure if, as is the case, proposals continue to be made to it and the EC has no difficulty in finding an agenda. To date there is little evidence that the ECs will die out when the urgent social questions of workshop
relations have been solved. Certainly, it will not always be possible to count on welfare proposals in abundance when every canteen is a model restaurant, and it is very important that the EC should feel that it does have something worth while to discuss. The trend, as the figures show, is always from social to production questions, and the ECs seem to have plenty of problems to discuss of a technical nature, just because the agreement is orientated to promoting productive efficiency.

Some comments from various other spheres in which ECs have operated may help to illustrate some of the points under discussion. Swedish Railways are faced with many structural staff difficulties, since the enterprise covers the whole country but, after initial difficulty, contact between ECs and workers has been improved by the appointment of contact men to go round the sections and discuss local problems. From the beginning the railway staff has been very satisfied with information given from the centre, and even more satisfied with information on economic than production questions, the reason being the public nature of the undertaking. The number of suggestions rewarded on the railways is still not high (in part because one good proposal approved becomes the property of the whole system), but has shown a steady increase, as the following figures show:

<table>
<thead>
<tr>
<th>Year</th>
<th>Central</th>
<th></th>
<th>Local</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Crowns</td>
<td>No.</td>
<td>Crowns</td>
<td>No.</td>
</tr>
<tr>
<td>1949</td>
<td>24</td>
<td>3,950</td>
<td>-</td>
<td>-</td>
<td>24</td>
</tr>
<tr>
<td>1950</td>
<td>23</td>
<td>2,450</td>
<td>21</td>
<td>1,050</td>
<td>44</td>
</tr>
<tr>
<td>1951</td>
<td>49</td>
<td>8,150</td>
<td>25</td>
<td>1,000</td>
<td>74</td>
</tr>
<tr>
<td>1952</td>
<td>67</td>
<td>9,775</td>
<td>96</td>
<td>6,645</td>
<td>162</td>
</tr>
<tr>
<td>1953</td>
<td>122</td>
<td>16,750</td>
<td>111</td>
<td>7,895</td>
<td>233</td>
</tr>
</tbody>
</table>

The average reward was about 100 crowns. A point that arose in 1953 with the rapid increase in the number of proposals was that it was taking a long time to examine suggestions. One reason is that the railways' EC agreement prescribes very clearly and in great detail what is to happen to
proposals, and that all generally useful proposals must go through the central EC. The structure of the nation-wide organisation is thus the main explanation. ¹)

In the telephone and telegraph federation's sphere of activity there were numerous suggestions in 1952, but few rewards, and some alarm was created through a proposal leading to revision of piece-rates and a cut in earnings. Not many suggestions occur in the postal workers' sphere, because of the non-technical nature of the work. In the local authority sphere the type of accountability to the local authority makes information satisfactory, but in small districts there has been a lack of real interest in the ECs.

From state and local authority activity in general the impression emerges that information is good, because of the publicity given to activity, but this is frequently offset by slowness in dealing with proposals.

The co-operative movement has not been outstandingly successful in its EC activity, perhaps because it was expected that consumers' co-operation would be fertile soil for ECs. In the debate on industrial democracy after the second world war Anders Örne stressed²) that it was consumers' democracy (à la Gide) that was important for keeping society on an even keel, and objected strongly to the idea of those engaged in production acquiring a privileged position in the management of the firm such that they could obtain the fruits of technical and organisational progress for themselves, instead of passing them on to the consumer. The right of co-decision in ECs would lead to narrow group interests at the expense of the consumers. He evidently feared a resurgent gild system. Fride1 took the view³) on the other hand, that consumers' co-operative workplaces should try giving the right of co-decision in such a way that harmony between consumer and

¹) See signalen, No. 9, 1952, and No. 17, 1953.
²) Örne, Anders: Ekonomisk demokrati.
³) Fridell, Folke: Kooperationen och den industriella demokrati.
producer interests ensued. This was very vague. In the end, the consumer co-operative movement EGs were set up in the light of the SAF-LO agreement and have not been a whit better simply through being in the consumers' co-operative movement.

By any criterion eight years is a short time in which to judge the success of a movement. But we can conclude that, in so far as its aim is to increase production and welfare, and to create a better atmosphere at the place of work, the enterprise council idea has progressed very well, even allowing for the difficulty of finding a precise measuring rod for its success.

When one asks employers in what way they have found the EG useful, the most frequent answer given is that it has, in essence, led to a better atmosphere at the place of work. This is admittedly vague, but the employer who has his finger on the pulse of his firm may be able to recognise increased care of tools and raw materials, and greater interest in production, as in part at least the fruits of better understanding and a feeling of greater security on the part of the workers.

Some problems remain. It is sometimes pointed out that EGs have come to the fore on the flood tide of full employment, and that this has helped their development, as a few years of high level employment will tend to wipe away many of the harsh memories of days of insecurity. But at the same time, if the excessive mobility of labour associated with over-full employment leads to excessive changes of personnel, it may be difficult to develop the co-operative spirit which all sides stress as important. On the other hand, one can argue that to the extent that EGs are successful in arousing the interest of employees they may help to decrease excessive labour mobility. Full employment, and security of employment, have in fact outdated many of the old arguments advanced in the industrial democracy controversy. It used
to be argued from the employers' side that the Golden Rule of Capital was that he who took the capital risks must have freedom to decide. The workers' reply was to state that this was to overlook that the worker ran the risk of insecurity and unemployment. Now that this argument, in Sweden at least, is temporarily invalid, one wonders in which scale the balance of risk weighs more heavily.

Another question relates to education. Great stress is being laid in Sweden on educating all sides to understand better the views of others. This in itself is commendable. But in particular great stress is being laid on the study by the workers of complex accounting and costing techniques in order that they may better understand the information presented to them by the employer. This is highly desirable, but although only a minority, the interested elite, may be touched by this development, it should nevertheless be clearly realised that this development involves not merely a willingness to co-operate and learn, but a level of education which it is perhaps not justifiable to expect from a worker who has perhaps neither the mind nor inclination for such pursuits. As has been stressed before, we run the risk of emphasising too much education, just because we have become aware of our abysmal ignorance in matters economic, and of arriving at the paradoxical conclusion that we achieve higher living standards and shorter working days so that the workers may devote their evenings to the study of economic problems. This may have been very well in the Greek City State, but is it valid for the frail man of passions who sits outside the gates of the Garden of Eden?

But to assume that ECs might stop at the stage of solving certain workplace problems is perhaps to oversimplify their significance. It has never been made clear from the labour side what the next step is to be in the movement which the Post-War Programme heralded, and in which the idea of the

1) See D.H. Robertson: The control of Industry, p. 89.
EC movement was somewhere allotted a place. Some suggest that the next move is to set up district councils. In Tiden, 1) Wigforss is quoted as saying that social democracy aims to break the privilege or monopoly enjoyed by the few in rights of ownership. Since large scale enterprises cannot be broken up into small enterprises, social democracy seeks to advance along the road of common ownership rights when it tries to bridge the gap between the employees and the owners of capital. 2)

The idea is developed by Wigforss in a recent book. 3) While agreeing that there must be those who give and take orders, he argues that the essential democratic point is that all affected by the decision have had the right to help in deciding the rules in accordance with which the authority is to be exercised, and have the right to call to account those put in charge (p. 2) ... the society of socialism is one in which certain human values are satisfied in a better and more complete way than in the bourgeois or capitalist society. But how such a society will look we cannot sketch in advance or once for all. We set out from current abuses and seek to remove them (p. 10) ... the development toward increased influence for the employees, in which the ECs constitute the first step, is assumed to have led to the firm becoming a form for democratic co-operation between all those taking part in the work. (p. 12). It would seem from this (and the official programme of the social democratic labour party supports this view) that one of the major political

1) Tiden, 1948, p. 325.
2) In July, 1952, a committee of enquiry was set up by the minister of finance to enquire into the forms of activity for state undertakings, and also to look into the prospects for industrial and economic democracy in this sphere. This followed on a discussion of these problems at the conference of the social democratic party in 1952, where a report on the subject was presented and discussed. See Demokratia inom statsförvaltningen samt de samhälleliga företagsformerna.
parties does not have much faith in the form of economic life that is based on the individual entrepreneur, and one must then ask whether one is entitled to expect full co-operation from an employer if he is not quite sure what role enterprise councils may play in the grand political strategy of the next generation, if ECs may be part of a movement of permeation, leading eventually to a society in which "labour employs capital." At the same time the social democratic party is in practice extremely empirical in its approach to these problems, and does not take a doctrinaire line at all.

Assuming it has a long term goal similar to this, the trade union leaders do not make it explicit, and are indeed rather impatient towards much of the woolly thinking and general arguments about "rights of co-decision." Two motions (nos. 64 and 65) in the 1951 LO congress wanted the ECs to have this right "in certain questions", but the secretariat view was that constructive co-operation was a long term goal, a vast educational problem had to be solved, and it was best to move slowly and get to know the 1946 agreement carefully, even though it was not necessarily the final word on these matters. As a long term aim it can no doubt be argued that it will be easier to get the right of co-decision in the long run if the right of consultation has been thoroughly recognised and developed.

The full employment report of 1951 discussed workers' influence in general but non-committal terms, and the demands made for rights of co-decision at present are usually put forward by individual federations and branches in the form of claims to the right to decide on holidays, promotion

1) Secretariat statement No. 9. See also an article by Flyboo (The head of LO's enterprise councils department) in Företagsnämnderna No. 9, February, 1951.

2) A similar view is expressed in a leader in Morgontidningen, 2/4/1957.

3) Fackföreningarörelsen och den fulla sysselsättningen, pp. 70-75.
and, in some cases, dismissal. As was noted in chapter V, some of LO's federations include the right of co-decision as a goal in their byelaws. Modifications in the direction of some powers of decision for the EG may come in the near future, but at present it is the view of LO that the right of co-decision in matters of any economic consequence would involve joint responsibility for the decisions taken. Nor would it necessarily be wise to acquire such rights via the EGs, for responsibility within the trade union movement might then become divided. A devastating attack on loose thinking about rights of co-decision was made recently by Ramstén, one of LO's officials responsible for EG activity. He takes the view that the tasks of the EG and ideas about right of co-decision should be kept quite distinct.

The employers are on the whole now favourably disposed towards EGs, in spite of some views that the EG is a glorious piece of window dressing and a huge bluff. The view of the managing director of JAF is that an important and valuable aid in the efforts to achieve understanding and industrial peace would be lost if the EG movement were to die out. At the same time, it is felt that it would not be possible to give workers the right of co-decision in certain questions while enterprises are constructed in their present way, the reason given being NOT management prerogatives but the fact that such powers would probably split the trade union movement.

In practice there seem two good reasons why employers should co-operate in the EGs. Many believe that there can be a division between the political and economic aspects of labour relations and that, used aright, the EG can


2) This view was put by the advertising agent (perhaps that is significant) of a large firm, but he changed his view when the point was put to him that LO did not think it was bluff.

contribute much towards removing frictions and promoting production in the workplace. Even more important in practice is the fact that the problems of today are too pressing to make it worth while worrying too much about the day after tomorrow. Probably no employer worth his salt has investment horizons that stretch over as long a period as fifteen years. Much has happened in the past. Twenty years ago, inflation would have seemed laughable. Since also the trade union movement has been prepared to accept changes arrived at by agreement instead of by law and is empirical in its attitude the chances of employers retaining their powers of ultimate decision are in the short run very good indeed.

One point worth making, on the basis of the evidence that, with the exception that information is usually better in the public enterprise than the private sector of the economy, the progress of ECs in state and private enterprise has not differed greatly, is that the problem of adjustment of man to man would arise in any kind of society where men have to co-operate to earn the means of existence. Where the state takes over it then identifies itself with the enterprise. In the present society, although the ECs may not be the perfect means of adjustment, some forum is necessary for meeting and discussing questions of mutual interest, a central forum which the wage negotiating machinery cannot provide. The EC agreement is flexible enough to allow for the local forum to adapt itself to peculiar circumstances. But the problem of adjustment in a society which people agree to be a desirable one is a different one entirely from that which arises when the forum may be a battleground for the type of society desired. It is here that there may eventually be a long-term problem in the Swedish EC idea, but only if the labour movement abandons its empirical approach. Since it is empirical, and since L0 is setting a good example to those lower down the scale by co-operating in a positive spirit in solving problems of industry, the danger does not seem very great at present.
Whatever the structure of the economy there will be problems of adaptation and adjustment, of planning and organisation, production and distribution. Despite the comfortable assertion of Mill that production laws were physical, and distribution was a phenomenon which could be controlled by human action, it is long since agreed that we cannot in the long run put economics into such nicely labelled compartments. Although an Enterprise Council is by intention not an instrument in the struggle for the distribution of production fruits, is it possible in any society to make people take different attitudes in production and distribution questions, however well the state, by its economic policy, may guarantee that distribution will be fair and equitable? To make the issue concrete, it is stressed that in the Enterprise Councils the members are MEMBERS, not employers, foremen and workers, sitting round a very round table. But is it always possible to be a "very perfect gentle knight" when one is, according to the wording of the Agreement, a REPRESENTATIVE of a group, and therefore, somehow, responsible to that group, and obliged to advance the views and aims of that group? That a worker representative is so obliged follows from the fact that the group by voting can change its representatives. In Sweden the answer seems to be that this is proving possible to a surprisingly high degree, and the explanation must lie in the strength and coherence of organisation of the labour market organisations, and of the trade union movement in particular. Historically, the development of joint consultation in Sweden has come about in the most practicably acceptable way, AFTER the employment relationship had come to be settled by a complex system of collective agreements and through strong organisations. Although much remains to be done to make ECs efficient in their present form, the success they have so far had is because of the positive attitude of the trade unions, which springs from strength. Very mature organisation is perhaps necessary if the trade union are to be
expected to be responsible and feel - and know - that they are not being cheated. That they have such strength and knowledge will emerge from the analysis, in the next part, of the collective agreements system and wages policy objectives.

1) This is felt to be a fundamental point by Sir George Schuster in his lecture "Self-Government in Industry", in The Worker in Industry, certen- are lectures, Ministry of Labour and National Service, 1952.
Part Five

Collective Bargaining and Wages Policy
CHAPTER XIX.

EMPLOYMENT AGREEMENTS.

In this part an analysis will be made of the various forms of employment that are used to govern the relationships between employers and employees, of the negotiation procedures by which these agreements are arrived at and interpreted, and finally of the wages policy which underlies the negotiations and the content of the agreements arrived. In this chapter the various forms of employment agreement are considered.

Broadly, three main groups can be distinguished, a) collective agreements for manual workers, b) collective agreements for salaried employees, which tend to differ from the first group by NOT including salary tariffs in the written agreements, and c) employment in state and municipal service which is frequently regulated by salary plans.

The system of collective agreements which constitutes the focus of industrial relations in Sweden has grown rapidly throughout the twentieth century. The growth in the number of collective agreements has been quite steady since 1908, apart from a slight decline in the five year

1) Seamen and domestic servants are the only groups whose terms of employment are regulated by law.
period following on the big strike of 1909, and the number of employers and workers covered by them has also increased steadily. In 1908, 1,971 agreements were in force which affected directly 11,241 employers and 256,000 workers, while by 1938 11,592 agreements were in force for 48,563 employers and 1,015,500 workers. By 1950 there were over 20,000 agreements in force and about 80,000 employers and 1,250,000 workers were directly covered by them.

The collective agreement has grown out of the attempts by workers to overcome the inferior position they occupied when they negotiated alone with employers. The individual type of employment agreement (arbetsavta) as an agreement between on the one hand an employer, whether a physical or legal person, a company, local authority, or the state itself, and on the other hand an individual worker, is certainly a very old arrangement, and long predates an industrial economy. By it the worker undertakes to carry out certain work while the employer undertakes to pay him a certain remuneration for it. Most labour contracts of this kind were and are oral, but they can be written. But the growth of the trade union movement has produced as one of its most concrete results the agreement between employers and an organised group of workers who act collectively
in agreeing on terms of employment with the employer(s).
The collective agreement as a product of unionism is clearly
envisaged if one recalls the definition given by the Webbs
of what a trade union was, a continuous association of
wage-earners for the purpose of maintaining and improving
the conditions of their working lives.

The collective agreement always involves an
association of some kind among workers, although it can
be concluded by one employer. Much of the practice
and the principles that had already been established
in Sweden were endorsed by the collective agreements
act of 1928 which provided that, in order to come
under the provisions of the act, collective agreements
must be drawn up in writing and be concluded from
the workers' side by an organisation. Such agreements
bind both associations and their members who are party
to them, and individual employment agreements may
not deviate from a collective agreement covering the
relevant sphere of work in greater degree than the
collective agreement itself allows. Obviously, the
employer cannot pay less, but it may be possible for him
to pay more. In short, the aim to overcome individual
weakness of bargaining power has led to the regulation
in a collective way of the employment relationship,
and to the creation of a system of agreements among
groups about the conditions of employment that are to
be observed in a trade, industry or firm and for an agreed period of time. The collective agreement is a much more impersonal document than a written individual labour contract, in that it does not prescribe for the carrying out of specific tasks on certain conditions, but only certain kinds of work. Nor does it set out the payment to be made to any particular worker. But it has become the basis on which the individual worker is employed, the framework within which his individual position is regulated in relation to wages and working conditions. The collective agreement regulates the labour contract to the extent that it provides criteria, norms, a certain framework, a minimum (but sometimes normal) set of conditions for the individual labour contract. Most collective agreements that do specify the form in which the individual work contract is to be drawn up provide that it is to be in accordance with the collective agreement in force at that particular time between organisations of employers and workers within the trade or industry, although in fact individual employment agreements are often rather informal, and frequently oral, and simply provide that the collective agreement shall govern the relationship between the employer and worker. Unless it says so specifically, a collective agreement applies not only to members of the unions or federations
that conclude the agreement but also to unorganised workers for the work regulated by the agreement.

But in the act of 1928 the presumption is that the workers are organised in some way, that somehow by means of a system of representation or of group responsibility they are able to arrive at agreements for that group.

The development of the collective agreements system has proceeded, like that of trade unionism itself, from the individual to the collective, first at the workplace, then in the locality and finally in district and national agreements. Because of the lack of employers' organisations there were few local agreements before the turn of the century, and only one national agreement had been concluded, in the tobacco industry, after a nationwide lockout. Otherwise employers' and sometimes workers' organisations were too undeveloped to justify one's saying that there was a system of collective agreements. Those that existed were frequently confined simply to setting out provisions for hourly wages and hours of work. But

1) Lindbom, Op.Cit. Pp. 291-2. Some doubts have now been raised as to whether this was in fact a collective agreement. See Aldercreutz, Axel, Kollektivavtalet Lund, 1954.
rapid progress was made after the conclusion of the national agreement in the engineering industry in 1905.

After a lockout in engineering in 1903 discussions took place on the desirability of solving disputes peaceably by negotiation, mediation, or arbitration, and the question of minimum wage principles was also taken up later for consideration. Agreement could not be reached on accepting a negotiation procedure and minimum wage provisions, and it eventually became a matter of prestige for SVF not to negotiate on the MATERIAL provisions of an agreement until the negotiation procedure had been settled. LO supported demands for collective agreements from the workers’ side and, after point strikes had been begun in the spring of 1905 and a lockout had been begun by SVF which lasted 135 days and affected 12,000 men on the average, a conciliation committee succeeded in obtaining an agreement between the parties. This agreement had several features which were of importance for later collective agreements and their content. SVF and the trade union federations agreed that the right of

1) The stumbling block was the question of minimum wages for skilled workers based on competence, which raised problems of apprenticeship.

association was to be inviolate on both sides. A minimum hourly wage, based on age but also on skill and experience was agreed upon. Principles were also agreed for apprentice training, piecework, hours of work, and overtime. Thus the principle was recognised that a worker would be guaranteed a certain wage by collective agreement and not by any personal agreement with his boss. Another important principle was that SVF applied the agreement equally to all workers, whether organised or not. This caused a lot of trouble with craft groups, but SVF took the view that it was greater competence and skill, NOT the material worked on, that should justify better payment. A settled negotiation procedure was agreed upon, providing for factory, local and federation levels of discussion, a permanent SVF-trade union federation committee, and a board of arbitration for settling justiciable disputes.

In 1904 SAF had raised the question of applying uniform principles when entering into collective agreements and beginning work stoppages, and in 1905 the famous circular was sent out to the partners on the subject of collective agreements and employers'

1) Styrman, Georg, Verkstadsförening, pp. 150-1.
sovereignty. At the time it was estimated that 46 collective agreements existed for 107 partners (46%) in SAF, but there was some resentment still among employers that SAF should even appear to be recognising the collective agreement implicitly by asking for views on it. The initiative in demanding collective agreements had initially come from the workers' side, and was reflected for instance in the struggle for the right of association and for recognition of the right to negotiate collectively on conditions of employment. The employers had at first opposed the material consequences of conceding collective bargaining rights, both for fear of the wage increases and on the somewhat philosophical grounds that the employer should rule the roost. But in September, 1905, at an extra general meeting of SAF, a change in the byelaws was accepted which has since been of great significance for the content of collective agreements, namely that if a partner or a trade federation in SAF wishes to enter into a collective agreement with a trade union or federation or other association of workers, the proposals are to be submitted to the board of SAF, and no such agreement may be entered into without the approval of the board.

1) SAF report for 1905, p. 3.
This provision was confirmed at the meeting of SAF in April, 1906, and thereafter SAF came to have an important influence on wages policy as well as conducting a mutual insurance agency for the partners. It is not without significance for the gospel of employers' sovereignty, however, that when SAF sanctioned but also controlled collective agreements, it was at the same time providing for the right of the employer to lead and allot the work, to engage and dismiss workers, all of which were so succinctly summarised in Paragraph 23. For through negotiating and entering into collective agreements the right of the employer is no longer absolute, it becomes qualified.

While the trade unions had argued that collective agreements provided stability of costs and calculation of wages costs over a period (initially the SVF national agreement ran for a period of five years), and also served as an insurance policy for the workers in bad times, SAF soon saw that for it too the collective agreement brought material advantages. It guaranteed labour peace for a certain time and it provided against disloyal competition from other employers as the coverage of collective agreements became more extensive. Those two arguments were not always reconciliable, however, and so SAF tried to use labour peace as a lever to extend the scope of collective agreements.
Initially, it can be said that collective agreements bring the advantage of stability and peace to society as well as the labour market parties. At first the view taken by both sides was that there should be an absolute obligation to keep the peace during the period of validity of a collective agreement. The workers held longer to this view than did the employers, for SAP soon became interested in having uniformity of principle in collective agreements in its sphere of activity, preferably through national agreements. The inclusion of the principles of paragraph 23 was rigidly enforced and in 1907, during the course of negotiations on the drawing up of collective agreements SAP demanded that it and its partner members should have the right to resort to sympathetic lockouts during the period of validity of an agreement. LO opposed this, but was obliged to concede this infringement of the absolute inviolability of the collective agreement as a peace treaty. At the same time, as the decision in the representative council of LO shows, SAF was prepared to concede the same right of sympathetic action to the other side.

What is so significant about this is the rapid

---

1) See the December, 1907, meeting of the representative council of LO. The council considered it would be most unwise for the trade unions not to recognise this right when the employers were already invoking it in practice. If they did not recognise it the position of the two sides would become too unequal. The sympathetic action conceded did not however include action designed to have changes introduced from either side into existing agreements. See LO report for period April 1908, p. 23 et seq. Both SVP and the steel mills federation had sympathetic action clauses introduced into their new agreements, of 1909 and 1908 respectively.
development that took place in the employers' views-from opposition to collective agreements to the insistence that collective agreements should be as nationwide as possible. Again the point emerges that the employers were able, when they saw something was in their interests, to take coordinated and disciplined action to force through their point of view. The trade union movement on the other hand, much less coordinated in organisation and in views, found itself in the position of making concessions not because it wanted to do so, but because it would have been even more disadvantageous not to have conceded the lesser evil. But this aroused opposition.

At LO congress of 1912 motion number 38 asked that the trade union movement should resist and oppose national agreements. The secretariat 1) commented that it was correct that it was the employers who had first demanded such national agreements. But it was by no means certain that this form of agreement should be judged as the submitters of the motion had judged it. It might also be asked whether it was not in many respects more

1) LO congress report, 1912, Statement No. 24.
advantageous for the workers and their organisations to have a regulation of agreements for all the workers in a particular trade or industry at one time than to take up time year after year with regulation of agreements for small groups, with all the negotiations and open conflicts to which they gave rise. Certainly, when economic conditions were bad a national agreement might appear disadvantageous, but when economic conditions were good more people benefitted through national agreements. Congress suggested the secretariat, should say that it could not find that there was such far reaching and strong opposition to these national agreements among the organised workers as to justify a binding decision as to their cessation, with all the conflicts that would follow.

Lindquist (LO's chairman) pointed out that there could be differences of opinion as to the details of the national agreement, such as that in mechanical engineering, but this ought not to lead to the rejection of the PRINCIPLE of national agreements. Whether it was advisable to enter into national agreements or not was an issue that should be examined in every individual case, and the secretariat proposed that the
organisations should take note of, when considering whether national agreements would be harmful. Some of the opposition to national agreements was expressed by J.E. Blankvist, who thought they were a disadvantage in the upswing of a cycle but advantageous in the downswing, but congress approved the secretariat statement by 95 votes to 36.

Other questions relating to collective agreements were discussed at early LO congresses. For example, in 1909 motion no. 123 from the board of the hat workers' federation asked congress to consider whether the time was not now ripe for LO to work for all agreements expiring at the same time and for all new agreements being concluded in relation to one another. The secretariat commented that this idea was rather strange on the workers' side. On the employers' side, however, there had long been a strong tendency to get a) agreements covering whole industries, b) to have the period of agreement made as long as possible and c) to have the time of expiry of the agreements coincide as far as possible for all agreements. The secretariat

1) In essence this is the argument that wages lag behind.
   Cf. with the idea advanced nowadays by e.g. Lundberg, that wages take the lift while prices walk up the stairs in a good business cycle.

2) This was a policy advocated by the Minister of Justice when he presented proposals for legislation on collective agreements. See chapter XII.
continued by saying that a common point in time for the expiry of all agreements seemed to be an arrangement that would suit the employers' views and aims, which were always directed towards getting as many workers as possible drawn into a conflict so that the workers' side could not respond by giving the necessary support to the workers drawn into the conflict. For this reason, and since a common date for expiry did not exist, the employers had forced through in 1907 the right to resort to sympathetic lockouts during the period of validity, a right that had also been frequently used. It could be argued that this right of lockout would enable the employers to reach the same goal by always having gigantic lockouts, but the secretariat considered there were probably difficulties connected with this that would perhaps force the employers to change this tactic. The secretariat suggested therefore that congress should take no action on such an arrangement for a common date of expiry for agreements, since this would only serve the objects of the other side (motstandare). Congress agreed.

This problem of a common date of expiry of collective agreements is a relevant one in the modern framework of negotiations, but it still presents problems, as will be discussed in the next two chapters. In fact most of the problems of the formative years still persist, because in many ways the collective agreements system must comprise a
variety of types of agreement. In the course of its development the collective agreement has reflected institutional factors. Immediately differences in type of employer and of employment present themselves, and this has an effect on the type of agreement.

On the employer side, for example, we can at once distinguish not merely the private individual working for his own individual profit, or the company working to a like end, but also the state, providing services and sometimes running industries in competition with private enterprise, local authorities doing likewise, and the cooperative movement pursuing its policy along different lines from those of private industry. Institutional factors, the legal framework, all leave their mark on the agreement with workers that these different categories of employer are not simply willing to draw up but are in a position to draw up. By law, for example, a local authority cannot be required to defer its power of arriving at agreements to a central body. The state, providing essential services, is in some cases interested in a form of agreement which provides that there will be no stopping of work under any circumstances. In the private sector of the economy, there is a desire common to employers and workers in the printing industry that the production of newspapers must not be interrupted
by disputes, so there we find a "peace treaty" which forms the basis on which the annual collective agreements are founded. Again, we find that the state must be a model employer, it must provide social benefits to its workers on a model scale. This influences the form and content of its agreements. It is in private industry, however, that the greatest variety exists, not so much in form as in content of the agreement. The source of variation is of course structural in part, rooted in the place of the industry in the economy - such as the building trades, and in part in the strength of the organisations on each side. Sweden's forest resources form an important structural feature of the economy. But in this case, until the interwar period, its structural significance was offset, at least as far as good working conditions were concerned, by the weakness of trade union organisation in that industry (part of which was of course explained by the structure of the industry, and its geographical distribution over the wide expanses of Norrland). A similar problem presents itself in agriculture, where state policy has now brought the agricultural worker and his employer into the forefront of social betterment schemes.

Likewise, from the side of the worker there are varieties in the type of collective agreement, conditioned of course by the nature of the work performed, whether
it is office work, manual work, work which is essential, work which can be measured in such a way as to make it suitable for piece-rate payments, work which, of such a kind, to make the worker dependent in a personal way on the employer, either as a trusted official or as a foreman. These different functions and requirements have all had their effects on the structure of agreements.

Since these formative years the collective agreement has grown more complex in content, and national in scope. By 1908 some sort of obligatory negotiation procedure up to federation level before direct action might be taken on rights or interest disputes was becoming common, while some agreements provided for reference of disputes to arbitration, and detailed negotiation procedure for interest disputes. The increasing number of national agreements has not entirely removed local initiative in negotiating terms of employment for, besides the general principles such as §23, national agreements frequently set out the general provisions and minimum conditions of work, e.g., on wages, overtime, hours, sickness pay and holidays, while local discussion is left to settle the application of the agreement to the particular firm.

In 1907 the number of national agreements was only 9, but in 1952 263 such agreements were in force for the LO sector and they covered 61% of the members affected by collective agreements. Local agreements coming under
national agreements have increased in number, but cover only between 5-10% of members, while independent local agreements cover between 25-30% of total members and about 75% of the total number of agreements. District agreements have declined in importance and are now insignificant. National agreements are few in relation to the total number of agreements but occupy a dominant position in worker coverage.

The scope of agreements is frequently expressed in general terms, as applying to certain kinds of work and factory, but some set out the firms to which they are to apply. Normally, as was noted in chapter XIII, the provisions of collective agreements apply to unorganised as well as organised workers, but some agreements make this explicit.

Although the collective agreement has become much more complex since the days of the first national agreement in the machine industry in 1905, the detailed peace treaties drawn up still endeavour to grapple with the same problems of wages, general conditions of employment, and procedures in the event of disputes. The contents reflect in many cases developments in law, e.g., in relation to accident insurance, hours of work and holiday provisions, as well as the collective agreements act, and also agreements such as the Basic Agreement and its procedures for negotiation and engaging and dismissing personnel. Agreements between
LO and SAF on work study, apprentice training and workers' protection also find reflection in collective agreements.

It is not possible to separate general from wages provisions entirely. Procedures for the settlement of disputes, for engaging and dismissals of personnel, prohibition of direct action, the rights of the employer (paragraph 23) and the guarantee of the right of association on both sides are of course further removed from the more immediate impact of material benefit than are the other general provisions that deal with hours of work, their allocation, shift and overtime work, holiday with pay, apprentice provisions, sickness pay, provision of tools, work at another place, protective clothing, extra pay for dirty work, and other social benefits. There is ample scope for local level discussion about allocation of hours of work, period of holidays, and settlement of piece and other rates. A certain floor is fixed to some of the social benefits, not by minimum wage legislation, but by the minimum requirements of the new holidays act, three weeks holidays with pay, and by the provisions of the new social insurance scheme. But above that minimum level the collective agreement in its development has allowed of considerable variety not only of wages payments but of other benefits, such as sickness and family benefits, and pension funds.
Even as early as 1931 von Sydow was advising employers to get rid of sickness benefit from collective agreements, because they caused so many difficulties and conflicts. It was better for the employers, he thought, to pay into sickness benefit funds (voluntary social insurance supported by state contributions). However, the trend has continued in the direction of greater social benefits in agreements.

Between the state agreements board and the cartel of state employees there is a main agreement for the communication departments, under which come the special agreements for various spheres of activity, such as railways, telegraph and postal services. A similar main agreement exists between the agreements delegation for the defence industries and the federation of civilian defence workers.

Again, these main agreements provide a framework for the special agreements that come under them. There are general provisions on negotiation procedure, right of association, and also hours of work, shiftwork, overtime work, methods of calculating additional payments, holidays, and a series of sections on social benefits of various kinds which form a prominent part of the terms of agreements in state employment. These social benefits cover accidents, illness, pregnancy, childbirth, military service, pensions, holidays. One interesting point in these main agreements for communications and defence

1) Den S AF, dess... etc., p.22.
industries that came into force in 1952 and 1953 respectively was that the provisions of the agreements on sickness benefits and medical and hospital treatment were to continue in force until the state decreed that general health insurance was to come into force, in whole or in part. As soon as decisions on this were made known negotiations were to be taken up between the state agreements board and the cartel or federation respectively as to possible sickness benefits after that time. Similar provisions were made for the possibility of the law on maternity insurance coming into force during the period of validity of these main agreements.

The special agreements coming under these main agreements specify in detail the conditions of employment for the particular branch affected. For example, the agreement for railway shopmen contains provisions that come under the main agreement and also provisions peculiar to the special category covered. The workers are divided into three groups according to skill. Specification is made as to WHO can engage and dismiss workers (the main agreement provides the general procedure) and the specific percentage additional payments that are to be made for shift work and overtime. (The main agreements for defence industry and for the federation of towns do say how much this percentage involved). Whereas the
main agreements say that a minimum wage shall be paid, the special agreements set out how much it is in öre per hour for the three groups and, within each group, for each cost of living group. The main agreement for defence industries provides that the general provisions are to apply for all special agreements in so far as exceptions are not made for special circumstances, such as the nature of the work in a particular place. Further flexibility is provided through the clause which allows supplementary provisions to be introduced into the special agreements on matters that are not regulated in the general provisions. The federation of towns specifies that the special provisions in the agreement for industrial, traffic and other manual work coming under the local authorities may not depart from the provisions of the central agreement unless that central agreement makes express provision for such modifications.
Methods of wage payment.

Although general provisions and other social benefits are important in collective agreements, the wages clauses are still fundamental. In methods of wage payments the main distinction to be drawn is that between time wages and piecework wages, although the gulf between them is bridged to a very great extent by the fact that piecework rates are meant to preserve a certain relationship to time payment, while time payment is frequently compensated by additional payment where the work cannot be carried out as piecework and paid by the results achieved.

Pervading the whole wages system in Sweden is a positive attitude to and desire from all sides for piecework. Almost all agreements provide that piecework is to be used wherever possible. In the 1880s and 1890s the trade union movement was on the whole opposed to piecework, but it had to fight a campaign on two fronts, against employers who were interested in the system, and workers who opposed hourly wages, since piecework payment gave greater individual freedom. When they had become strong enough to put forward and force through agreement
proposals the trade unions accepted the piecework system. Thus the wages system prevailing today is a combination of collectivist ideas about minimum wages for all, and of freedom for the individual to earn a limited amount more if he can.

The time wage is the form of wage that is based on a definite amount of money per unit of time, per hour, week, month. Two main principles govern this type of payment, either minimum rates or normal (standard) rates. Minimum rates can be the basic minimum time rates set out in the agreement for different grades of skill, less than which no one must receive, but usually these are supplemented by provisions for individual minimum hourly wages consisting of the minimum wage plus an additional amount for the individual worker based on his skill, experience and competence. Minimum rates for female workers are usually fixed somewhat lower than for men, as are their piecework and piecework compensation rates.

These various types of crude merit rating help to give weight to the craft ideas in a labour market which is oriented towards industrial unionism, and they help to attach weight to the reward to be gained through individual skill, the actual wage being agreed between the individual worker and his employer.

1) Lindbom, op. cit., chapter 7, "Fackforeningarörelsens avtalspolitik".
steel mills agreement provides for instance that, in addition to the minimum wage, competent workers who have worked for a number of years in the trade are to have higher wages than the minimum, although there is a qualification (§ 1, clause 6) in that exceptions to this minimum wage can be made for workers whose capacity for work has been reduced on account of illness, disability, or old age. The workers concerned in the agreement are divided into various groups, according to sex, age and type of work, whether skilled or less skilled. Skilled workers are defined in the machine industry as those who have completed an apprenticeship or other training over a period of three years. Within each group differences of wages occur because of cost of living groups.

The exact size of the minimum wage set as a floor varies with the prevalence of piecework. In breweries, where there is little piecework, a relatively high minimum weekly wage is now fixed. The basic minimum wage is a lower one in the engineering and metals trades where there is a lot of piecework, and additions may be given as percentages or as "at least X öre". The exact amount is a matter for individual negotiation. The agreement for compositors provides for minimum weekly wages. In order to enjoy the wages and other benefits set out in the agreements
skilled workers must have certain qualifications, and these are set out in great detail through the definition of terms. For certain types of machine it is provided that a certain number of workers with particular qualifications are required, but there is no "making jobs for the boys", since it is provided that the requirements need not be fulfilled if for example a press is used only occasionally, or if it is not used more than three days or nights per week. Both newspaper agreements provide for higher wages than the minimum weekly wages for both male and female workers who possess higher skills, and who have been in the trade for more than eight years. The individual wage in such cases is to exceed the weekly minimum by at least 5%, the exact amount of extra payment being a matter for discussion at the local level between the INDIVIDUAL and the employer. For a worker to be moved up the wages scale it is necessary for him to be efficient and to have occupied his existing position on the scale for the period set out in the agreement.

Another form of minimum wage is a place time wage, which is the wage in öre per hour applied in a specific place, irrespective of who does the job.

The other main form of time payment is normal wage, which sets out the exact amount that the worker is expected to be paid for per unit of time.
to the idea of normality, and supplementary to the minimum wage provisions with additions for individual skill and to the desire for as much piecework as possible, is the concept of piecework compensation, which provides that workers who cannot be given piecework, temporarily or permanently, are to be given a piecework compensation payment of an amount such that the total of the compensation and the hourly wage exceeds the minimum wage by a certain sum or percentage.

Piecework tariffs are usually related to the individual hourly wage, in that it provides the basis for calculating piece rates, which are set so that the workers' earnings per unit of time can exceed the time wage by about 25%. There are several forms of piecework, but all are based wholly or in part on a definite amount expressed in money or time per unit of quantity of work. Pure piecework is this definite amount calculated solely in relation to the quantity of work, and is used where costs can be calculated with certainty in advance. But more common is the mixed piecework system, which gives scope for a variety of incentive methods (e.g., on the basis of time estimated and time taken, at group incentive schemes) through a combination of calculation
per unit of quantity of work and per unit of time. The time part, usually expressed in hourly wages, is often termed the fixed part and the piecework part the variable part.

The hourly earnings therefore emerge as individually determined wages that take account, in addition to the minimum wage, of skill, of piecework compensation when piecework is not possible, and of piecework performances when work can be measured in some manner that provides a uniform relationship between effort, time taken, and output.

The emphasis being on piecework, arrangements are necessary for arriving at agreements and fixing rates, and this leaves considerable scope for local initiative, since the national agreement often sets out only the minimum wage plus certain additions but does not state directly what earnings should be aimed at, although, as suggested, there is a recognised percentage relationship between basic time, earnings and the piecework earnings that are considered permissible.

The provisions usually set out are that in workshops where factory type production is carried on the piecework price lists are to be drawn up, usually for a period of one year, with notice of one month for changes. This sets a tariff for that factory for the jobs carried out there.

For work in breweries is paid by results
payment is made in accordance with a special agreement between the employer and the worker concerned. The piece work prices are to be set so that they give earning bonus of at least 20% per hour. This age of course gives no guarantee whatsoever that a certain level of earnings WILL be reached but is simply a guide to be used in determining the piece rates, the earnings target to be aimed at in rate fixing. If the employer introduces a new method of work, or new machines, changes may be made in the piecework assessments if the change increases or decreases the productive capacity of the worker. The steel mills agreement provides that when piece work rates become obsolete the work in question can be paid at an hourly wage rate corresponding to the total average hourly earnings for the work in question during the last twelve months before the change was made. The parties agree that in paying out on the basis of average earnings they are assuming a piecework standard of performances. When the employer has put forward proposals for new piecework rates negotiations are to be taken up at once on the fixing of the piecework rates. If no agreement is reached within a month the employer is entitled thereafter
to apply a rate of remuneration 10% less. If within the following three months no agreement is reached the employer can cut by a further 5%. The assumption here is, however, that before reductions have been made the matter has been the subject of negotiation between the central organisations.

Where piecework is not regulated by a fixed price list for the shop in question agreement about payment for the task is reached by negotiation between the employer or his representative (e.g. the foreman) and the workers to whom the piecework is offered. If possible this agreement is to be arrived at before the work is begun. If tasks that are regulated in this way recur, they are of course likely to be included eventually in the fixed piecework lists for the workshop, and to have the same validity (e.g. a year) as the fixed piecework price lists.

Piecework assessment is of course notoriously tricky, and often a personal assessment is required of the normal concepts of standard output by an average worker, of time wasted, normal speeds and material wastages. Lest there might be grievances about methods of calculating piecework payments, it is provided that in cases where work is the subject of time study the workers, and if they so
wish the representative of the workshop club, are entitled to be given the basic data of the system applied and also of the time study, and similarly for tables and diagrams which are used for arriving at the piecework agreement. If in the event of a dispute a check time study is arranged representatives of the workshop club, and of the federation if the question has given rise to central negotiations, are entitled to follow it.

Where piecework payments are settled on the basis of WORK study the workers are entitled to propose that certain work be time studied. Such requests should be met without any unnecessary delay but it is noted that if a worker asks for time study of work that has previously been time studied he has to state reasons for his request. The wishes of the workers should be taken into consideration when determining the scope of the work study. If a dispute arises as to piecework that has been the object of work study the top organisation may ask for copies of the analysis, but such material is to be treated as confidential to the firm. It is taken for granted in all this that each side cooperates loyally in endeavouring to arrive at a correct result of the time study work.
A common formula for calculation of piecework rates IN CONNECTION WITH WORK STUDY is as follows:

\[ X = t \times u \times (1 + \frac{s}{100}) \times \frac{p}{60} \]

where \( X \) is the piecerate in öre, \( t \) is the time \textit{required} for the operation in minutes, \( u \) is the equalisation factor, \( s \) is the age addition for time lost, and \( p \) is the money factor in öre per hour in accordance with a table for different skills, ages and sex.

The time required for the job is calculated according to the \textit{mean value method}. The equalisation factor is determined in the light of the performance of the worker during the work study (\( u \) is then equal to 1 for the normal performance of an "average experienced workman") more than 1 if the performance is better and less than 1 if it is worse). The additional payment for time lost is calculated in accordance with the necessary stoppages and wastage of time for the work in question.

When the work has \textit{not} been work studied the \textit{money} factors (often settled at the national level) are used as the guide for determining the piecework amount for a normal performance of an average worker. Endeavours are made to keep the difference between work studied and non-work studied earnings as small as possible.
These formulae for calculating piecework rates can be departed from, the main organisations in exceptional circumstances, and other methods can be used. When a group is carrying out the work, the share of the individual worker in the group piecework earnings is determined in proportion to his hourly wage and the number of working hours he has taken part in the piecework, unless other special arrangements are made. On piecework the hourly wage of the worker is guaranteed unless the piecework price lists are fixed.

The worker has a further protection in that provision is made for details being kept of all piecework in force, and of a description of the nature of the work and the price paid or, where bonus or mixed piecework is used, of the methods of calculation.

What is important to grasp in this analysis of methods of payment is that national agreements do not entirely remove local and sectional additions and differentials, since there are broadly three main types of agreement; 1) a normal wage, (which can be exceeded by abnormal payments - see chapter XXI), 2) a fixed standard wage, as in fixed weekly wages where there is no possibility of payments by results, e.g. a tram driver, or under the state wages plan, and
a minimum wage, where from the start the assumption is that the wage fixed is to differ from that set out in the agreement. In such cases it is extremely difficult to distinguish between the individual payments for skill, experience, and output, and payments coming under the concept of "wage drifting", which is a type of payment that has become common in a full employment economy. Considerable local variations are also possible where a national agreement does not set out piecework price lists, but leaves them to be determined locally. Although such a body as SAF has in theory considerable power over wages and other provisions of collective agreements, this control extends only to cases where the agreement wage rates set are minima, as in the SVF national agreement.

Again, this is important for full employment wages policy.

Because of the great emphasis on time, motion and methods study and the provision for local negotiations for determining payments, it is clear that the way is left open for considerable wrangling about such concepts as "normal performance", "wasted time" and "equalisation factors". Much of the difficulty

1) See chapter XXI.
can be caused by a bad climate of psychological opinion, and it was for the purpose of overcoming some of this distrust that SAF and LO agreed in 1948 on a central agreement covering the principles for carrying on work study.

The agreement was concluded in August, 1948, and the intention was that it should be adopted as a collective agreement between federations affiliated to LO and SAF. The preamble sets out some of the difficulties connected with work study, of ill-trained investigators, of piece rates being cut as a result of time and motion study, all of which had been irritants since such study was introduced on a large scale in the 1920s. The unions had objected not so much to work study itself as to the ways in which it could be abused. A motion in parliament in 1945 suggested an enquiry (mainly into work study) as to whether and in what ways the state could cooperate in providing increased protection for the human factor in production against certain aspects of rationalisation. LO approved of the idea, and SAF and the federation of Swedish industries announced that they had thought of inviting LO to discuss the question of training work study personnel. An invitation was in fact issued, LO agreed, and in August, 1945, the matter was taken up in the labour market committee.
The agreement reached in 1948 on the basis of these discussions first sets out the general principles on the subject of work study, and subsequently provides a framework of organs for dealing with problems that arise in this field. A continued development of efficiency in industry and production is emphasised as being a general and essential condition for raising the standard of living of labour and of the nation, and it is stated to be a common interest of the whole personnel of every firm to assist in making it truly competitive. Everyone will gain from rationalisation. Measures that aim at freeing production from unnecessary material and labour costs are important elements in such rationalisation. The attitude on all sides is thus positive. Hence time and motion studies are seen as an appropriate means to this end, IF they are rightly applied.

The agreement provided a framework at the federation and SAP-LO level, while the local level is discussed in the preamble. Local collaboration. It is suggested that every possibility for local collaboration should be used and that such cooperation should preferably assume the form of joint consultation between management and the local trade union organisation in the firm, e.g., the
workshop club. This, in fact is strongly stressed in the case of disputes that arise from work study and which relate directly to the setting of wage rates, for such disputes are to be referred to this normal negotiating machinery. An alternative approach is provided for matters of principle relating to the arrangement and performance of work study, in that such matters may also be taken up in the enterprise council (EC). The EC agreement of 1946 provides (§23) for the possibility of special committees being set up or experts called in for specific purposes, and those could conceivably open up a new field for the work of ECs. In fact, however, the EC has not been much used as a forum for the discussions of such problems, since they are so closely related to wages issues, and the EC agreement excludes the EC from any concern with wages questions.

Federation level. Work study boards of four members, two from each side, can be set up by individual trade federations that accept this agreement on work studies. The structure here is based on the work study board set up in the machine industry

in 1945. The boards are to deal with questions relating to the arrangement and execution of work studies, e.g., such questions as the introduction of work study in a firm, and the qualities required of work study officials. They are also to promote local collaboration between management and labour in work study matters and, more specifically, they deal with disputes that arise in relation to the arrangement and performance of work studies, which are raised by an organisation that is a party to the agreement. However, the competence of these boards is limited by the fact that they do NOT deal with concrete disputes over wages and working conditions, but only matters of general significance and questions of principle. If a party requests, the board makes an investigation at the workplace if this necessary. However, the board can be bypassed in such disputes, through a party calling for negotiation in accordance with the normal negotiation procedure set out in collective agreements. In this event the board is not entitled to deal with the dispute against the will of either party until the central negotiations have ended. Sölven considered that the normal procedure should be to refer to the work study board, which would consist of experts in work study questions, but in fact this

advice is not followed to any extent, since the parties
know and are familiar with the alternative of neg-
egotiation through the usual channels. In theory
there is some authority for the board, since the
agreement states that the board is to deal with
disputes referred to it as quickly as possible, and
that the findings and any resulting instructions of
the board are to be notified to the parties concerned
in writing and with all speed, and that the
organisations are to endeavour to enforce compliance
with any instructions on which all the members of the
board are agreed.

Irrespective of whether any federations do
adopt this agreement LO and SAF agreed to set up the
third limb of the procedure for work study discussion
through the creation of a work study council, whose
task is to exercise general supervision over and
encourage and interpret work study ideas. This council,
which consists of three persons each from LO and SAF,
also settles disputes arising out of the agreement
on work study. In such cases it is strengthened
by an independent chairman so that it can reach
a majority decision that is binding. It does not
deal with questions that are of immediate concern
for the determination of wages.

The preamble also sets out certain principles
to be observed in the conduct of work studies, which
are defined as expedients for finding out the simplest and most efficient job performance and for obtaining reliable data for the setting of piecework rates. Though an element in production technique time and motion studies are to take due account of physiological and psychological factors. The worker under observation is to operate at his normal working speed.

The workers' own collaboration in and contribution to the planning and execution of work studies is emphasised as being an important condition for their success. The works study expert has accordingly to take account of any views put forward by the workers. He cooperates also with the supervisor directly responsible for the work, and it is the supervisor, NOT the expert, who issues orders and instructions.

In the course of his studies the expert is to take account of risks of accidents to workers, and pay attention to such points as labour safety devices, lighting conditions, ventilation, and make every effort to ease the job of the worker. Since work study does not always produce immediate and obvious results the workers are to be kept informed of the objects of the studies.
On piecework, the following principles are set out.

Here, it is stated, time and motion studies are being employed as a means of arriving at the fairest possible piecework evaluations, but their use must not hinder the adoption of piecework earnings to the zeal and skill of the individual worker. Before he offers the workers piecework rates based on time and motion study the study man must have made sure that in practical operation the potential earnings of the individual worker are not impaired to any extent by organisational and/or technical defects. Lost time allowances should be computed with due consideration to the kind of work concerned, and as far as possible be based on time and motion studies.

Piecework rates are to be set in accordance with the provisions contained in current collective agreements.

The intention is that negotiations on piecework disputes should be attended by the work study expert in his capacity as a consultant. Criteria are also provided for the work study experts being highly qualified, technically trained or possessing comparable practical knowledge. They should be mature, sober, impartial and respected, and are to pursue their work
openly, and, if asked, allow workers to examine their work study material. But for success it is stressed that they should be given the full support of all concerned in the workplace.

This agreement thus sets out general principles that should govern the practical expression of work study, emphasising the need for rational production while taking due account of the human factor in production. In its practical application the agreement as such has not been conspicuously successful, for only six federations of LO plus the metal industry workers' federation, which had a work study board with SVF from 1945, have adopted the agreement. The works study council endeavours to conduct 1) propaganda, but one of the main obstacles has been the lack of trained work study men. In 1954 an attempt was begun to solve this problem by systematic training arranged by the foremen's union and the work study council. But much suspicion still remains, although this will perhaps be cleared away as the effect of EOs on the spirit of cooperation begins to have an effect. A pointer in this direction is the fact that the LO publication on enterprise councils devoted a whole issue to suggestions 2) activity and piecework in 1954.

1) See e.g. Arbetastudier i samverkan, SAF-LO, 1950.
2) See Företagsnämnderna, No. 1 March, 1954.
Systematic job evaluation. Some attempt to introduce a more comprehensive system of work analysis than is implied in any wage differential scheme or piecework variation system is now being made by certain Swedish firms, although the general approach is still one of interested and cautious scepticism. Surte glass factory uses job evaluation for assessing the relative merits of different tasks, while the steel mills federation has a draft scheme. The general group of SAF also has a scheme prepared and in the brewery industry job evaluation is used to provide a slight supplement to wage payments of other kinds.

Different basic time rates for different workers constitute a primitive form of job evaluation, as do Adam Smith's relative wages criteria - in fact job evaluation exists implicitly or explicitly where different wages are paid for different types of work. What job evaluation in the "scientific" sense aims to do is to achieve a just balance of payment among different jobs through grading them in the light of the duties involved, the qualities required for fulfilling the job and the conditions surrounding the job. As the term implies, job evaluation consists of specifying on as objective a basis as possible the qualities of knowledge, skill education, experience, initiative, mental and physical
strain, external conditions, responsibility over other persons and materials, and other qualities that go to make up the job. Two main methods can be distinguished a) where one job in a firm is compared against all the other jobs, and b) where one job is assessed in terms of a points table comprising all the qualities that go to make up the job and the weights attached to each of them.

Weighting is the main problem in job evaluation. It may be simple enough to analyse the different qualities required - the Surte method bases on the factors of training, experience, skill, responsibility, physical strain, mental strain, working conditions, while the brewery system uses the factors of skill, initiative, manual skill, responsibility (for machines, the safety of others, the product, hygiene and cleanliness), effort (mental and physical), and working conditions, locality and risks involved. After each factor has been carefully analysed and described, weights must be attached to the different qualities. This is the most difficult part of job evaluation, and the Surte solution, of weighting on the basis of the assessments of all the supervisors AND workers who took part in drawing up the
scheme, is perhaps the most just, if not most objective. The system can never be truly scientific, but only less inexact than other methods for judging the relative merits of different jobs when wages are being allocated.

Having made a technical assessment of job requirements in this way, a wages ladder can be built up in the light of the tasks and their requirements. The job evaluation helps to allocate the wages sum available among different workers in accordance with the requirements of their jobs. It sets the criterion in the light of which the target for piecework earnings can be more justly drawn up. What it does not do is to specify what the individual will earn. Nor does it in any sense decide what the total wage sum available will be. That remains a matter for negotiation. All that the job evaluation does is to provide more careful criteria by which a relative wages scale can be built up. For example, the points obtained by a particular task in the light of the requirements schedule can be transferred to wage by a wages curve, the slope of the curve indicating the wage differentials in the firm in the light of the wages policy pursued, or by a wages ladder, which provides a number of wages groups.
The advantages of this method of finding relative wage criteria as seen by Surte glass factory are that it makes it easier to obtain qualified personnel to do skilled work, since they know that the system takes account of higher skills in providing wages differentials, that it pays to do dirty or uncomfortable work, and that it becomes easier to get the right man in the right job, since job evaluation presupposes a careful evaluation of different jobs. A good idea can thus be obtained of the type of worker required for a certain job.

The job evaluation scheme in Swedish breweries covers about 95% of those employed in the industry, which comprises about 100 workplaces. Most of the work is unskilled, and the job evaluation scheme there is used for the purpose of forming a basis for assessing the additional payment to be given per hour for different types of unskilled workers who are not on piecework (there is little piecework in brewing). It helps to provide criteria for a differentiated bonus wage. It is not a type of piecework, but a method of assessing who shall get one of four different additional payments per hour in the light of the specific job performed and the qualities it demands. This scheme is a modest one, providing extra payments of between 10 and 25
are only per hour, but no complaints have been advanced against it from the side of the workers.

LO stated in 1951 that it had no objections to a systematic job evaluation being used as an aid in the setting of wages, provided the organisations and their affiliated members were prepared to give it a trial and were given an opportunity to help in finding the most appropriate method in each case. For both psychological and technical reasons LO thought it best that various systems of systematic job evaluation should be studied and tried out among small coherent groups of employees, and that this experience should be assimilated before anything more ambitious was attempted.

Some problems may be noted. Job evaluation can never eliminate completely the subjective (human) element in assessment of a job's comparative requirements. This must always be a matter for compromise and negotiation. It can never be an exact science. In a period of transition from one system of payment to a system based on job evaluation it is important that no one should experience a decline in


2) See LO annual report, 1951, p. 249, LO was giving its views on a suggested scheme of job evaluation in state employment.
in earnings as a result of the change. In practice this accordingly means that wages can only adjust upwards when a scheme of job evaluation is used. Job evaluation should logically cover ALL the workers in a firm, not simply the manual workers. Since it is meant to provide criteria for comparison, it is only logical that it should cover everyone in the firm. So, far it is being used experimentally in Sweden for manual workers only and within individual firms, e.g. the steel mills scheme is for the firms within the industry. An extremely awkward problem in job evaluation is that no element is included that provides an incentive for scarcity of particular kinds of labour, apart from the skill inherent in the task. No account is taken of demand for and supply of labour in a "scientific" scheme of job evaluation. This is an important point, and one that will be taken up again in chapter XXI.

Indeed, the main justification for discussing job evaluation here has been for the purpose of creating an atmosphere of discussion and knowledge in the light of which some of the wages policy norms of chapter XXI will be discussed.

An attempt to make adjustments in wages for differences in the cost of living in different parts of the country is made in most agreements. The
first national agreement in the machine industry divided the country into three areas, for each of which the minimum time rates differed because of differences in the cost of living. In an attempt to adjust wages to rising prices, an official classification of localities was published by the Social Board in 1916, and this was used as a guide in state and private employment to regulate wages in the light of cost of living changes. This method of making adjustments in nominal wages in order to equalise real wages throughout the country in employment covered by the same agreement has been used ever since, although variations take place in the number of groups with each revision of the cost of living grouping that the Social Board undertakes.

Until 1953 the latest cost of living grouping was that of 1946, which divided the country into five cost of living groups, or "dearness ones", with a span of 16% in wages, in 4% intervals, between the dearest and cheapest groups. This method is used for the purpose of equalising real income under the state salary plans. From 1954, the number of groups has been reduced to four, and the arrangement now is that the salaries in the lowest group are 18% lower than the highest, each intermediate group differing from that on either side of it by 4%. This revision was based on an enquiry made in 1950 into the cost of living in towns and
elsewhere. The picture of cost of living zones that emerged was one of four geographical areas, and an attempt was therefore made to try to get large geographical areas together in the lists for the different cost of living areas.

Although this system is officially devised only for state salary regulations it has also been applied in the private sector of the economy. Wages scales that are grouped with reference to the cost of living are found in nearly every national agreement, although the form does not always follow that of the state salary regulations. In some cases the grouping is altered to suit the location of industrial activity that the agreement covers, and it may exceed or fall short of four groups. The variation is usually imposed on the minimum wage rates. Since piecework payment targets are often graded on the cost of living groups, the effect this has on earnings depends not only on the wage difference that the grouping gives but on the amount of piecework that is obtained.

The grouping gives only a rough basis of equality and must be adjusted as price changes affect cost of living indices in different parts of the country. But the arrangement does mean that local differences within an industrial agreement can be made to allow for variation in living costs, and the nominal wages
scales can vary from firm to firm within the industry covered by the agreement. It is thus a considerable equalising factor in real wages throughout any industry in the country, and contributes to the idea of solidarity in wages policy. However, it only eliminates large real differences in a rough and ready way, and in the period of post-war full employment it has been found that within an industry groups in different cost of living groups can experience considerable divergences of earnings, just because the grouping is based on minimum rates, not earnings, in the major industries like mechanical engineering.

Another form of geographical variation in wage and salary payment occurs in state employment and in local authority hospitals in the form of cold climate bonuses. Originally this was paid in Swedish railways from 1903 but was later extended to all state communications and other state departments. For the purpose of this payment the north of Sweden is divided into six cold areas, and within each zone a UNIFORM payment - presumably on the assumption that cold feet are cold feet, no matter whose they are - is made by the month, year or by the hour to all who work in the type of employment covered, irrespective of their salary, or job. Originally this flat rate payment
was designed to compensate not only for cold climates but for the high cost of living, but since the cost of living groups take account of differences in living costs opinion is now divided as to whether the cold climate bonus is justified. The explicit reason given of late for its retention has been that it helps to maintain recruitment to state employment in the north of Sweden. In fact, however, the chief reason for its continuance is that the workers would resent having it removed.

A further form of compensatory payment is a cost of living bonus to allow in time of rapid changes in living costs, such as in wartime, for the maintenance of real standards of income set out in salary plans or collective agreements. This type of payment will bulk large in the discussion of wages movements and policies in chapter XXI.

Collective agreements for salaried employees in private employment. These agreements usually regulate general conditions of employment only, such as terms of notice, sickness benefits, holidays, rights and duties in the event of conflicts with the workers, negotiation procedure, percentage additions for overtime, but NOT the salary to be paid to the individual. With the exception of the foreman, however, it is true to say that salaried employees would, as they did in the days of DAGo, prefer to have salary conditions regulated collectively, with allowance for individual competence.

The act of 1936 on the right of association and negotiation provided a big stimulus to collective agreement negotiations for salaried employees, but apart from the concession of collective agreement on (usually) minimum general terms and social benefits, employers in private service have steadfastly opposed collective wages setting. Some uniformity is provided through such federations as that of the clerical and technical employees in industry collecting information from the individual members about salaried employee members to furnish them with a guide in negotiating locally and individually on their terms.


2) The first collective agreement between an SAF group and salaried employees was in 1942, between SVF and the union of clerical and technical employees in industry. An agreement with foremen followed.
of salaries. SACO does the same. The reports can be used as evidence in trying to win salary increases.

In spite of general employer opposition to collective salary determination, modifications are being introduced in two ways. In the post-war inflationary period central negotiations have taken place between SAF and the clerical and technical employees' federation which have led to their agreeing to recommend certain percentage increases in individual salaries throughout industry, on the basis of which local negotiations can then be carried on. Secondly, SAF has now modified its opposition in principle to collective salary fixing for groups of "unskilled" office workers who can be grouped into classes for which tariffs are drawn up. A further modification towards collectivism in a flexible form has been the system adopted in banking and insurance, where the uniform type of activity carried on makes possible a more uniform assessment of tasks and rewards than does employment in an industrial firm.

Here is a half way house between individual and collective salary setting through the provision of salary ranges within which the individual is allocated a place in the light of his individual competence. In banking, the collective agreement sets out the minimum salary, and additions are made on the basis of individual skill and competence. BUT such additions are not negotiated upon, but are fixed by the bank management alone.
A number of senior employees are also excluded from this system.

In insurance the arrangement is that five salary zones are established, in the lower four of which individual salaries can vary between a minimum and a maximum.

Thus the principle of completely individualistic fixing of salaried employees' salaries is being modified. Even where there are no arrangements similar to those in banking and insurance, the information available on comparable groups at the salaried employees' federation headquarters provides a guide and an equalising factor between firms. The growth of salaried workers' organisations also means that local negotiations make for more uniform salaries within firms. The approach is less rigidly collectivised than is the case for manual workers although, while retaining variations in salary for individual trust and competence, experience and capacity, the trend is away from completely individualistic salary setting. This system has the advantage of combining justice with reward for individual competence, but its big disadvantage is that it required a great deal of negotiating machinery at a local and, where unsuccessful, a national level. Åman, the director of TSO, recognises that salary policy must be adjusted to take account of individual initiative and
competence, that uniformity must not be pressed so far that interest in promotion ceases. At the same time, the half-way house between individual and completely collectivist wage determination for salaried employees in private employment means that they can be squeezed between other more militant groups. But if the salaried employees' movement is to retain its distinguishing badge as a more individualistic movement than the manual workers' trade unions then, in the upper ranges at least, salary determination will have to retain certain personal elements.

The problems of favouring individual salaries instead of collective salary determination has caused the foremen's union a lot of concern in recent years. They still oppose completely collectivised salary setting, but, disapproving of one-sided determination of the individual foreman's salary in the light of secret and unknown criteria, they have attempted to draw up a salary plan for the mechanical engineering industry which would establish a system whereby the salary was adjusted and differentiated for every individual, but in the light of two main factors, a) the nature of the task and b) qualifications. Age would also enter as a determinant. In essence this meant to provide an objective series of

1) Vårt ekonomiska läge, 1953, p.120
criteria for determining the salary set and for keeping it a reasonable level above that for manual workers, although the foremen's union did not commit itself to saying whether the actual salary set in the light of these criteria would be negotiated at a local or central level. So far employers have opposed this modified, or more objective, system of individual salary determinations. The position for most foremen remains one in which his salary is negotiated individually or by the local club, any disputes being settled by arbitration. Again, however, the foremen's union assembles and disseminates material about comparative salary positions in various firms and occupations as a guide to the individual foreman or supervisor.

The main feature about collective agreement employment is that direct action is normally allowable in support of wage claims, although for salaried employees there are considerable practical limitations on this right (see chapter XX). Even civil servants employed on collective agreements have the right to strike and indeed—by looking at the matter from the other side—the distinguishing feature about employment on wages or salary plan, as distinct from collective agreement, is that this right is not conceded to the employees. This type of employment is now considered.
Salary plan employment. At the other extreme from modified individual salary determination in private industry, employment in state and local authority service as a salaried employee is just as much collective as is employment in the manual workers' type of collective agreement. All salaried employees in the same age group and professions are paid the same salary, irrespective of individual competence. The rates are fixed, and must not be varied in either direction. Salary levels are thus strictly controlled, and both general and monetary terms of employment carefully regulated and collectivised.

Employment in accordance with the terms of a written government document, which guarantees reasonable security of employment, and payment in accordance with the provisions of state salary regulations (the same applies now for local authorities) is more common than collective agreement employment for servants of the state. Salary plan employment covers about 220,000, and collective agreements 85,000 civil servants. The salary regulations are rather detailed, and divide salary payments into a number of salary grades, within each of which there are as a rule four salary classes. Each class within each grade receives a DEFINITE AND FIXED wage or salary, be he a postman, customs official, or railway employee.

1) The grouping of services corresponding to these grades is undertaken periodically by an official committee.
There is promotion usually at three yearly intervals from class to class, and a normal rate of advancement from one grade to another. Beginning at the foot of the grade into which he is recruited the individual can advance, by the passage of years, through training, or promotion, step by step up the salary scale. This provides much better income prospects over a life time than does the collective agreement, where the grading is much less refined, and the position of maximum is quickly reached. The main state salary plan (SAAR) divides each grade into four geographical groups, determined in the light of differences in the cost of living. Between these groups in each grade salaries vary by 12%, in 4% intervals.

Payment is thus by service, and not by individual competence, although merit and efficiency is reflected in the rate of movement from one grade to another. The regulations provide that the salary is to consist of a basic wage plus a flexible additional payment, the size of which is determined by the cost of living index of the Social Board. However, negotiations now take place annually between the state and the employees' organisations as to its precise size.

2) See chapter XXI.
Social benefits.

All wages under the state wages regulations are net wages, i.e. the state as employer pays the contributions for the pensions to which the state employees are entitled.

For lower salaried employees the pensionable age is usually sixty, for middle groups is sixty-three, and for senior employees and officials it is sixty-five. Changes in the population structure led Parliament to modify the provisions for retirement with pension in 1951 so that pension periods were introduced, i.e., retirement provision were made elastic, so that the salaried employees may, while still entitled to retire at 60, stay a further three years if they wish and if they are considered suitable. Those who should retire at 63 can now stay till 65.

In addition to the wage provided under the salary regulations the state employees receive certain contributions and remunerations, e.g., travelling time for personnel who have to travel, sickness leave without loss of pay, as well as other sickness payments, days off work on a graded wage reduction scale, holidays that vary according to age and placing in the wages grades, burial assistance and payments for working in cold climates. There are other benefits
in kind such as clothing, housing. Ordinary state salaried employees are liable to move from one place to another if so required.

Those employed in accordance with the terms of a salary plan do not have the right to strike, and indeed one of the main objects of such employment from the side of the state or local authority is to avoid conflicts. In return, security of employment and good wages and benefits are given. However, such employees can terminate their employment by giving notice as an alternative to striking. This happened in the SAGO conflict in 1952.

State employees who are employed through collective agreements do have the right to strike, as in the private labour market. In many government departments there are found both types of wages structure, wages plan and collective agreement. In the telegraph service department, for instance, collective agreement employment obtains for workshop and maintenance men, while wages plan applies to office personnel, foremen, telephonists, mounters and repairers. All workers who come under the Roads Department are employed on collective agreements.

In view of these differences it becomes important
to ask what principles determine whether one is to be employed on salary plan or collective agreement.

The answer is not easy. A commission of enquiry into service and salary placement grades in state employment in defence found in 1946 that it was a difficult question, and, finding that the problems were not peculiar to defence but applied also to the whole apparatus of state administration, it recommended an enquiry into the whole question.

The state employees' cartel commented on this report that the personnel organisations considered it would be desirable to have a single form of employment for all state employees, although it was not prepared to say whether it was possible in practice to carry through such an arrangement. But it too asked for an enquiry in order to obtain greater uniformity with regard to the use of the different forms of employment.

All this led to the appointment on 30th April, 1948 of a committee to look into the question of drawing boundaries between employment according to wages plan and according to collective agreement. The committee reported in December, 1951. Its enquiry was directed to making clear within what spheres of work and for what groups of personnel employment in

1) SOU 1952:3, Løneplan eller kollektivavtal.
accordance with a collective agreement was preferable, and to try to draw up the principles for boundary lines between the two. Uniform conditions of employment for personnel with similar conditions of work would it was felt remove many anomalies in respect of wages and other benefits. The aim was not to abolish one of the methods of employment, but it was anticipated that changes would generally be from collective agreement to wages plan employment.

The committee discovered very early in its enquiry that a rational and practicable demarcation could not be achieved through drawing up one or two simple rules. State activity was too varied for that. Nor must boundary lines be made too rigid. So it though it would be best if it tried to indicate a number of principles, leaving it to the 1949 enquiry that was making a general survey of salary grade placements for state wages employees to examine the placing and specification of services of personnel who, as a result of the investigation, might be moved over from collective agreement employment.

In discussing the principles to be used in drawing the boundaries between the forms of employment, the committee thought that the benefits of various kinds attaching to one form or the other (which vary considerably)
should not be decisive in the choice of the form of employment. Nor should the differences in hours worked on the different forms of employment be decisive. Form of employment and hours of work must be kept distinct. In fact, because of the variety of state activity, the committee found it was not possible to draw up clear and completely valid rules for a division of workers between the different forms of employment. But since the uniformity desired by the directive was only RELATIVE the committee considered that a general outline of the lines to be followed would suffice.

No qualitative evaluation of tasks was possible – e.g. between theoretical (intellectual) and practical work. Even if it were, practical circumstances would soon show its weakness and it would lead to too much disturbance of the existing arrangements. The only way seemed to be to look into the demarcation lines observed in fact in certain spheres of government administration. Here it was considered best to make a study of state business undertakings, such as railways

1) SOU 1952:3 p.52.
2) TCO thought this was too categorical. See TCO report for 1952, pp. 116-117.
and the telegraph service, where greater attention had been paid to these problems than elsewhere and which were also quantitatively significant, and to try to sort out them out and apply them as consistently as possible in the whole sphere of state activity.

The general view of the committee was that a) employees with similar tasks and/or in similar spheres of work should as far as possible have the same form of employment. b) where a uniform form of employment was used at present in a department or administrative office this procedure should not be interrupted without good reason.

There could very well arise conflict between a) and b), and the committee considered that uniformity in the workplace should in general take precedence over uniformity between groups with similar work.

The principles it recommends were:

a) that since wages plan was the original and still the predominant form in state employment this principle should in general be used, unless some special reasons existed for preferring the collective agreement form. For example,

b) the collective agreement form should be applied
in principle for workers in factories and workshops engaged in new manufacturing, repairs, constructional work, certain repair work, and for workers in such other activity as had an equivalent in the private market.

On this the committee enlarged that groups of personnel who had to carry out repair work that could not, even for a short time, be neglected without serious disturbances in the machinery of society should in principle be employed according to wages plan. Employment on collective agreement should in general be used for other maintenance personnel. To exemplify, urgent repairs to locomotives or telephone communications would bring the worker doing them under the wages plan form of employment: work in repairing railway track that could be temporarily postponed would be carried out by workers employed on collective agreements.

The preference for salary employment thus hinges on whether a continuance of the service in question is necessary for state activity to be carried on, a criterion which has already been seen to be a complex one both 1) in state and private employment. The LO state employees' cartel wanted more salary plan employment than this report proposed, while SAP did not.

1) See chapters X and XVI
2) LO report, 1952, p. 217 et seq.
like the bias shown \(*\) in more collective agreement employment. Although the reason for this opposition of view is not made explicit, the explanation is to be sought in the fact that employees on salary plan enjoy on the whole better terms of employment than do those on collective agreements. Thus the aim of workers is to become salary plan staff, while for SAF the spectacle of groups in state employment who carry on work similar to that regulated by collective agreement in the private sector being paid better must of course mean an undesirable relative wages argument from the side of the workers in question in the private sector.

Social benefits in general. Various forms of benefits other than the direct cash payment that constitutes the main reward for work exist in the different sectors of the economy. An estimate in 1953 suggested that various forms of social benefit — holidays pay, sickness payments, pensions, housing, meals and so on — were largest in local authority service, while lower grade civil servants had benefits amounting to about 30% of total salary per year, privately employed salaried employees enjoyed benefits amounting to about 25% of salary, workers in state employment

1) Industria, 1952, no. 10, p. VI.

2) The Railwaymen's federation said at its congress in 1953 that it wanted wages plan employment for subfacemen.
had about 22%, while for privately employed workers benefits constituted only 7% of the wage paid in cash.

The different levels of social benefits paid to different grades of employee have in recent years attracted great attention from the side of the workers. Briefly, it can be said that the state employees have done well in terms of social benefits because the state is a model employer and pays uniform terms, privately employed salaried employees have concentrated in the past on the security of employment which pension rights, sickness pay and other provisions give, at the expense of higher salaries, while until recently the workers paid more attention to the cash provisions of agreements. But from about the year 1952 a conscious campaign has been conducted from the side of the workers, and in particular the metal industry workers' federation, for better social benefits for the workers. Various enquiries have been conducted, by this and the factory workers' federation, and by LO and SAF.

The metal workers' federation found, when it looked into the scope of social benefits among its members, that almost 35% of the members had a pension of some kind from their employers, the amount varying between 200 and 2,280 crowns a year. The average pension was about 500-600 crowns a year. Other benefits were recorded,

1) See Tiden, 1953, Nos. 2, 3, and 5, for a discussion of relative positions with regard to social benefits.

2) See Metal industry workers' federation, congress report, 1953, pp. 201 et seq
such as sickness pay, support funds of various kinds, free medical attention, medicine, meals, burial help and so on. The factory workers' federation found in its enquiry that 35,000 (57%) of its members, a surprisingly high figure, had pensions that varied between 1,650 crowns and 300 crowns a year.

SAP began an enquiry into the cost of non-cash benefits among its partners in 1953, and published the results in 1954. The enquiry covered 78% of salaried employees and 76% of the workers in the sphere of operations of SAP, and it was found that social benefits of various kinds could be evaluated at about 19% of the cash wage, the main items being holidays, pensions, health and sickness benefits, and housing. This average figure was somewhat higher for salaried employees, about 30%, and lower, about 14%, for manual workers. The spread was estimated as follows:

1) See Arbetsgivaren, 1954, no. 10. The data are for 1952.
### Table 1: Indirect Benefits

<table>
<thead>
<tr>
<th></th>
<th>Salaried Employees</th>
<th>Workers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holidays</td>
<td>7.1</td>
<td>6.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Pensions</td>
<td>14.3</td>
<td>0.6</td>
<td>4.2</td>
</tr>
<tr>
<td>Health and Sickness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>3.3</td>
<td>2.8</td>
<td>3.0</td>
</tr>
<tr>
<td>Housing</td>
<td>3.0</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td>Other</td>
<td>2.5</td>
<td>2.4</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30.2</strong></td>
<td><strong>14.2</strong></td>
<td><strong>18.5</strong></td>
</tr>
</tbody>
</table>

(Source: Arbetsgivaren, 1954, no. 10, pp. 4-5).

The SAF report concluded that pension and housing provisions were better in large firms. The metal workers' report had found that the firms that paid the best wages were also most positively disposed to social benefits.

While the SAF enquiry endeavoured to form some estimate, admittedly rough, of the prevalence and cost of such indirect benefits, an enquiry which LO conducted between late 1952 and 1954 was concerned only with the quantitative aspect, not any financial evaluation of benefits. The enquiry was limited in scope, excluding civil servants and local authority employees, whose benefits are in any case established in detail in
the salary plan or the appropriate collective agreement and also the building workers and other industrial groups. Basing on the evidence supplied by just over 15,000 replies to a questionnaire, covering 20 federations' spheres of activity, LO concluded that about 855,000 of its members had no pay in the event of sickness other than what they themselves insured against, while about 44% of all the members of LO had pensions of some kind. Again, it was noticed that the pensions were better as the size of the firm increased. The conclusion drawn was that the social benefits were more common in employment than was generally supposed, that voluntary provision by employers of social benefits outside the collective agreement was fairly frequent on the whole.

Social benefits in the private sector have developed very quickly in the past few years, in part because of the shortage of labour that full employment has brought, and the consequent need for an employer to lure workers to him by the provision of non-cash benefits, and partly through the socially responsible mentality of many of the

new generation of employers. From the side of the workers interest has been stimulated by the higher cash wages and by the emphasis being placed on social legislation, such as the increase in old age pensions, decision to introduce compulsory health insurance, and revision of unemployment insurance in 1953. This at once raised questions for the salaried employees of obtaining cash benefits to compensate for the worsening of their relative position through the introduction of

1) SAP produced a very enlightened report on workers' pensions in 1954, in which it suggested that non-contributory pensions should be settled for the workers through collective agreements. This is a complete change of front from the official employer opposition of some years ago to non-cash benefits in the agreement. Formerly it was felt that non-cash benefits were too inflexible in character, but this 1954 report reflects a social conscience and urgency which is very significant. The report was submitted to LO for discussion in the labour market committee.
minimum benefits for all via legislation. This considerable problem is taken up in the consideration of wages policy goals in chapter XXI, where the influence of the different types of employment agreement at work over a period of years will be discussed. At this stage the conclusion can be drawn that the great variety in the structure and content of agreements and plans, and in the types and scale of benefits given, in money and otherwise, are sufficiently varied to make coordination among them a very complex problem. In the light of the varying provisions, the amount earned can mean a variety of things, depending on what is included, e.g., total cash earnings per hour, irrespective of the form of payment, earnings with or without overtime and shift bonuses, holidays pay, or earnings inclusive of an evaluation of social benefits in monetary terms.

1) Profit sharing in Sweden. This method of binding the worker closer to the firm in which he serves has had very little appeal in Swedish labour market circles. The 1920 committee on industrial democracy refrained

1) This section is concerned not with methods of identifying the worker more closely with the firm, but with the attitudes of the parties to the principle.
from submitting any proposals on the subject because it felt that no representative opinion was available on the side of employers or workers which might help to guide the committee in making legislative proposals on the matter. Workers had often asked for the "right of co-decision" and a "share in management" but only infrequently for a share in profits. Profit sharing schemes seemed rather to be solutions sought after by employers who were interested in democracy in industry, for the purpose of increasing the affinity between the firm and the worker and in order to stimulate a positive interest in the firm on the part of the worker. A profit sharing scheme that was differentiated might be considered an attempt to split the workers.

This is a very fair summary of the position not only in 1920 but in 1955. Almost the only mention of profit sharing at the labour peace conference in 1928 was by Hjelleck, who pointed out that there did not seem to be any great interest among the parties on the labour market for such schemes. 1

An attempt was made to raise the matter in parliament in 1949 by asking for an enquiry into problems of profit sharing. 2 Nearly all the interested parties

1) Arbetsfredskonferensen, p. 16.

2) Motion 226, lower house, 1949, from Messrs. Ståhl and Widen (Liberals).
rejected the idea. SAF argued that the labour market parties were accustomed to dealing with economic questions without state intervention, that profit sharing was a typical wages issue, and the parties ought to be free to decide on this themselves. In any case, if profit sharing were discussed loss sharing would also have to be considered. LO considered there was considerable distrust of employees being identified too closely with the firm. Even if the idea could be approved in principle it would be difficult to carry out in practice without legislation (which the submitters of the motion also opposed). It referred favourable to enterprise councils as a means for promoting cooperation.

TCO also wanted the matter to be left to the initiative of the labour market parties if they thought it a useful approach. KF thought the idea savoured of Utopian socialism. The committee that considered the motion and the views put forward on it did not think there were good enough grounds for an enquiry, for profit sharing was in its view a wages question in the last resort, and the parties on the labour market had shown they could solve such problems without state intervention and should be able to solve this one in so far as a solution was required.

The liberals raised the matter again in parliament.

1) Lower house, andra tillfälliga utskott, statement no. 8, 1949.
in 1952, on a motion for promoting the formation of capital by various new means. It looked forward to voluntary agreements on profit sharing which the government might encourage by favourable tax treatment. Profit sharing would, it was thought, help production, promote co-operation and - this was emphasised - increase saving either within the firm or outside it by the employees. There was no reason why profit sharing methods could not be drawn up in such a way that conflicts with the system of collective agreements could be avoided. Profit sharing differed from payments by results and by time payments since it was an extra compensation based on the total result of a firm's operations.

LO was again sceptical about identifying employees closely with the firm through profit sharing, although it has no objections to investment facilities being provided for small income earners - once they had obtained that income through collective bargaining.

TCO was again fairly positive to the parties themselves taking up the matter, while KF strongly opposed profit sharing and copartnership. SAF said profit sharing systems were contrary to the collective agreements system.

1) Motion 353, Upper house, and motion 477, Lower house, 1952.
In principle, collective agreements contained provisions for all the benefits, in cash or kind, that the worker could expect. SAF did not believe in the tenability of a system that was based on rights and obligations outside the collective agreement. Experience had shown that every form of benefit outside the agreements which was paid fairly regularly to the employees was sooner or later worked into the agreements. Profit sharing seemed also to demand some control from the side of the workers over the management of the firm and this was something SAF could not accept. Finally, the system would disturb long accepted norms for negotiating about wages and other provisions for work.

1) Although the profit sharing scheme begun by AGA in 1911 is still in operation, the payments made are now generally treated as part of the regular terms of employment, although the metal industry workers' federation has not demanded that such payments should be worked into the collective agreement. The general employer view is that once concessions of this kind are made it is almost impossible to withdraw them.
1) The banking committee summed up by saying that the labour market parties were unanimous in the view that profit sharing was not be recommended, and that any enquiry that was made should be undertaken by the parties themselves. After debate both houses of parliament approved the view of this committee that no action be taken.

In the LO congress of 1951 the secretariat opposed a suggestion that profits of rationalisation should be handed out within the firm where economies were made, arguing that such a principle, of determining wages by the ability to pay of each individual firm, had not hitherto been approved by the trade union movement. This points to the main objection of the trade union movement to profit sharing, that it infringes solidarity. It would undermine collective agreements, it would run counter to the wages policy of solidarity. "The decisive argument is perhaps that the profit sharing system is directed against the national agreements system which represents a traditional line in Swedish agreements, involving as it does the principle that equivalent work performances are to be paid the same, no matter where in the country they occur".

1) Banke utskott, statement no. 20, 1952.
2) LO congress report, 1951, pp. 147 and 153.
3) See Ekonomin, no. 1, 1952, an article by LO's press contact man, Gunnar Dahlander.
The workers' organisations were not interested in individual groups of workers gaining benefits because of especially good economic conditions within the firm or industry in which they were at the moment employed. Too big wage differences split the unions, and internal brawls resulted, if one firm had it "too good". It involved profiting at the expense of one's fellow men. (We shall have occasion to ask in chapter XXI whether this wages policy of solidarity is so altruistic as this suggests). Profit sharing would work against the attempts to obtain economic democracy.

In this article profit sharing is also seen as being in opposition to the long term goal of economic democracy, by which is meant a state of things in which the wage earner has an equal share in the process of production and distribution of its results. The approach is thus that economic democracy is to be obtained at a macro, not a micro level. This is indeed the distinctive feature of the whole trade union attitude to profit sharing. From the point of view of solidarity in wages the profit sharing that the trade union movement wants, and thinks it has, is a share in profits BEFORE the books are balanced. The existing division of the cake that goes on via national agreements is in its view profit sharing. The movement has become so attuned to thinking in relative terms that profit sharing
in its popular sense does not strike a chord at all. The profit sharing in which the unions are interested takes place already VIA WAGES POLICY. This then is the main objection, quite apart from the usual arguments against profit sharing that it identifies the worker too closely with his firm, that profits vary, that the share through profits is small, that losses cannot be shared, that the small capitalist enterprise must not be encouraged. Recently, however, Morgon-tidningen has been arguing that there may be something in favour of giving the workers a share in the destiny of the firm, particularly since there is little enthusiasm for socially owned enterprise and that the move towards giving the workers a share in the ownership and leadership of a firm should be seen as a recognition of the socialist criticism of a system in which the individual capitalist alone held sway. It does not see such profit sharing as necessarily involving a weakening of the trade union movement and the social democratic party.

2) For a recent analysis of profit sharing in Sweden, see Vinstdelning och vinstandelssystem, by Torsten Skytt and Sven H. Åsbrink.
CHAPTER XX
NEGOTIATION PROCEDURES

In earlier chapters the growth of negotiation procedures for the settlement of both justiciable and non-justiciable disputes has been analysed, and the fact that legislation has been mainly a codification of practices already settled by the labour market parties themselves has been observed. The agreement between SVF and the trade union federations in the machine industry in 1905 set out a negotiation procedure for the settlement of disputes, while the conciliation act of 1906 provided official machinery for use in the settlement of non-justiciable disputes. In 1909 an attempt was made by von Sydow to have a negotiation procedure for use during the period of validity of collective agreements drawn up, and one of the conditions SAF tried to exact for the settlement of the big strike in 1909 was an orderly procedure of negotiation for settling differences. The attempts made thereafter to provide for the settlement in law of both interest and rights disputes have already been discussed in part II, and we have considered the procedure established in 1928 for the settlement of rights disputes. After 1928 the emphasis shifted to interest disputes, on which the only state provision had been a new conciliation act of 1920. Some attempt was made to bring order into negotiation procedure on matters other than those dealing with the drawing
up or prolongation of collective agreements in chapter II of the Basic Agreement of 1938, while chapter II of the act of 1936 imposed an obligation on a party to negotiate, and to submit proposals for settling a dispute if required. Chapter III of this act also provided for a general peace obligation on associations that choose to register with the Social Board.

Negotiation procedure on both justiciable and non-justiciable disputes has become very uniform and stable as a result of fifty years of practice, the collective agreements act, chapter II of the Basic Agreement, and the control exercised in the byelaws of SAF and LO over the actions of their members.

On rights disputes there can be no direct action, the Labour Court being the final tribunal which CAN, however, be bypassed by negotiation and private arbitration arrangements. Such arrangements were very common before the acts of 1928 were passed. (See chapters XI and XII.) Interest disputes can only give rise to direct action of certain kinds after negotiation has taken place at both local and central levels, and the provisions of law, the Basic Agreement and the byelaws of the central organisations have been complied with. As has been noted, it is possible for direct action to be entirely prohibited by provisions in agreements.

Local bargaining takes place continually on wage adjustments,
piecercate fixing, layoffs and other questions of immediate concern to the employment relationship, and the negotiation procedure provided in agreements follows a fairly steady pattern. The agreement in the machine industry provides that if a dispute arises in a shop affiliated to SVF it is to be treated in accordance with the provisions of chapter II of the Basic Agreement. Disputes that arise over provisions relating to skilled workers cannot be taken to the Labour Court until a central board appointed by SVF and the metal industry workers' and foundry workers' federations has examined it. Cases must be brought before this board within ten months of the day when the negotiations, central and local, on the subject ended, and the decisions of the board are binding if the dispute is not referred to the Labour Court within a month of the board giving a decision. In principle this follows closely the procedure recommended by the representative council of LO as early as December, 1907, when the council decided that if a dispute arose over the interpretation or application of agreements in force or for other reasons between the parties, (note that last phrase thus covers interest disputes) such a dispute must in no circumstances give rise to an immediate stoppage of work from either side. Negotiations were to take place on the dispute, first between the parties themselves and then, if they could not reach agreement, between the employers' organisation and the
board of the trade union federation concerned.

The analysis in this chapter will be concerned mainly with the practical application of negotiation procedures, and will deal first with collective agreement negotiations for manual workers and thereafter with the procedures established for the settlement of the terms of employment of salaried employees, in both private and public spheres of employment.

Detailed procedure is set out in the byelaws of LO for the settlement of the interest disputes that exist when collective agreements are in the making. Submissions to employers about drawing up or terminating agreements or for other changes in the conditions of employment can be made either on the initiative of the board of a trade union federation or a branch. Branches thus have a certain amount of initiative in negotiation on agreements, and can conclude agreements, e.g. at the local level, but they are subordinate to the federation in that they can only propose changes after two thirds of the members affected have by a secret ballot so decided AND the approval of the board of the federation has been obtained. When a branch asks for the approval of the board in beginning any negotiations it must submit a complete account of the proposed submission and information about previous working conditions and of the conditions of organisation in the workplace. A request for approval of notice of termination must be made in good time. Some byelaws
(e.g., the masons) provide that if the question relates to drawing up a new collective agreement a proposal must be made. If an employer replies to a submission made by a branch this must be passed on to the board of the federation, and its decision must be awaited before the branch may take any further action.

If two branches wish to negotiate they should endeavour to agree beforehand about the line to take, and if no agreement can be reached they should refer to the board. The board of a federation can call a conference (some byelaws specify size, such as a maximum of 100 delegates) to discuss with groups of members agreements that affect several branches. Only persons can take part in electing and be elected as delegates to these conferences who are employed in the sphere to which the agreement in question refers or is to refer, or who have a function in which they represent workers employed in that sphere. The decisions of such conferences are only ADVISORY.

If an employer tries to force through worsened terms of employment or if a dispute arises for another reason the branch must, where it cannot itself succeed in settling the dispute, report the matter to the board of the federation and supply the necessary information for judging the nature of the dispute.

Should the employer refuse to negotiate, or if negotiations lead to no amicable result, and if the workers affected wish therefore to stop work, a secret ballot on the matter is to be held. If the result is that two thirds of the members affected (not of those
who vote, which might be quite another kettle of fish) who are over (--) years of age have voted for a stoppage of work, a proposal for such action is to be submitted to the board of the federation which determines WHETHER AND WHEN this action is to be taken. The board of the federation has the right to decree a stoppage of work, irrespective of whether such a request has been made, and it has the same right in regard to sympathetic action.

Strikes, blockades or boycotts may not be resorted to or intimated without the permission of the board of the federation. The members of a federation are neither obliged nor entitled to obey a boycott or blockade announcement that has not been issued or approved by the board of the federation. When work has been stopped, or a workplace has been declared to be blockaded, measures (unspecified) will be taken, usually through the branches, to see that no one takes up work there before agreement has been reached or the conflict has otherwise been declared to be at an end. Anyone who takes up work at such a place before this is considered a blockade breaker, and his name and (if he is a member) his branch number are to be reported by the branch to the federation.

PROPOSALS FOR AGREEMENTS ARE TO BE SUBMITTED TO THE MEMBERS AFFECTED FOR EXAMINATION, AFTER WHICH THE RESULT IS SUBMITTED TO THE BOARD OF THE FEDERATION FOR A DEFINITE DECISION. In practice, what happens is that the members examine proposals either through voting or by an agreement conference being held. Some federation byelaws provide that if special reasons justify such a step a
DEFINITE agreement can be reached in consultation between the negotiation delegation and the board, and after the board has given its approval. If a conflict has been going on for some time and all attempts to arrive at agreement have failed, and it is clear that nothing is to be gained by prolonging the conflict, the board may decide to end it.

Given this framework of byelaws and procedure set out by agreement — and remembering too that the state provides a conciliation service by act of Parliament — what is the actual procedure followed in arriving at agreements in the private sector of the Swedish labour market?

The first consideration is the duration of collective agreements. Almost all agreements now run for one year at a time only. This is mainly a reflection of centralised wages negotiations that developed immediately before the second world war, and of the annual wages negotiations on wartime index benefits that took place between SAF and LO. This development is discussed in detail in chapter XXI.

While agreements usually run for one year, provision is made for prolongation beyond that time unless notice of termination is given a certain time in advance, usually three months. The following table shows the distribution of period of notice among agreements in LO’s sphere of activity.
<table>
<thead>
<tr>
<th></th>
<th>3 months</th>
<th></th>
<th>2 months</th>
<th></th>
<th>1 month</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% age of</td>
<td>members</td>
<td>% age of</td>
<td>members</td>
<td>% age of</td>
</tr>
<tr>
<td></td>
<td>agreements</td>
<td></td>
<td>agreements</td>
<td></td>
<td>agreements</td>
</tr>
<tr>
<td>1939</td>
<td>61.5%</td>
<td>73.6%</td>
<td>28.0</td>
<td>18.4</td>
<td></td>
</tr>
<tr>
<td>1939</td>
<td>59.5</td>
<td>74.4</td>
<td>26.1</td>
<td>18.6</td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>57.5</td>
<td>76.3</td>
<td>29.3</td>
<td>16.8</td>
<td></td>
</tr>
<tr>
<td>1941</td>
<td>59.5</td>
<td>76.3</td>
<td>28.4</td>
<td>16.4</td>
<td></td>
</tr>
<tr>
<td>1942</td>
<td>56.6</td>
<td>75.3</td>
<td>28.5</td>
<td>14.9</td>
<td></td>
</tr>
<tr>
<td>1943</td>
<td>55.2</td>
<td>76.8</td>
<td>29.3</td>
<td>15.7</td>
<td></td>
</tr>
<tr>
<td>1944</td>
<td>55.7</td>
<td>78.2</td>
<td>27.9</td>
<td>14.7</td>
<td></td>
</tr>
<tr>
<td>1945</td>
<td>47.0</td>
<td>75.3</td>
<td>36.1</td>
<td>16.7</td>
<td>15.2</td>
</tr>
<tr>
<td>1946</td>
<td>45.1</td>
<td>76.6</td>
<td>35.3</td>
<td>14.6</td>
<td>16.7</td>
</tr>
<tr>
<td>1947</td>
<td>54.0</td>
<td>79.4</td>
<td>28.3</td>
<td>12.5</td>
<td>13.7</td>
</tr>
<tr>
<td>1948</td>
<td>41.4</td>
<td>76.0</td>
<td>38.5</td>
<td>14.4</td>
<td>16.5</td>
</tr>
<tr>
<td>1949</td>
<td>41.4</td>
<td>75.3</td>
<td>42.4</td>
<td>15.3</td>
<td>13.9</td>
</tr>
<tr>
<td>1950</td>
<td>43.9</td>
<td>77.6</td>
<td>39.4</td>
<td>14.5</td>
<td>15.0</td>
</tr>
<tr>
<td>1951</td>
<td>42.5</td>
<td>43.3</td>
<td>38.4</td>
<td>22.4</td>
<td>18.3</td>
</tr>
<tr>
<td>1952</td>
<td>49.0</td>
<td>74.1</td>
<td>32.8</td>
<td>16.8</td>
<td>17.3</td>
</tr>
</tbody>
</table>

The number of agreements for which the period of notice is indefinite, or four, five, or six months, is not large.

Some agreements, such as those for the wood processing and the machine industries, and for local authorities, provide that notice must not only be given in writing but, in order to be valid, must be accompanied by proposals for a new agreement. The
electrical industry agreement provides that notice of termination also includes the termination of price lists and local agreements that stem from the national agreement. The side giving notice is to hand over proposals for a new agreement and price lists to the other side within one month of the giving of notice. (Since three months' notice is required this leaves at least two months clear for negotiations before the parties enter into a "state of nature" with one another). The agreement between the compositors and newspapers requires the top organisations to appoint members of an agreements board (avtalsnämnd) immediately after notice has been given, and this board must meet without delay in order to arrive at a new agreement. (If this agreement has, after due notice of termination has been given, expired without a new agreement being arrived at the board of arbitration set up in accordance with § 72 continues to function until all the questions raised that relate to matters during the period of agreement have been finally discussed). In the case of the mechanical engineering industry agreement, where a number of federations are affected by any negotiations, provision is made that if the metal workers' or the foundry workers' federations terminate the agreement, the employers' association and other trade union federations are entitled to give notice of termination at the latest within three weeks. It is not necessary in such a case that the notice must be accompanied by proposals for a new agreement in order to be valid.

Not all agreements expire at the same time. Most agreements
expire at the end of the year, but some other important agreements expire at other times, either because of tradition or because of structural features of the economy, e.g., the timber working agreements which cover about 160,000 workers, are reached in the autumn before felling and dragging on to the frozen rivers begins, while the building industry agreement (covering 150,000 workers) expires in March, when the new spring building season is about to begin. But a fairly definite pattern of timing of negotiations and agreements can be traced in the developments of recent years in the collective agreements sector.

In somewhat simplified form, the wages negotiation season can be described by the following timetable of the main events:

1) Throughout the early summer the finance minister may speak about the economic climate, and the scope that exists for wages increases, while the trade union leaders may begin to discuss shorter hours, pensions, and other demands that they expect to raise in the coming season's negotiations.

2) The representative council of LO meets in August, and may make general recommendations to the federations about the wages demands that it thinks are justified in the light of the economic situation. If the economic outlook is uncertain the council may postpone making recommendations until November. TCO also issues recommendations.

3) In October or November the Economic Research Unit (an official body) publishes its autumn report, which contains forecasts
about the economic trends to be expected in the coming months. At Aros mössan in Västerås speeches on economic policy by people such as the managing director of SAF set the tone for the debate.  
4) The usual time for giving notice for agreements expiring at 31st December is 1st October, and the trade union federations are beginning to draw up the lines of advance they have in mind for the coming negotiations.  
5) The representative council of LO meets again, and may be prepared for restraint, or moderation: it may make policy declarations on price policy, cost of living and other important economic determinants.  
6) In December the trade union federations submit their proposals and demands for the renewal of agreements for the coming year.  
7) The National Budget Delegation gives an estimate in January of the scope that exists for increases in incomes. The finance minister presents his budget, and discusses the requirements for economic equilibrium in the light of the delegation's report. He may suggest what level of nominal wage increases is reconcilable with economic stability, or he may, as he did in his budget speech in January 1955, issue a severe warning to the unions that the scope for increases is extremely limited.  
8) The first of the important agreements, usually the national agreement in the machine industry, is concluded, and other agreements then follow fairly quickly.  
9) The agricultural price agreements are reached for the coming year.
10) Salaried employees in the state and private sectors negotiate their increases for the coming twelve months.

The full implications of this timetable for wages policy will be taken up for consideration in chapter XXI, but here the framework is considered simply as the background to the negotiation procedure pursued by any federation in reaching its agreements for the year.

From the byelaw provisions it has been noted that wage proposals can be initiated by the branches of federations as well as the board but that the board is usually concerned with coordination when proposals affect more than one branch and locality. The board can arrange agreement conferences for different groups and industries coming under its sphere of activity. One exceptional procedure is that of the compositors, who draw up the lines of wages policy for four yearly periods at their congress. A tariff commission considers the demands put forward by various groups and tries to coordinate them into a four year policy. A negotiation delegation is then appointed. More usually, the procedure has an annual pattern. In the case of cartels, consultations can be held with other member federations on the line to be taken. The factory workers' federation, having more groups than any other in industry, has about 20 agreement conferences, while the local authority workers' federation has three main conferences. Only persons active in the sector concerned can be
represented at these conferences, which are purely advisory in discussing what negotiation line should be taken. The metal industry workers' conference recommends (the board decides) whether the current agreement is to be terminated or prolonged, or whether there are to be negotiations BEFORE the agreement expires. It also draws up proposals, which the board of the federation cannot alter in any great degree. This is not in the byelaws, however, and the normal byelaw provisions usually state that the federation invites and receives proposals from branches, which it considers, approves or amends if necessary in order to arrive at a good line of attack. The negotiation conferences elect small delegations to do the actual negotiating, usually from 10 to 20 persons. The metal workers' byelaws stipulate that workers and not officials are to constitute the majority of such delegations.

The next step is to give notice of termination of the agreement involved OR to ask for preliminary negotiations with the other side, proposals for changes desired being presented at the same time or within a short time. "It is desirable that the parties limit themselves to such proposals as lie within the realms of possibility, and which are justified on reasonable grounds. To some extent it can be said that this object is now fulfilled in negotiations."

1) According to Arne Geijer, speaking at LO's congress, 1951. See report, p. 192.

2) See Masons' federation, congress report, 1953, p. 51, for express provision on this point.

3) Lennart Bratt, in Industria, 1952, no. 8-9, p. 74.
Preliminary negotiations are infrequent, and can be dealt with summarily. In essence they involve an attempt to arrive at a new agreement for the coming period without giving notice of expiry of the current agreement, and the parties try by direct negotiation between them to avoid the uncertainty associated with termination by reaching agreement in this way. They do provide a quieter atmosphere in which to negotiate. Such preliminary negotiations were first attempted in 1937. The byelaws of the metal industry workers' federation have since 1947 included the provision that the results of such preliminary negotiations do not go out to a vote among the members affected, but to the conference for its views. Thereafter the board has power to make the definite decision. This alteration in byelaws is a reflection of the fact that when it undertook preliminary negotiations SAF made it a condition that any results of such negotiations were not to be sent out for voting among the trade union members affected.

More normal than preliminary negotiations, however, is the termination of agreement procedure. Proposals are sent out to all the groups of employers and individual employers concerned, depending on the coverage of the branch affected. An attempt is usually made to arrive at an agreement with organised employers first, e.g., SAF, since frequently (as in the electricity industry) unorganised employers then undertake to apply the terms of the
agreement arrived at for organised employers. Negotiations can spread over several months if the parties prove intransigent, and it is frequently tactical for federations to wait until the metal industry workers' federation has concluded its agreement for the machine industry, since it employs 150,000 workers. No great inconvenience is caused by delay, since it is the regular procedure to postpone the date of expiry of the old agreement until a new agreement has been reached.

For agreements expiring in December, negotiations may begin in November or early December. Several stages then follow.

1) A first general meeting is held between the negotiation delegations on each side representing the employers and workers affected by the agreement. Depending on whether the agreement is a key one SAP and LO may or may not be represented at this stage. The leading employer delegated is usually appointed to act as chairman of the negotiations at this stage. A general discussion takes place, in which each side puts its claims and arguments about the economic situation in the light of wage and other statistics. This stage is essentially strategic, each side trying to feel out the strong points and weaknesses of the other. Although the employer may make a counterproposal to the demands put forward by the workers' delegation concessions are NEVER made at this stage. The parties do not attempt to have anything settled at this stage. A criticism made of this preliminary sparring

---

1) For a highly dramatised version in English of the negotiations for the machine industry agreement in 1950-51 see Industria International, 1951-52, p. 17 et seq.
is that if the federation officials on the workers' side do all the talking the other members of the delegation may feel they are being bypassed, and that it was not worth while coming at all. The preliminary discussion, which may last some time, is therefore important in producing a cross-section of opinion on each side.

After the general discussion has ended, the parties adjourn to separate rooms, and thereafter the chairman (who is at the same time an employer) communicates with each side separately, and through a smaller group of two or three members of the large delegations from each side. Thereafter there is no direct contact between the large delegations, all exchange of views and offers and demands taking place via the chairman in his third room. (The majority of delegation members are not necessarily unemployed in the meantime, however, since they may form small committees for dealing with particular issues in the agreement proposals.) It is unusual for the parties to find a solution by this method, and this first stage of negotiation does not usually last more than two or three days. The chairman may then adjourn the negotiations for some time, and call negotiations again for some convenient date when the parties' views and demands have ripened and become more definitely crystallised.

2) The parties meet again, no common discussion takes place, and the isolation in separate rooms is resumed. If no agreement can
be reached at this second stage, several procedures are possible:

a) notice of direct action can be given. This is unusual at this stage.

b) the chairman can declare the negotiations "stranded".

c) the parties can agree to ask an independent chairman to lead the negotiations. The parties pay for his services. They may try to choose someone who is a conciliator or who will become a conciliator if no settlement can be reached through an independent chairman. It DOES happen that in important negotiations an independent chairman is called in from the beginning, stage 1 being bypassed.

d) the parties may ask for a conciliator right away. He can be called in, or may step in on his own initiative if the dispute threatens to be a serious one. In cases where a large dispute threatens the state may appoint a conciliation commission. Where conciliators are engaged the state pays the cost of their services.

Stage 3. The impartial chairman has taken over, and the separate negotiations with the small delegations continue in separate rooms after the chairman has held a general meeting of the full delegations to acquaint himself with the position. The chairman continues to see the parties separately in an attempt to reach an agreement. If he does not succeed after a day or two, the negotiations may again be declared "stranded", whereupon the parties may ask the chairman to become a special conciliator (he may have been chosen as an independent chairman with this eventuality in mind). Formally, the social board chooses a special conciliator
of this kind, but usually the matter is arranged very informally. Alternatively, one of the eight district conciliators may be appointed, or intervene. He may obtain permission to lead the negotiations for districts other than his own in a national agreement issue. A third alternative is a special conciliation commission. Whichever procedure is chosen, the procedure and object is the same, to bring about a settlement. In practice, the parties contact the man or men they want, and the social board approves the arrangement. In this way the parties get someone they trust to lead the negotiations.

Stage 4. At this stage LO and SAF will probably both be represented in the negotiations, and both can make proposals for settling the dispute. If no agreement can be reached by the conciliator or commission through the procedure of negotiating and discussing alternately with each party, the last step may be to choose one of the following four ways of trying to settle the problem.

1) the conciliator may adjourn and send a proposal to the parties a few days later. This is extremely rare.

2) He may, after he has put out "feelers", put forward a proposal for settlement, if he is fairly sure that the parties will accept it.

3) He can recommend the parties to agree to allow the dispute to go to special arbitration procedure provided for by the act of 1920. This is VERY unusual nowadays.

4) If none of these alternatives is acceptable, notice (at least seven days is necessary) may be given of direct action by one of
the parties, either through strike or lockout.

**Procedure if a proposal has been made.** The parties are given time to decide on their reply through consulting with their members. On the employers' side it is common for the representatives to be authorised to agree at the table to any proposals made by the conciliator. For the workers' side the matter is more complex. The normal procedure in the light of LO's byelaws is for the federation to send out the proposals, perhaps with a recommendation, for a SECRET vote of the members affected by the agreement to be taken. Less frequently, the agreements conference may be asked for its approval of the agreement proposed. In the metal industry workers' federation the arrangement is that in the case of preliminary negotiations the conference is asked for its views, but no general vote of the members affected takes place, while in the event of normal negotiation procedure, such as that sketched here, being used the results of the negotiations are to be submitted to the members affected by them for their vote. An unusual procedure, not contained in the normal byelaws, is for the negotiation delegation to be entitled to arrive at agreement at the table, when circumstances are particularly auspicious for this, e.g. when negotiations have dragged on for a very long time. The board has to approve such action, and in such a case as this no voting takes place. Sometimes, however, to forestall such action it may happen that a meeting of branches or of the agreements conferences decides that such agreement at the table is NOT to take place. The factory workers' federation byelaws does contain
a provision (§14, clause 3) which empowers the negotiation delegation to arrive, with the consent of the board, at agreements on the spot "where special circumstances justify such action". The tactical advantage of this clause is felt by the federation to be that it allows it to meet the demands of the employers that agreements should sometimes be endorsed on the spot, in return for concessions that would not otherwise have been made.

When proposals do go out for voting, the requirement is that two thirds of the members AFFECTED must vote for a stoppage before a submission is made to the board of the federation asking for a stoppage of work in support of this expression of the disapproval of the members. BUT even when such a majority has been obtained - and it is a stiff requirement - the board of the federation retains the right of veto, that is the right to decide WHETHER AND WHEN direct action is to be taken. Thus voting is purely consultative. The view of the agreements conference, when sought, is also only advisory.

This right of veto has, as was noted in chapter V, now become a requirement of member federations in LO, but it continues to raise opposition. From the side of the adherents of the veto right it is argued that democracy is representative, that there is no point in electing negotiation delegations if the assumption is not to be that they are competent to arrive at agreements

---

1) The implication is that a) disapproval and b) suggested direct action are settled by the one expression of opinion.
along with the board. Basically, the justification for the veto right is that the board must have control over matters that may affect the whole of its membership. The matter becomes of even wider significance when a federation may have to fit its wages negotiation benefits into a general wages policy set out by LO. This aspect will be taken up in chapter XXI. Voting by the members may also result in the federation board being caught between two fires, a conflict which it knows to be fruitless, since it knows employers will not yield any more, and the over-riding of the vote of its members through accepting the proposals. This can take an undesirable form as well, in that those who do not vote are frequently considered to have voted in favour of the board's proposals. SAP also opposes voting, and many members of the unions also feel that the employer will not give away too much when he knows that a proposal is to be voted upon and may result in the workers' representatives coming back, like Oliver Twist, to ask for more.

On the other hand, the members are the ultimate justification for the whole framework of negotiations on the trade union side, and there may be psychological disadvantages in terms of

1) An interesting case of a federation congress bypassing the members on an issue other than that of wages negotiations was the decision in 1953 by the paper industry workers' federation congress to set up an unemployment fund for the members. There had been on three previous occasions a vote of members which rejected the idea, but on this occasion congress decided to settle the matter itself. AT (4/9/1953) approved this decision of representative democracy.
workers' solidarity if the vote of the members is rejected.

An apt illustration of the difficulty was provided in 1954, when an unofficial strike broke out in some Swedish dockyards, after a favourable proposal had been accepted by both sides, but was rejected by the members of the transport workers' federation in certain places, although NOT by the required majority which would have put the federation board in the position of deliberating whether to resort to direct action.

When the board did approve the agreement, wildcat strikes broke out in Gothenburg and elsewhere. These violated the collective agreements act, the warning act, and the byelaws of the federation. After the board had issued an ultimatum to the strikers, and most had returned to work, those who refused to terminate the unofficial strike were expelled from the federation.

The sequel was that the employers sued the Gothenburg branch of the federation and its members in the Labour Court (it had refrained from doing so on a parallel occasion in 1952), and the board of the branch and its members were fined. Here trade union solidarity was being matched against the requirement that the board of the federation should have respect for what was, in this case, a not unfavourable agreement for the workers. Only correct understanding of these matters on the part of the workers concerned will avoid such problems in future. This is clearly grasped by Sven Ekströöm of the foundry workers who, while a stout opponent of the veto right, nevertheless realises that the
corollary of member's sovereignty is education for the purpose of understanding these matters as well as the negotiators do. But this is not a realistic solution, for the whole point of having representative delegations for negotiation purposes is not only to provide a manageable group but also for the purpose of selecting representatives who do understand these matters and are skilled in settling them. Indeed, even they may have difficulty in weighing justly the balance between individual federation interests and the interest of the whole trade union movement that frequently arises during the modern coordinated and consolidated wages negotiations and policy. As we shall see in the next chapter, negotiation procedure has now become a much more complex matter than deciding what one's particular industry or firm can pay. The whole complex of economic forces that go to determine the growth of the national product are now relevant variables.

If a proposal has been made and rejected, or if no proposal has been put forward, the parties can decide on direct action. For the trade unions there is a procedure which has already been outlined in discussing centralisation. Only the board of a federation can approve strikes, lockouts, blockades and boycotts, and it can undertake direct action without asking the members to vote on the issue. Even if they do vote their view is only advisory, although it has great moral weight in swaying

1) For a discussion of this "demokratisk dilemma" see Svenska Dagbladet, 9th July, 1954.
the view of the federation board. If the direct action is going to involve 3% or more of the federation members or members of other federations, directly or indirectly, LO permission must be obtained. There is thus a strong check on unofficial strikes, and the direct action permissible is limited by law and the Basic Agreement.

What if LO rejects a request for permission to resort to direct action? The organisation concerned can complain to the representative council within five days, and the council must meet within seven days thereafter to consider the complaint. If the council endorses the view of the secretariat a complaint can be made to congress in order to establish whether conflict support should have been given. This provision indicates that, since congress meets only once every five years, it may be a long time before the organisation can state its complaint, and the main issue then to be settled will be that of whether support should have been given. If the employers resort to a lockout the secretariat can decide what action to take after consulting the organisations, but if the lockout is on a large scale the representative council can be called in to decide on what action to take, if the secretariat considers this is advisable. The secretariat of LO can withdraw support being paid if an organisation rejects a solution LO puts forward for solving a dispute, and provided two thirds of the secretariat's members are agreed, and the conflict can be FEARED to cause considerable
inconvenience for other affiliated organisations, for the trade union movement as a whole or for vital social functions.

The general rule during negotiations is that no publicity is given to offers made. This is justifiable in the light of the procedure, whereby the conciliator is in charge of the proceedings when he takes over. Any proposals that are rejected are considered not to have been made. Such might not be the case if the press could exercise pressure on the parties to negotiations. The parties on each side must keep in touch with their members, and a more loyal process is to do so directly rather than through reports to the press. Admittedly, the press can sometimes find out about proposals and offers by direct or indirect means, but it seems to be asking too much, although it is understandable, for the press to want detailed information about proposals before they have been discussed by those most closely concerned. 1)

It cannot be denied that the negotiation procedure sketched here is very time consuming. It may take several months to arrive at a definite agreement after the first sparring has commenced and sometimes, indeed, it pays to malinger over negotiations. This was the case in 1951 when prices were rising at a rapid rate. Negotiations can also be exhausting, for it belongs to the technique frequently practised by conciliators and conciliation commissions to keep the parties negotiating

1) The case for greater publicity is put in Tjänstemannarörelsen, 1953, nos. 1 and 2.
at critical stages for lengthy all night sittings, not only because this makes them more amenable to conciliation but because it may be the case that an agreement is just around the corner, or the conciliators have other negotiations to attend the following day. When it is remembered further that officials of employers' organisations and trade union federations often have many rounds of negotiations throughout the season the system does appear to be rather heavy and awkward. Attempts have been made on various occasions, the most recent in 1954, to sway opinion in favour of longer periods of validity for agreements than the one year that is now customary, but long term agreements require more for their efficiency than a fairly stable price level. Some method must also be devised of giving the unions a share in the increase in productivity as it matures. This would be practically possible in some industries in Sweden, just as it is practised in America to some extent, but the fundamental problem is that wages policy in Sweden is not now conducted - officially at least - on the principle of what the traffic will bear in each individual industry, and some overall system of granting general increases would be necessary. In view of the fluctuating nature of economic conditions such devices would perhaps be very inflexible.

The main justification for the Swedish system is, however, that it produces results with comparatively little direct action

1) See Morgon-Tidningen, 13th July, 1954.
nowadays. It would be pointless to overlook the fact that much of this success is due to strength and power on both sides, power which is used with discretion but is nevertheless present as an ultimate sanction when the other side tries to push one beyond endurance. As late as February, 1955, SAF threatened a lockout along practically its whole front because of sticky negotiations in the paper and pulp industry.

Complaints made against the system because of the strain it puts on officials on both sides are understandable, but it should be remembered that the negotiation system is not designed for the ease and comfort of the negotiators, but for settling terms of employment for the members of trade union federations. It is frequently argued that much of the negotiation procedure is simply shadow boxing, that the parties could arrive at agreements sooner were it not that members of trade union federations have become so accustomed to witnessing the hard grind of drawn out negotiations and all night sittings that they would feel their negotiators were giving in too easily to the other side if agreement were arrived at quickly. It is true that this is an important psychological point, but it is also the case that time is a great conciliator, (while it also brings changes in one's own and other sectors!) and the compromise that emerges may be the best possible ex post in the light of the parties' original views. It is also the case that proposals from the workers' side may be of infinite variety, and it is
not always easy for the trade union federation to convince its own delegates of what is just and reasonable. Again, agreements are now complex, and the non-wage, the general provisions may involve far more wrangling than wage rates.

But it would nevertheless be possible to retain the character of this system of negotiations as essentially a power process at work if some modifications could be made in the procedure. Although negotiations are now conducted on the basis of facts and statistics rather than bluff, it is not always the case that the parties agree to the statistics the other side puts forward. Much time could be saved if statistics were accepted by both sides at the beginning as being correct and impartial. Admittedly, statistics of future development are never reliable and will always be open to dispute, but it should be possible to agree on statistics for wages developments over (say) the previous nine months. Some attempt to arrive at neutral and acceptable statistics by getting a neutral agency to compile them is now being made, e.g., in the wood processing industry.

More rationalisation could also be introduced if each side tried to arrange its different negotiations in such a way as to leave the other side free to get on with other work at certain times. A further measure of rationalisation desired from the employers' side is that power should be given to trade union negotiators to arrive at decisions on the spot, when an offer is made or a mediation proposal put forward. But this

---

1) It is of course the case that each side allows the other to examine the statistics on which they are basing their arguments.
raises complex questions of trade union democracy. However, from the point of view of rational negotiation, reference of proposals to the voting of trade union members is a time consuming process, involving delays of weeks.

As has been noted, the number and scope of national agreements has been increasing in Sweden, and it is one of the most fundamental aspects of current wages policy just how far such centralisation can be carried. On one occasion, in 1952, SAF and LO arrived at a central agreement which recommended the percentage wages increases to be given in the various spheres of the economy but, as will be discussed in chapter XXI, this has been felt to be an undue infringement of the rights of trade union federations. It may well be that the form for negotiations has not yet been adapted to the new full employment economy.

The position of the conciliation system in the negotiation procedure is a central one. Not all federations do in fact make use of the conciliation procedure. It is a point of honour with some branches of the economy, e.g. the steel mills agreement, that "we'll settle this ourselves". However, it can be said that in the main the conciliation system as such serves a useful purpose in uniting the parties. Sometimes a party is enabled to save face with its members if it can turn round and argue that the conciliator forced a solution upon them. On the other hand, it is often easier from the point of view of members' psychology to accept a solution proposed by a conciliator rather than the other side. Psychologically, it is not easy
to get away from the conciliation system if members are haunted by the question whether more might not have been gained by calling in a conciliator. It is generally agreed that no greater material gains are obtained through resort to conciliation. All that is likely to happen is that it may take a longer time to arrive at the point of "thus far and no further" if the successive stages leading to conciliation are used instead of calling in an independent chairman right away.

The conciliators are not magicians, but simply men with a gift of finding an acceptable solution to knotty problems. Considerable skill and human understanding is necessary in their job, for not only can they be called in by the parties, but they may also intervene on their own initiative if they think the time is ripe. This requires skilful assessment of psychological factors, the passage of time, experience of the individuals on each side, whether other agreements are being reached, and so on.

One criticism is that, although there are special conciliators in addition to the district conciliators, there are not nearly enough people available in the conciliation service. A further criticism sometimes advanced from the workers' side is that it is usually the employers who supply accommodation for negotiations, whereas the system would be more independent and guaranteed in its objectivity if the state provided the accommodation as well as the conciliators. The Social Board made an enquiry into the strengthening of the
conciliation system in 1946, and proposed in its report in 1948 that the system should be strengthened by increasing the number of conciliation districts from 7 to 10. In 1950 the number was actually increased from 7 to 8, but further action was deferred until the requirements of normal negotiation seasons were assessed after the wages freeze of 1949 and 1950 had ended. When it voted funds for the conciliation system in 1951 parliament stipulated that the government should follow closely the question of organisation of the system and put forward any proposals for strengthening it that might be deemed necessary.

Motion 140 in the LO congress of 1951 raised the problem of an adequate number of conciliators, and of provision by the state of accommodation for negotiations. Congress endorsed this idea, and in 1952 LO asked the social department to have an enquiry made and to present proposals to parliament.

Paradoxically, however, the high pressure negotiation system discussed here would lose much of its effect if there were too many conciliators, just because they have a "scarcity value" over the short period within which the negotiation season is at its peak, and the parties feel bound to reach a settlement fairly soon. Negotiations might drag considerably if there were enough conciliators available to enable the parties to abandon some of their sense of urgency.

The idea that compulsory arbitration might be used to settle interest disputes is of course anathema to the labour market
organisations, as the analysis of the discussion in part II showed. There has been opposition to state intervention in this sphere from the earliest days of power negotiations. Compulsory arbitration would in fact be considered as no solution, and merely a subjective evaluation of the different factors that go to determine the wages set. The view taken by LO and SAF in 1926, and by the Nothin committee in 1935, was that there were no principles on which to conduct such settlements of disputes. Nor has voluntary arbitration won any adherence, although an argument in favour of such arrangements was put forward in 1953. But since the parties use voluntary arbitration on justiciable disputes under the special arbitrators act of 1920 only to a very small extent, it seems unlikely that the idea of appeal to an impartial tribunal for the settlement of interest disputes will gain much adherence in the private sector of the Swedish labour market.

Much of the negotiation procedure adopted is sanctified by habit, practice and tradition. Although the procedure sketched here can be exhaustive what is significant about it is that the parties have become accustomed to it psychologically, and a climate of opinion in which the negotiators are at home is good

1) In 1948 LO debated the possibility of state intervention in wages and took the line that state intervention could not in principle be rejected if the parties on the labour market could not control their affairs themselves. This had some influence on the agreed wage freeze for 1949. See Fackföreningsrörelsen och den fulla sysselsättningen, pp. 21-23.
2) See Dagens Nyheter, 10th June, 1953, an article by Thor Brunius.
3) LO annual report, 1948, p. 220, was not opposed to the repeal of this act of 1920, since only the painters' federation had used it in recent years.
soil for negotiation. It should also be remembered, when pleas
are advanced for reforming procedures, that it is only the
awkward cases that come to the notice of the public, and behind
the sensational and long drawn out negotiations of a particular
industry hundreds of local agreements and some national agreements,
such as that in steel mills, may be concluded without much fuss
at all.

Negotiation procedure for salaried employees in the private
sector is much less highly pressurised than is the negotiation
procedure for manual workers just described. In the main the
emphasis is on SALARY negotiations for members of TCO, SACO,
and the foremen's union; the union of clerical and technical employees
in industry, taking place at a local level, and with considerable
bias towards individual salary setting. This is however
modified by the fact that comparative statistics are available
at federation headquarters to act as a guide in settling the
range within which the salary of any individual salaried
employee is to fall. When local negotiations fail to produce
a solution it is possible for the top organisations to come in
and give their assistance in settling the wages to be paid.
Central negotiations are also responsible for the fixing of the
non-salary, the general conditions of employment at minimum
levels. In recent years it has been customary for the central
organisations to negotiate on cost of living bonuses, the
size of which is recommended to the local negotiating organs
as a guide.

There is indeed a trend to the centralisation of negotiations, e.g., within the TCO sphere, for the "macro" approach to the determination of wages and salaries in recent years and the attempts to pursue a coherent wages policy mean that TCO holds preliminary meetings with representatives of the individual federations at which it recommends the line they should take in negotiating working conditions. Thus, although it is still the common procedure for the individual federation to do its own negotiating, with direct assistance from TCO if required, the general recommendations are useful for keeping in line not only on the local salary conditions but also in the equally important general provisions, on pensions, sickness benefits, holidays and so on, which constitute important data in the salaried employee's conditions of employment.

In theory salaried employees in the private sector are just as much entitled to make use of direct action in support of their demands as are manual workers. But in practice the position is complicated by the fact that a strike of salaried employees would throw the whole enterprise out of gear and lead to the unemployment of manual workers. Further, the arrangement does not apply the other way. In the event of manual workers going on strike, the arrangement usually set out in the salaried employees' collective agreements is that they cannot be laid off. Nor may their salaries be reduced until three
months have elapsed after a strike commences, and even so the salary cannot be reduced below 60% of normal by a series of reductions. Salaried employees' agreements normally provide that they shall observe neutrality in the event of a stoppage of work caused by the manual workers, and they are bound to carry out certain protective work, or work that may be required for stopping or beginning operations again in an orderly fashion.

In the public sector negotiation procedure is much more complex, primarily because of the position of responsibility occupied by many officials in this sphere. For one group, state employees who are employed on collective agreements, the negotiation procedure is precisely the same as for the private sector, with neutral chairmen, conciliators, and direct action as the possible stages in the process. Prior to 1947 it was the custom for the various groups in state employment who were employed on collective agreements to negotiate direct with the executive of the department concerned, e.g. Swedish railways or the G.P.O. But this was a clumsy and unsatisfactory procedure, not only because there were seldom any real wage negotiation experts in the executive of government boards but also because different wages tended to emerge in the different departments. Both sides tended to play off one another in the light of what was happening in other state boards. Some attempt at uniformity was made from the workers' side through the establishment of their cartel in 1937, which enabled them
to consult on the line they would take in negotiations. But real coherence was only introduced into the system by the creation in 1947 of the state agreements board, which covers employees in almost 80,000 communications, defence and civil administration. In 1947 a similar board was also set up for state owned companies, which employ about 3,000 workers. Formally the negotiations take place still between the department and the trade union federation concerned, e.g., Swedish railways and the railwaymen's federation, but all agreements must be approved by the head of the state agreements board, and much of the negotiation is carried on through the board's chairman and his staff, while the other members of the board, experts on different departments, help as required. All the various departments and boards do not negotiate at the same time through the state agreements board, but the existence of such a board provides more uniformity and expert wage negotiators. Some uniformity of general provisions for, e.g., all the departments and federations in state communications was provided in 1949 by the conclusion of central and standard agreements governing pensions, holidays, sickness pay and other benefits. This leaves more time for the actual wages negotiations each year, since the idea is (although it is not always true in practice) that the general provisions clauses should apply for a period of years at a time.

Local authority workers employed on collective agreements
negotiate with the three central bodies created for different types of local authority, cities, county councils, and rural parishes. Centralisation in this sector dates only from the 1920s, and applied at first only to the general provisions of agreements. The tendency now is for wages provisions also to be fixed, and not simply recommended, by the negotiation delegations of the three local authority groups after negotiation with the local authority workers' federation. In 1951, for example, the federation of towns introduced into its byelaws a provision which obliged the member cities, on pain of expulsion, to follow the recommendations produced by the negotiation delegation. In the other two groups express provision is made that the central bodies try to have their recommendations accepted by the local authorities or county councils in unchanged form. Flexibility is of course provided for work for which payment by results can be made, and for which local conditions vary.

Rural parishes, for which there are about 2,500 agreements, can of course provide a lot of local negotiating work for the local authority workers' federation when wage and employment provisions negotiated at the centre are still treated as recommendations, even though it is exceptional for the individual authority to depart from central recommendations. The centralisation of negotiations on both general and wages
provisions has brought its advantages of uniformity for the workers. As was discussed in chapter X, provision can now be made for a local authority to delegate its right of decision to the central negotiating organs, and it is gradually becoming simply a formality for the local authorities to endorse both the general provisions and wages provisions in unaltered form, except where local conditions and payment by results necessitate local negotiations.

Formally, employment on wages or salary plan, which tends to be coincident with a position as a responsible official, involves no right on the part of the employee to negotiate terms of employment, but simply to be consulted. In the interpretation and application of state salary regulations the employees' organisations had in the past been given an opportunity to be represented in the advisory body known as the state salary board. In 1945, however, the government adopted a new method of salary fixing by empowering the committee that it appointed to revise salary scales and services to negotiate with representatives of the organisations directly interested. In addition to this periodic review of service

1) See chapter X, on the right of negotiation of responsible officials.

2) The agreement reached in June, 1946, with the organisations dealt with the structure of the salary plan, pensions, sick pay, benefits, overtime, cold zone benefits and so on. The committee had negotiated its recommendations. TGO report 1946, p. 30, quotes the official committee that discussed the report as saying that the fact that the salary plan committee had negotiated did not mean that it could bind the government, although it considered that recommendations arrived at in this way were of value and should be taken note of when the state came to make up its mind. If it was found necessary to depart from the results of the negotiations a bad precedent would be created for future negotiations with the parties. This illustrates the difficulty from a constitutional point of view of such negotiations, but also their practical significance.
requirements and salaries there are now annual negotiations on
cost of living bonuses and other forms of payment, and also
on the share such employees are to obtain of the "general
increase in the national product".

These negotiations take place between on the one hand the
minister of civil affairs and on the other the four central
organisations that have employees in state service on salary
plan, namely TCO, SACO, SR and the state employees' cartel of
LO. Often these groups agree beforehand not to indulge in
mutual throat cutting, but there are of course always differences
of view about the way in which increases are to be allocated,
e.g., by percentage or flat sum, and at which levels of the
salary plan. To some extent, of course, as a result of its
conflict in 1952, SACO is now excluded from common negotiations
with the other groups. (See chapter IV).

When agreement has been reached between the minister and the
four organisations (TCO normally negotiates here through its
Civil Servants' Section), and the state employees' cartel
has endorsed the agreement through its agreement conference, a
proposal is submitted to parliament for its approval.
Although parliament retains the formal right to settle the
exact level of salaries for every one of the state salaried
employees, it has become in effect merely an endorsing body,
which sets its rubber stamp on the agreements concluded on its
behalf by the minister of civil affairs with the salaried employees.
Criticism of this bypassing of the representatives of the taxpayer led the 1948 committee on rights of negotiation and association to consider a suggestion that parliament should vote lump sums for salary purposes, in order to take the negotiations out of politics, a suggestion which it could not however endorse, because state employees' salaries formed about 40% of total state expenditure. What this committee did instead propose was a special negotiation organisation coming under the minister of civil affairs. The procedure in all negotiations was not envisaged as being identical.

General benefits in the salary plans are not revised every year, nor are the various grades of service, and these normally require much more negotiation and preparation than annual negotiations on cosy of living bonuses for any particular year. Some rationalisation of the procedure does seem called for, and in particular on the side of the salaried employees' organisations, a whole forest of whom are entitled to negotiate, either through the four main central organisations or on their own behalf. The 1948 committee agreed that this was a problem when it estimated that about 180 bodies were entitled to negotiate, but it did not propose making any alterations in the negotiation procedure as regards the requirements an organisation had to fulfil in order to be entitled to negotiate. The

1) SOU 1951: 54, p. 131.
minister of civil affairs, John Lingman, did however on several occasions throughout 1953 stress that some sort of coherence among the groups entitled to negotiate would be beneficial to all, and the propositions in the 1954 session of parliament which modified the position for state and local authority negotiation procedures reflect the anxiety that the present heterogeneity of the system allows and encourages.

In local authority employment the list of services is determined in a similar way through negotiation, but local authorities are much freer than the state to decide for themselves who is to be a responsible official. In these negotiations, and in the annual negotiations on cost of living and other increments, the salaried employees' organisations, e.g., TCO through its Local authority salaried employees' committee, take part on one side, and the three federations of local authorities, cities, county councils, and rural parishes, on the other. As in the state salary plan all benefits, cash and in other forms, are specifically detailed in the plan, and no deviation is possible.

In sum, the negotiation procedures used in the Swedish labour market for purposes of arriving at terms of employment vary with the nature of the employment, the type of employer and worker, and the kind of sanctions that are ultimately 1) See a speech at the congress of the railwaymen's federation on 1st August, 1953.
available for forcing one's views on the other side. Present negotiation procedure in all sectors reflects the influence of wartime and postwar wages developments, when groups had to centralise negotiations and make negotiations a recurrent task in order to preserve their real income position. Whereas prior to 1939 it was only LO that had developed a really powerful negotiation system with SAP, the rise of salaried employees' organisations and the pressures of a full employment economy have led to all groups, including civil servants, being much more active, and active at more frequent intervals, in pursuit of their own interests. The system is thus becoming highly integrated and collectivised. The discussion of wages movements and policies in the next chapter endorses this view.
CHAPTER XXI
WAGES POLICY

The discussion in this chapter will take up different aspects of the wages policies that have been consciously developed in Sweden in the past twenty years. The general background to wages policy in the form of a positive attitude to production on the part of the workers is first set out, and thereafter the first deliberate attempt of the trade union movement to discuss and develop a wages policy of solidarity is considered. This wages policy is then looked at in the light of the successive wage negotiation seasons of the war and post-war period, and a typical wage negotiation season is analysed. In the light of this practical experience the discussion then takes up an attempt by the trade union movement to develop a wages policy suited to a full employment economy. This is explained and criticised. Finally, the chapter will take up the problems that a coherent wages policy will have to face in Sweden in the light of the structure and functioning of the organisations. Rationalisation. "One can thus say now that in principle there are no longer objections from the workers' side to such improvements in production techniques as result in a simplification of the process of work, although there is of course still opposition to such technical improvements being exploited by the employer for the purpose of pressing down the standard of living of the workers or as a weapon against their organisations."

1) SOU 1923; 29, p. 133. (The report of the committee on industrial democracy).
This statement dates not from 1955 but from 1923, and it gives a very fair indication of the depth of experience and knowledge that underlie the positive attitude of the workers in Sweden to rational and efficient production, provided there are safe-guards against exploitation. In 1922, indeed, the congress of LO had approved a statement by the secretariat to the effect that obstruction as a weapon in wages negotiations was of minor importance and could cause injury to the workers if it was used in such a way as to reduce the general productive potential of industry, since the first condition for an improvement in the economic circumstances of the workers was that a sufficiently large result was obtained from production.

In the congress of 1931, motion 106 raised problems of rationalisation, which it defined as "the change in the technique and organisation of the work process that is proceeding at an ever increasing tempo". It approved the idea that industry should organise production in the most efficient way, but at the same time drew attention to the dangers of the trade union movement perhaps not receiving its due share of the fruits of such rationalisation. The secretariat emphasised that, if correctly understood and practised, rationalisation was both unavoidable and inevitable from the point of view of the national economy, but it feared that many industrialists were over-looking

1) LO congress report, 1922, statement no. 4, pp. 184-5.
2) LO congress report, 1931, statement no. 8.
the social aspect of rationalisation. The federations and branches were therefore urged to try to prevent the tempo of work being stepped up to such an extent that the workers' health suffered and accidents and overstrain ensued.

The report of the 15 men analysed rationalisation and "the effect of machinery on wages" in a historical survey going back to Ricardo, and concluded that rationalisation was a natural method for attempting to improve the results of production and for protecting human and cultural development. But certain criteria were suggested as a guide to the trade union movement to ensure that it did not suffer too much from rationalisation. In the first place, production should not be so organised that it served the private profit motive exclusively. Security of life and limb must be preserved in industries where measures were taken for the purpose of increasing productivity. In order to avoid physical and mental strain shorter working hours should where possible be demanded.

The full employment report of 1951 also analysed the positive and negative experiences the workers had had of rationalisation, but pointed out that the central agreements on apprentice training (1944), enterprise councils (1946), and work study (1948), and also the rules for local protection at work (1942, revised 1951) did reflect the fundamentally positive attitude of the trade unions to rationalisation. The trade union movement

1) Fackföreningsrörelsen och näringslivet, pp. 135 - 144.
Considered it was one of its most important tasks to support and promote developments that led to increasing efficiency, but 1) NOT at the expense of the worker.

In sum, the experience of the unions has been varied, but, subject to the workers being protected against exploitation through rationalisation, the movement has been steadfastly positive in its attitude to rationalisation of production. Being thus positive to productive efficiency, the trade union movement has had to face the question of what its policy in wages should be when productivity varies greatly from one branch of the economy to another, when some production can be rationalised but some other industries are structurally unsuited to intensive rationalisation. This leads to the development of ideas on a wages policy of solidarity.

As early as the 1922 congress of LO the Stockholm branch of the metal industry workers' federation presented a motion (no. 144) which drew attention to the lack of social spirit in the wages policies pursued in certain industries, whereby domestic industries could ensure good wages while industries working for export were much less favourably placed for having good wages. "To the extent that the wages of other groups exceed those of workers in export industries, so the wages of the latter are lowered, which can hardly be in agreement with the demands of class solidarity". If the workers wished to

1) Fackföreningarsrörelsen och den fulla sysselsättningen, p. 64.
gain any real improvements in their position they must press forward on a common front and forget the group and gild points of view that had hitherto dominated wages policy. The motion also asked LO to take the relative wages positions of groups into account when deciding on whether to give support in conflicts. The secretariat endorsed this last part of the motion, but it ignored the first and major part, which was trying to direct constructive action in favour of the worst paid groups. All LO did was to agree that they might come first in the queue for support in the event of conflicts. The Stockholm branch therefore returned to the charge in the 1926 congress, and held (in motion no. 7) that quite apart from skill, trade, and season, wages for workers affiliated to LO were still very unequal in the home and export trades. (At this time SAP was arguing that wages policy should be based on the ability to pay off the export industries, which were less profitable than home industries at the time). The need for a more consolidated wages policy was obvious. The motion went further than in 1922 by proposing a reorganisation of the constitution of LO to make such a policy possible. An enquiry was decided upon, and this took up considerable attention in the 1931 congress.²)

Problems of specific underpaid groups were also raised in the 1926 congress, in motions no. 37-43, e.g., in relation to forestry and sawmill workers. There was some sniping (see

1) LO congress report, 1922, statement no. 23.

2) See chapter VI, p. 245 et seq.
motion no. 38) about the favourable position that workers in the foodstuffs industry had been able to get. (Note this is a domestic or sheltered industry). The foodstuffs workers responded (motion no. 40) by arguing that motion no. 7 was an attempt to dictate, and that workers in export and large scale industries had cut their own throats through having too much payment by results. The secretariat considered that this unevenness in the wages of different groups deserved the attention of the movement. The root cause was that wages had fallen more rapidly in unsheltered industries than in sheltered industries since 1920. Motion no. 41 had wanted an investigation made into the possibilities of working out common wages provisions for all Swedish workers, but to this the secretariat responded that it was impossible, since ability to pay varied from industry to industry in accordance with economic conditions. "As long as we have not got such a grip on the laws of economic life as to be able to regulate production and economic life more evenly, no powers seem to exist by which the wages could be regulated uniformly for all industries".

To do away with payments by results would be no solution. Indeed, this was the most suitable and just form of payment in many kinds of work and industry. However, altruism and solidarity within the movement demanded that everything possible should be done to achieve as even a standard of living as
possible for workers in different sectors. This accordingly required that the worst paid should be given priority in support of wage claims, and that attention ought to be paid in other ways to promoting their interests when wages negotiations were being planned. As to collective agreement and wages policy, it was important to see that agreements entered into were observed on both sides.

When the constitutional aspects that had been raised in 1926 were taken up in the 1931 congress the secretariat doubted whether there had been much change from the status quo line of 1912, and argued that a centralisation of the trade union movement would by no means result in such similarity of wages as the motion submitted seemed to think was desirable. Even within the best paid trade groups, such as the compositors, the wages of organised workers varied very considerably, not only because of skill and craft but because of other factors that were outwith the control of the trade union movement. Even if the whole resources of the trade union movement were put at the disposal of the worst paid groups (agriculture, forestry and textiles) it would certainly not be possible to lift these groups to the same level of wages as the better paid groups. The equalisation of wages that was desirable would probably not be easily attained in the very near future. Solidarity between workers was the basis for the activity of the trade union movement, but it would be foolish to imagine that this
solidarity reigned supreme in the mind of the worker. A certain amount of egotism had to be allowed for. If the possibilities existed for a group of better paid workers to improve their position further it would probably be impossible to attempt to prevent this by congress decisions and byelaw provisions, and by pointing out that their wages conditions were already better than those of other groups. Such tactics would certainly lead to a split in the movement and to its disintegration. "To persuade workers or others to refrain, through affiliation to an organisation, from getting their wages raised when the possibilities for this exist, and at the same time to pay fees in this organisation, is quite simply unthinkable." But the secretariat did endorse the view of the 1922 congress that the lowest paid groups should have prior claims to support in conflicts. Otherwise a constitutional status quo was recommended, and accepted.

In the 1931 congress the problems of agricultural workers had been raised by motions no. 107-117, and the secretariat asked congress to agree that the attempts by agricultural workers to improve their conditions of employment should be supported by LO in a suitable way. This was vague, and LO left it to the agricultural workers' federation to decide what it thought were suitable measures and then seek LO support for

1) LO congress report, 1931, pp 51 et seq.
2) See chapter VI, p. 245
them. A similar line was adopted in response to motions (no. 118-123) on the poor conditions of workers in forestry. The problems of these two industries were also taken up in the 1936 congress, and the constitutional difficulties were illustrated by the fact that LO was unable to give support to a motion (no. 226) that wanted congress to take up the question of a wage increase of 300 crowns a year for agricultural workers. Forslund pointed out that this would encroach on the activity of the federation, whose rightful duty it was to negotiate on the size of the wage to be paid. A similar reply was given to motions (nos. 227-30) that raised specific problems and proposed solutions for forestry workers. (One of the main difficulties here was that only 30,000 out of at least 150,000 forestry workers were organised).

Prior to 1936 there was thus a growing awareness of the needs of badly paid groups within the LO sector, but little was being attempted by way of drastic measures in support of their need, although some help had been given to agriculture and forestry.

But in 1936 the trade union movement suddenly made articulate in a clearer and more constructive way than previously that wages policy was not only a matter of cash benefits, nor was it necessarily limited to trade union action alone. The position of badly paid groups could be improved by social as well as trade union action. A much more comprehensive approach
was developed to the whole problem of increasing real incomes. We have already had occasion in chapter VI to draw attention to motion no. 224 from the metal industry workers' federation in the LO congress of 1936 as symbolising a new positive and social approach to LO's constitutional problems. It also posed the wages policy problem, which of course was and is closely linked in internal union affairs with constitutional powers. In order to avoid misunderstanding on wages policy, the motion stressed that a lowered wage for a well off group of workers did not automatically result in a lower paid group obtaining more. Many factors had to be taken into account, such as the ability to pay of the industry. But lower paid groups should have prior right to support from LO in order if possible to improve their wages. This was in accordance with the decisions endorsed in 1922 and later congresses. But these ideas had had no effect on the byelaws of LO, and so the motion proposed that revision of LO byelaws should be made so that there might be a coherent planning of wages negotiations in the light of the consolidated goal of helping the lowest paid groups of workers.

The trade union movement had also good reason to demand social control over the economy, the motion argued. The way in which many firms had been run showed that social pirates existed who looked only to their own immediate private profit.

1) See chapter VI, p. 254 et seq
A case was thus made out for worker co-influence. As to measures of social policy, the motion pointed out that the situation in certain branches of the economy was such that hardly any possibility existed for the workers to improve their position through wages policy measures. For them the trade union movement would be of no use if it concerned itself purely with wages questions. But it was of great importance that these groups of workers should not be estranged or left to their fate. For them there was no other way to a reasonable standard of living than through special measures of social policy in support either of the branch of the economy in which they worked or also of the workers directly. The trade union movement ought therefore to deploy its combined forces in order to look after the interests of these workers, even if this should mean that better situated members of society had to meet the costs. But such measures should not bear the appearance of not having been planned.

It was important that this question should also be thoroughly investigated. In the light of this motion and the secretariat statement on it a committee (the 15 men) was indeed set up to deal with the problems raised, and its report presented to congress in 1941 was mainly responsible for the more centralised bias given to LO's byelaws in that year in

1) The dangers of communism and Nazism were probably implicit in this.
relation to wages policy. This has already been considered in chapter VI.

The most important idea underlying this changed approach to solidarity among trade union members was that a consolidated wages policy required not only internal adjustments of the constitution of the movement, but that a more closely linked approach via social measures could help worse off groups. There was thus emphasis on both internal and external aspects of a policy of coordination. A wages policy of solidarity required not only trade union but also social measures. Workers in a branch with low profit margins could be supported by social action, since it had been seen that wages policies that aimed, as the Swedish trade union movement did in the 1930s, to eliminate differentials within each industry, were not necessarily powerful enough to eliminate wide divergences of income between industries of different profitability. This was recognised in the report of the 15 men. "It is the profitability of the branches of the economy that ultimately determines the limits for trade union action. An industry with a stable market and large demand can of course pay better wages than can activity which has a difficult and uncertain existence. The workers in these last industries do not, however, obtain better wages because their comrades in a more favoured group refrain from the opportunity they may have to improve their position further. An equalising wages policy can only be
achieved here through social policy measures." Political and trade union action had it argued already improved the position of agriculture through the support devices introduced in the early 1930s. Housing subsidies had also increased real incomes in the countryside.

In part this change to a positive policy in support of lower paid groups was the result of the rise to power of the social democrats, and in part also because even the best paid workers found during the depression of the early 1930s that even they were not immune from wage cuts. Some change in thinking towards analysis in terms of the forces determining the level of economic activity may also be ascribed to the "Stockholm School" of economists. The idea of charging what the traffic would bear within each industry thus received a shock which led to a thinking through anew of the criteria on which wages negotiations should be based. And, having matured enough in certain industries to be able to push wage demands to the limits of what the traffic would bear in any one year, the movement could afford to be positive, confident in the knowledge that it could obtain a just share of any improvements in productivity.

But, as Lind pointed out, no practical rules had been suggested for the wages policy of solidarity in the 1936 and

1) Fackföreningssrörelsen och näringslivet, pp. 186-7.
2) Solidarisk lönepolitik, p. 18.
later discussion. Practical application would require an extension beyond the bounds of each federation of the policy of seeking increases first of all for the lower paid groups. Solidarity had to be transferred to the class in the trade union sphere, and this would be supplemented by social action through taxation, housing subsidies, school meals and so on. Two methods were envisaged for trade union action, a) a group that had reached the margin in its own industry would put its trade union resources at the disposal of weak groups in order to help them to fight their way up to the margin of profitability, or b) the best paid workers could exercise restraint in their wage claims in order to create conditions for a transfer of ability to pay from one sector of the economy to another. The latter approach was considered preferable. (Just how far it has proved realistic will be taken up in the discussion of the wages policy of solidarity in conditions of full employment). Lind's analysis is very vague, and it is difficult to see how in practice pressure could be exercised on resources to make them transfer through refraining from exerting pressure through

1) LO reflected the change in outlook in 1937 by agreeing to proposals that there should be minimum wages legislation in agriculture. Wages fixing legislation was something that it had always opposed previously. In this case no legislation was passed.

wage claims, unless by abstaining to such an extent that resources eventually became unemployed. What he seemed to have in mind was that the branches between whom the transfer of resources was to take place should be closely related. Even so the idea remains vague, and he conceded that it would not operate easily in view of the many export industries that were dependent ultimately on forces outwith the control of the unions.

His conclusion was that only unified leadership could achieve the tightly geared planning and division of labour that must form the basis for an equalising wages policy such as this. This in turn meant that the organisational apparatus and constitution of the trade union movement would have to be revised. There is thus a clear grasp in Lind of the need for trade union reform of internal matters. Equally important, however, as the events of the 1940s showed, was that external conditions should also be favourable.

How has this policy worked out in practice? This is a vital question when we look at the wage negotiation procedures that have developed over the past fifteen years. In part a wages policy of solidarity could get off to a good start around about 1937, for economic conditions were good, the leaders of LO and SAF were discussing mutual problems that led to the Basic Agreement, and in 1937 too a new type of negotiation procedure
was developed, "preliminary negotiations". In 1936 wages increases had been discussed in a climate of mutual forbearance, and as a rule were settled without resort to open conflict. The parties on both sides seemed to be anxious to avoid the interruptions in production that the termination of agreements often brings, and had tried instead to reach agreement through prolongation of agreements and preliminary negotiations. SAF greeted this development with satisfaction. The change was made somewhat more explicit in 1937, when in July LO asked SAF whether the employers would be willing to take up preliminary negotiations during the autumn with a view to avoiding termination. SAF consulted the federations affected on its side, and told LO that they were not opposed to such negotiations if the workers requested them. A condition was, however, that any results of such negotiations were not to be sent out for voting among the unions affected. As things turned out, most trade union federations preferred to give notice, but in mines, steel mills, and sawmills, preliminary negotiations were used as a means to smooth the passage from one year to the next. 2)

From LO's side this development led to a change in practice, for from August of that year the custom was developed of inviting all the federations who had agreements expiring

1) SAF report for 1936, p. 5.
2) SAF report for 1937, p. 7.
within the next few months to attend an agreements conference at which general information about the economic situation was given and the principles that seemed advisable for the coming negotiation were outlined. In no way was the freedom of the federations infringed by such meetings, but obviously greater voluntary coordination might emerge. The significance of these meetings of LO federations is brought out clearly by the wage negotiation pattern that has developed since then. This will now be discussed.

The outbreak of war in 1939 immediately brought new features into the labour market structure in Sweden, and although no wage legislation was passed the parties were made to understand that they would have to find some way of ordering their relations for the emergency. The solution found and applied successively each year throughout the war was a type of index agreement between SAF and LO, a framework within which it was RECOMMENDED that the wage rates specified in collective agreements should be adjusted to changes in the cost of living every quarter. The basis on which the additional compensation was to be calculated was hourly earnings, and the compensation was superimposed upon the rates negotiated in collective agreements, but shown separately. An attempt was made to provide uniformity of compensation in each district by agreeing to treat all the firms in one place or cost of living group as "one firm" for the purpose of calculating average earnings. The compensation

1) The revision of LO's byelaws (discussed in chapter VI) in 1941 set out the principle of a wages policy of solidarity as one of the goals of the trade union movement, and the secretariat was given greater powers to coordinate negotiations through the byelaw revisions analysed in chapters V and VI.
percentage was to be 0.42% for every unit rise in the cost of living, but only if the index had risen at least six points above the previous quarter's figure. In fact, with the exception of the last quarter of 1940, the cost of living index did rise by more than six points, and compensation was thus paid on the sliding scale. For constitutional reasons SAF was not willing to bind itself in this way for salaried employees, and with them the procedure adopted was for SAF to send a circular to its partners recommending them to introduce a bonus for their employees along the same lines as the workers, with a ceiling for bonuses at a salary of 900 crowns a month. This bonus did not exclude adjustment of basic salaries in the light of skill and competence.

Thus both for manual and salaried employees the arrangement was that compensation was to be provided by a cost of living arrangement superimposed on wages and salaries arrived at by the parties themselves. It ran only for one year. By mid 1940 the cost of living had risen by 12 1/2 % (22 units), the index clause had given compensation of 6.3%, the collective agreement increases gave 2 1/2 % on the average, and thus real wages had dropped by about 3 1/2 %. With this rapid development SAF developed cold feet about continuing to compensate for rises in the cost of living, and decided to terminate the agreement at the end of 1940. After LO had discussed the situation at its autumn meeting, and recommended prolongation, negotiations on a new index agreement were taken up with SAF in November, and agreement was reached on
29/12, after SAF had expressed its doubts about the burden of defence and the dangers of the loss of imports and exports pushing the index too high. Some influence was exercised on this new agreement by the fact that the index agreement concluded a short time before by the government and the state servants' cartel gave only 50% cost of living compensation. Thus compensation was set lower in the SAF-LO recommendations for 1941 than had been the case in 1940. The arrangement resulted in a further compensation of 2.4% being paid from February, 1941, and an extra 4% from July, 1941 (making 12.7% in all on the index agreements for 1940 and 1941). The next index agreement, for 1942, was more favourable to the workers, giving compensation that year of 8% in cost of living rises. Similar rules were applied in the state sector in 1942 as for 1941. Salaried employees coming under SAF were also compensated by recommendations based on the SAF-LO agreement.

During 1942 the cost of living rose only 12 points, and the government attempted seriously to stabilise incomes and the cost of living by negotiating with various interest groups. LO was willing to agree to a wages stop, but NOT for badly paid groups like agricultural and forestry workers, and they were accordingly excluded from the wage freeze introduced in the autumn of 1942. The agreement reached between LO and SAF provided that the cost of living index would have to rise by 10 points before any compensation was paid. This new freezing arrangement was designed to eliminate the cross-compensation effect that had emerged hitherto through
agricultural product prices, wages, and industrial product prices being altered SUCCESSIVELY instead of being coordinated simultaneously in one freezing action. Previously there had been competition among the various interest groups in an effort to ensure that their particular position deteriorated least. For example, LO suggested at its autumn meeting in 1942 that rises in wages were consequential on price rises due to the shortage of goods.

The price stop attempted for 1943 was very successful and no additional cost of living compensation was paid, the bonus remaining at the level of 20.7%. The bonus was still kept separate from the rates set out in collective agreements, which could still be negotiated, and did produce favourable results in forestry and agriculture, where labour had a scarcity value because of the food drive and the shortage of fuel.

The new index agreement reached for 1944 between SAF and LO kept the same ceiling as before, but now a difference was introduced that aimed to make adjustment more rapid to the 1939 real wage level in the event of a fall in the cost of living, in that no cut in the bonus could be made until the index had fallen to a level of 220 (the ceiling was 249, and the level in December, 1943 was 240). In the collective agreement negotiations at the end of 1943 the employers had to concede increases to lower paid groups, e.g., textiles obtained about 3%, and for the whole SAF sector it was estimated that an increase of 2% was the average.

The cost of living was almost stable throughout 1944 and no
index negotiations were asked for by LO for 1945. It recommended that the index agreement should be prolonged. Improvements in real earnings were recorded throughout 1944, and for 1945 LO anticipated at its August, 1944, meeting that real wages would improve VIA FALLS IN PRICES AND STABLE MONEY INCOMES (a policy recommended by the Post-war Programme of Swedish Labour). LO welcomed the request of the price control board for greater powers to carry on an active policy of forcing down prices, and endorsed this approach vigorously. It emphasised that nominal wage increases would torpedo the attempt to stabilise prices, quite apart from the effect they would have on other groups in society. In many ways it was, however, considered that the economic situation was improved, and LO thought this would allow of improved wages for the lower paid groups (whom it did not specify). (This is an example of the consolidated wages policy at work). Women's wages were also recommended as a target for increases, as were workers in low cost of living groups, where the cost of living had risen more than in the high groups. Each federation was thus advised to take up negotiations with its employer group, bearing in mind these criteria. It will be seen from the recommendations that LO was differentiating between the poorly paid groups and others.

In fact negotiations for 1945 covered nearly every group, and average wages increases of 4½% were recorded, with additional

1) See LO report for 1944, pp. 18-19.
Individual benefits of 1-2% or more, depending on the prevalence of payments by results. In this year the big conflict took place in the machine industry, lasting from February till July. The increases gained for 1945 reflected some concessions that had been won in 1944 by some workers in state and local authority undertakings, and in agriculture, where wages were raised out of the increase in agricultural incomes in the harvest year 1944-45. Also important for SAF's negotiations for 1945 was the increase of 12% granted in the autumn of 1944 to junior civil servants. SAF considered this an unfavourable precedent. "Even if there was reason for pushing up the salaries of certain groups of civil servants this could surely have waited until the ordinary (parliamentary) session of 1945". For 1945 SAF recommended similar cost of living bonuses for its salaried employees as had been paid in 1944.

During 1945 there developed a shortage of workers which influenced employers' attitudes to wages demands, while the index of industrial production rose with a return to peace time production. This had an effect on the negotiations for 1946. In the autumn of 1945, when it discussed plans for the coming year, LO recommended a prolongation of the index agreement. It surveyed the wartime developments, and found that on average total hourly earnings had risen by about 40% for industrial workers since 1939, while the

1) SAF report for 1944, p. 15. See TCO report for 1944, p. 26 for the same negotiations. TCO considered this increase would have reactions in the private sector.
cost of living had risen by 42%. But for agricultural and forestry workers real wages improvements had been gained, while building workers had deteriorated in the relative wage position. The increases in earnings had come from the cost of living bonuses, collective agreement improvements, and improvements in individual earnings in various forms.

The war had thus changed the relative wages structure. Some other groups, in trade, transport, foodstuffs had also fallen, but the chairman of LO did not think that restoration of the real wages position would necessarily mean a restoration of the 1939 relative wages position. General wages increases were asked for in the autumn of 1945 for 1946. Although the emphasis was on price stability, and helping women and low cost of living groups again, rises of 5% for men and 6% for women were obtained in the private sector. For salaried employees in 1946 SAF recommended that the 900 crown ceiling of 1940 for cost of living compensation should be lifted to 1500 crowns a month.

Both in the spring and summer of 1945 further increases in salary were granted to civil servants in the form of bonuses, and a third increase was agreed upon in the spring of 1946 for the coming financial year.

In its plans for negotiations for 1947 LO declared in the autumn of 1946 in favour of raising women's wages to a greater equality with men's through a successive closing of the gap,

1) SAF report for 1945, p. 18.
accordance with the principle of "equal pay for equal performance". In other respects LO also signalled a wages offensive for 1947 when it considered the situation was favourable, and announced that "one of the fundamental factors in trade union tactics is that good economic conditions with high and stable employment ought to and will be exploited for the purpose of raising wages." Again it was stressed, however, that the stability of the price level must not be endangered, for this would undermine real wages. It "seemed" that in most branches of the economy adjustments in wages would be possible without this justifying demands for compensatory price increases. But in order to protect against instability in prices LO recommended an extension of the wartime index agreement. This SAF opposed, but on 27th November, 1946, SAF and LO did reach agreement that the wartime index bonus was to be raised, from 20.7% to 25.7% if the index reached 2.49, or in any event on 1st May, 1947. The ceiling and floor clauses were removed, and in effect the cost of living bonus ended from May, 1947, and became a fixed addition to wages of 25.7%. The collective agreement negotiations for 1947 were characterised by stickiness in reaching agreement, much use of conciliators, and an "after you, Claude" strategy on the part of many groups, but the outcome was that for 1947 average wages increases of 9% for industrial

1) This issue was raised as a result of a report by LO's committee on women's work and wages in December, 1945. See Kvinnolönefragan, aktuella frågor no. 8, LO, 1946.

2) LO report for 1946, p. 35.
and 12% for other workers were obtained. The index bonus gave about another 3%, and "wages drifting" (extra-agreement individual payments arising out of shortages of labour) amounted to about 3%. In SAF's report for 1946 the position is summarised by Lundberg who says that the wage increases had been determined both by shortage of labour and by the willingness of firms (because of good profits) to pay more. It was fruitless to say whether it was profits or wages that were the prime mover, but both were related to the big expansion in demand for consumption, investment and export goods which had been allowed to develop from the summer of 1945, without any obstacles being put in the way in the form of credit and liquidity restrictions. The following year Lundberg concluded that events had now shown that the general tendency to expand in the Swedish economy between 1945 and 1947 was too great, in that total incomes exceeded total production and productivity increases.

Another factor added to the income rises from 1946 was the revised list of services for civil servants on salary plan, which was presented in 1946, new salary scales coming into force from 1st July, 1947. An innovation made here was that a moveable bonus clause was introduced as a safety valve to keep the salaries of civil servants in line with the general developments of wages in

1) SAF report for 1946, p. 29.
2) See SAF report for 1947, p. 21
the labour market.

In 1947 the cost of living increased by 7.4%, mainly because of a change in the tax system, and when the representative council of LO met in the autumn it published its views for the first time. It discussed some of the variables in the economic scene, such as agricultural prices, taxes, prices (price control was one of the government's main weapons against inflation), and productivity, but it concluded that no statistical material gave a reliable guide to the increase in productivity. It did, however, conclude that it would be less than normal because of the shortage of goods, high mobility of labour, and the tendency to switch to the production of goods that were not controlled. In view of its responsibility to the working class and to the general economic policy, LO therefore recommended the federations to observe great restraint in their demands for 1948. But some regard ought to be paid to general provisions in agreements, overtime and shiftwork provisions, and other benefits. This was therefore not entirely a watertight line of restraint, in spite of emphasis on coordinating wages policy with general economic policy. In the event demands were made for increases all along the line for 1948. Reasons for this were the shortage of labour, the willingness of employers to pay wages above agreements, and good profits which the figures for 1946 revealed. On this last point the Economic Research Institute pointed out in an appendix to the government budget proposals that these high profits did not, in the
inflationary situation, signify that there was scope for increases, but were rather a reflection of an inflationary tendency bred by too much investment and too little saving. The 1946 high profit figures were also dependent on the removal of wartime profits tax and the introduction of tax at source. Further, preliminary figures for 1947 profits showed a downward dip. But nevertheless the psychological effect of these profits for 1946 was reflected in the demands for wages increases for 1948.

In the negotiations for 1948 SAF claims that it saw it to be its duty to support the stabilisation policy which the government now introduced, and which included dividend limitation and higher company taxation. A declaration in favour of unchanged wages for 1948 was made by director Kugelberg of SAF on 8th November (at Aros mässan) - the first occasion on which SAF had taken such a strong line in public in the post-war period. SAF would oppose increases for 1948 (except for two year agreements dating from 1945, which had been given no increases for 1947). In trying to coordinate the agreements front in opposition to increases, SAF tried to have a super conciliation commission appointed, but the government refused this after consulting LO. By February, 1948, SAF was still holding a stability line which conceded only 6 - 8 öre an hour increases, but it proved impossible to hold this line in later negotiations, e.g., for transport and foodstuffs. It estimated that increases granted averaged about 3%.

1) SAF report for 1947, p. 31.
LO considered that the results showed its members had followed the statement of the representative council in the autumn of 1947 loyally (but this can be debated, since the guidance given was imprecise).

For its salaried employees SAF removed the 1500 crowns ceiling in 1948, since senior employees had had less favourable income changes and tax rates were now higher. For state employees the index agreed upon in 1947 could have entitled them to an increase of 15% in 1948, and TCO realised that this could be inflationary. TCO, SR, and the state employees' cartel therefore agreed in the spring of 1948 to leave the bonus UNCHANGED at 12% for the second half of 1948, on the following conditions, a) that any agricultural price increases should be eliminated as far as possible by subsidies, and that other price rises should be prevented, b) that there should be a guarantee index for unforeseen cost of living rises, c) that local authority employees agreed to the same limitation on their cost of living bonus, d) that the government obtained the cooperation of other social groups - wage earners, farmers, and business men - for the purpose of discussing stability measures, e) that the state and the organisations should try to coordinate agreements on wages and prices in time, and f) that price control should be made effective.

The initiator of the move to stabilisation attempts was thus TCO, and in the spring of 1948 it contacted LO with a view to possible collaboration on a stabilisation policy. On 6th August the representative council of LO had a meeting at which it declared

1) TCO report for 1948, pp. 31 - 36.
support for the policy of stabilisation. 1) Postponement of notice of termination of agreements was recommended, so that the council might take up the problems of 1949 later. On 30th August TCO began the practice of having similar meetings, and also proposed postponement of termination. After the September elections the social democratic party and LO discussed stabilisation policy, and then LO-TCO discussions took place. When the council of LO met again in November, the government had introduced restrictions on investment and other stabilising measures. The council pointed out that the level of wages had risen by 30% in the past three years, and this could hardly be kept up in a time of post-war problems and political uncertainty. "It is not possible to build Sweden into a welfare island amid a sea of political insecurity and economic misery. 2) It was in the general interest to have a better balance than that which had prevailed, where the situation was one of an increase in consumption that exceeded real resources and the increase in production, together with a shortage of foreign exchange. Wages increases might well lead to a fall in the workers' real standard, so the council recommended that the federations should prolong existing agreements on unchanged terms for 1949, with

1) At the April, 1948, meeting of the representative council of LO the likelihood of state fixation of wages in the interests of stability if no agreement between the labour market parties could be reached was debated. See Fackröerningsrörelsens och den fulla sysselsättningen, pp. 21-23.

2) LO report for 1948, p. 8.
the reservation that agricultural workers and seamen were to be allowed to negotiate with a view to obtaining income compensation for the change in the hours of work recently made for them by legislation. The trade union movement would cooperate in stabilisation, provided the new price control directive was effective and made stable prices possible, and provided the state stabilised incomes other than wages. It hoped the government would put forward proposals for a new holidays act as soon as this was reconcilable with economic equilibrium. (This may have been a sop to members, but it shows that a trade union movement must keep moving, ever reaching toward the stars). The TCO council met in December and also recommended no increases for 1949 through general wage demands (although individual increases could take place). For 1949 too TCO, SR and the state employees' cartel agreed that the bonus for civil servants should remain at 12%.

In sum, there were no increases in agreement wages during 1949, although both wages drifting and the fact that workers could, within the bounds of the collective agreement, obtain increased incomes through increased piecework input, allowed some increases to take place. Wages gliding had occurred on some small scale in wartime, but in the post-war period it became an expression of the shortage of labour, and averaged roughly 4% per year from 1945 to 1948. It tended to fall in 1949 to about 3.5%. However, these figures are a residual item, and also include more advantageous piecework earnings through individual performance.
When it met in August, 1949, the council of LO agreed that the economic stabilisation programme was improving the situation, and protecting real wages, and that previous sacrifices would be in vain if the stabilisation plan was abandoned now. It agreed in principle to continue to support the government policy, but no definite plans for 1950 were drawn up since it was not clear how other groups would react. On 8th September, the government held a conference with representatives of LO, TCO, and the farmers' interest groups, which resulted in an agreement for stabilisation in 1950 on condition that agreements were prolonged, and that civil servants agreed to abide by their 12% bonus. Some improvement in agricultural incomes (66 million crowns) was granted in the autumn. Immediately after devaluation in September, the LO and TCO councils met, and were reassured by the government's undertaking to hold the price level stable through subsidies. When it met finally in November the LO council decided to agree to prolongation of agreements for 1950, although it was somewhat dubious about the subsidy policy, and also demanded an index agreement with SAF. Adjustments in collective agreements that did not mean income rises were to be permitted. Before drawing up its plan of campaign LO had considered that there would be some scope for increases, and asked its member federations which groups wanted to have a prior claim to any increases that were going. Forty of the forty-four member federations said they did. So restraint was considered a better alternative than undignified scrambling. An index agreement was reached with SAF at the end of 1949 which entitled the
trade union FEDERATIONS to call for compensation negotiations if the index exceeded a certain level at the end of any quarter of 1950. Compensation was not automatic, but a clause was included that provided that justice would be considered to have been done if the employer offered 10 öre an hour compensation and if no other arrangement was agreed upon (note this flat rate increase would have benefitted lower paid groups). SAF also agreed with its salaried employee groups that there would be negotiations if the index reached a certain level.

Again during 1950 there were thus no agreement increases, but wages drifting allowed about 4% increase in the earnings of certain groups. Since the cost of living rose only slightly, real earnings rose for such groups, but not for groups with fixed wage rates. Early in March, 1950, the typical fixed income groups that civil servants compose asked for negotiations with the government for compensation for the lagging in their real incomes in relation to other groups. Negotiations in the autumn led to a temporary increase of 3% in the bonus for six months (in view of the longer period for which their incomes had been frozen), and it was further agreed that from 1st January, 1951, the bonus should be set provisionally at 20% if the index reached a certain level, until a definite bonus had been agreed by parliament in 1951. (This agreement when arrived at provided that the bonus should be of the order of 32% for 1951, the link with the cost of living from 1947 being severed.) Thus a movement away from
stabilisation was being initiated, but already this had been foreshadowed by the LO council in August, 1950. It argued that by the end of the year all agreements would have been in force for three years, and that this, together with the anticipated rise in living costs as a result of the post Korean raw materials position, gave justification for a general wages increase, although LO was as yet uncertain how much the increase could be, in view of the rising prices and the development of productivity. Increases should be sought, apart from the cost of living increase compensation that was anticipated, for lower paid groups and for women. Further, agreement wage rates should be adjusted towards the rates being paid in practice. The federations were therefore recommended to negotiate along these lines and to keep in touch with LO when working out important agreement proposals. TCO also left its member federations free to negotiate as they saw fit, for it concluded in October that no uniform wages policy could be set out for the coming year.

The negotiations that followed have since frequently been described as anarchy. There was a tendency to postpone negotiations in view of the shifting price scene, and the increases obtained were considerable, those who came last doing best because of the continued rise in prices. LO had estimated that the abolition of subsidies, and the rise in
import and export prices, together with wages increases, would lead to a 12% rise in the cost of living, including tax, but in fact rises were much quicker. Between July, 1950 and July, 1951, the export price index rose by 93%, the import price index by 33% and the wholesale price index by 36%. SAF estimated that wage increases of 15% above the November, 1950, level were obtained for 1951 for industrial workers, and 18% for non-industrial groups. Between November, 1950 and November, 1951, LO calculated that average hourly earnings in industry rose by 23%. Wages drifting was estimated at about 7%. Price rises of 16% were estimated to have taken place between September, 1950 and June, 1951. Whether workers obtained real compensation for the rises in living costs is disputed. SAF considers they did, but LO apparently contradicts itself by stating that most industrial workers were compensated, but most wage earners were not. What it really means, however, is that workers on fixed income levels did not obtain compensation, in spite of

1) See Trade Unions and Full Employment, p. 65.

2) LO report for 1951, pp. 6 and 7, respectively.
the average income rise of 23-25% for 1951. There was thus a very varied picture of income changes during 1951, depending on the timing of the agreements, the structure of wages (whether they permitted wages gliding - those in state employment, where there is not much piece work, lagged behind), and the sector of the economy. For its salaried employees SAF recommended increases for 1951 in various alternative forms.

The position as LO saw it in terms of the development of the index of hourly earnings for male workers in industry between 1940 and 1951 was as follows:

(1939 / = 100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of living</th>
<th>Hourly earnings</th>
<th>Real wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>114</td>
<td>109</td>
<td>96</td>
</tr>
<tr>
<td>1941</td>
<td>129</td>
<td>117</td>
<td>91</td>
</tr>
<tr>
<td>1942</td>
<td>140</td>
<td>128</td>
<td>91</td>
</tr>
<tr>
<td>1943</td>
<td>141</td>
<td>134</td>
<td>95</td>
</tr>
<tr>
<td>1944</td>
<td>143</td>
<td>137</td>
<td>96</td>
</tr>
<tr>
<td>1945</td>
<td>143</td>
<td>143</td>
<td>100</td>
</tr>
<tr>
<td>1946</td>
<td>144</td>
<td>143</td>
<td>106</td>
</tr>
<tr>
<td>1947</td>
<td>152</td>
<td>153</td>
<td>115</td>
</tr>
<tr>
<td>1948</td>
<td>154</td>
<td>175</td>
<td>123</td>
</tr>
<tr>
<td>1949</td>
<td>137</td>
<td>190</td>
<td>125</td>
</tr>
<tr>
<td>1950</td>
<td>159</td>
<td>196</td>
<td>129</td>
</tr>
<tr>
<td>1951</td>
<td>191</td>
<td>205</td>
<td>129</td>
</tr>
</tbody>
</table>

For female workers and agricultural and forestry workers (groups favoured by the wages policy of solidarity) the increase in real wages was somewhat more than 29%.

Government policy throughout 1951 seems to have been to prevent wage and price rises from leading to a roaring inflation, and attempts were made, through an overbalanced budget, investment tax, building regulations and a price equalisation levy, to create an

economic climate in which, AFTER the "once for all" rise in prices of the post-Korean boom had been worked out in the system, there would be stability. In spite of this, price and wage rises were higher than anticipated. What would be the type of wage negotiation framework for 1952?

This was being discussed very early in 1951, and Dagens Nyheter suggested a round table economic conference, an idea which Industria endorsed, if it meant direct contact between the parties for agreement on general changes in wages. Such a system would be more flexible than the existing one in which the various groups mobilised their resources EVERY year. While opposed to the idea of an index clause, Industria did concede that in a time of inflation it was difficult to avoid thinking in terms of automatic compensatory clauses in agreements. 2) At the LO congress in September the minister of finance said that it would not be possible to gain equilibrium between wages and consumption on the one hand and investment on the other without the cooperation of the wage earners on a voluntary basis, and the government was negotiating with the interest groups accordingly. He anticipated that there would be

1) The "once for all" policy, of deliberately choosing price rises in order to preserve full employment, was endorsed by the finance minister as having been deliberate government policy when he spoke to the congress of the social democratic party in 1952. See congress report, 1952, p. 330. The justification for such a policy was that when imports were subsidised in 1949 as part of the stabilisation scheme the assumption was that the price and income stabilisation would end at the end of 1950, and wages and prices would be left to find their own level. See Människan i samhället, p. 166.

2) Industria, 1951, No. 3, p. 8.
restraint from the side of the wage earners. At its August meeting the council of LO had in fact declared that the trade union movement was willing in principle to cooperate in a policy of wage restraint for 1952 provided other groups did the same. Negotiations between the government and the labour market groups, i.e. LO, TCO, SAF, and the farmers, went on throughout the summer and autumn.

SAF anticipated that the workers would want an index agreement, but in spite of the psychological advantage of security that it gave to the workers SAF considered there were strong arguments against such a policy, since it led to distortions through the government trying to keep the cost of living down, and to a hardening of the economic arteries. But should the employers try to hold a united front? In principle, the decision reached was that each branch should be allowed to judge its own position against the economic background, in spite of the disadvantages this might have for weak branches that had to follow on in the wake of strong branches of industry.

The representative council of LO met again in November, and suggested that a realistic aim for the federations' wages policy

1) LO congress report, 1951, p. 164.

2) A combination of freedom, power and responsibility for the labour market organisations is agreed by Sköld in Människan och Samhället, p. 168.

3) SAF report for 1951, p. 28. In the event, however, SAF's counter-proposal to LO's index compensation demands was for a general central agreement which contained basic wage increases and an index clause.
would be to aim in the first place at obtaining compensation for the fall in real wages that had occurred as a result of the wage-price race of 1951, and in addition to endeavour to obtain a reasonable share of the improvements in productivity that had occurred and could be anticipated for 1952. But this goal must be weighed against the desirability of increased investment, increases of exchange reserves, and the fact that part of the scope for increases during 1952 would be taken up by better social benefits, and three weeks' holiday with pay. If there was then to be any restraint the cooperation of other groups was necessary and, since inflation was (it thought) springing from the high export prices and abnormal profits of forest owners, LO anticipated that the government would do something about this and use the proceeds of any profits tax in order to hold down the cost of living. But the varied picture in different branches made it impossible to avoid price increases e.g., in industries with poor profit margins and in the
public sector, where higher wages immediately led to higher charges. Such price rises could be anticipated to some extent, and ought to be guarded against in making arrangements. In sum, there should be protection against price rises from world markets through a guarantee agreement tied to the cost of living index. Into such an agreement would have to be fitted compensation for badly paid groups, and groups that had lagged behind because they had no opportunity for wages gliding, while a general rise to guard against price rises was also sought.

After drawn out negotiations with SAF this was in effect the outcome on four main problems: a) index wage protection against changes in prices, b) compensation for the lag in 1951 in certain groups, c) share in the increase in productivity obtained in 1951 and anticipated for 1952, and d) adherence to the efforts of a wages policy of solidarity, through raising women's wages and ironing out differentials.

The negotiations on the "lagging" for 1951 were referred to negotiations at the federation level, in view of the disparity of
experience, though a guide was given that compensation aimed at should be for the 20% rise in the cost of living in 1951. At the centre the provisions were that hourly and piece earnings should be raised by 8% for men and 10% for women, but (in order to offset the distortions of a percentage against a flat increase) minimum increases in £2 per hour were stipulated, in order to even out wages between high and low groups. The index clause also differed from the automatic adjustment given in the early wartime index agreements, in that a roof was fixed, which if reached would give the workers the right to negotiate on certain suggested increases by way of compensation.

LO and SAF undertook to try to get their federations to accept these provisions in their negotiations. LO experienced great difficulty with the paper and pulp workers' federation, which was in a strong negotiating position because of the boom in forest products, while SAF had difficulty in getting its employers to toe the line in textiles, a low wage group which would not have been able on its own to force through such large increases as the central agreement recommended.

In essence, then, this agreement differed from previous compensation, in that it did not simply aim at giving automatic compensation for rises in the cost of living, but pursued an active policy by drawing up
targets for wages increases all along the line.

What were the consequences for a centralised trade union movement? LO had already argued, in reply to SAP's proposed central agreement, that it had not the constitutional powers to arrive at an agreement on a general increase which deprived the federations of the right to seek compensation for lagging. The general post-mortem after the agreement was reached emphasised that LO did not aim at such a high degree of centralisation of wage fixing for the future. Why? "It lifts the burden of democratic responsibility from the shoulders of the various unions and their conferences of local leaders, and of course from their members, who under this system have no opportunity of voting for or against the acceptance of a proposed agreement. They can therefore stress their misgivings without being faced with the risk of having to take the consequences in the form of a strike. It is also clear that, very often, they must be right in their criticism, because no central, schematic agreement can cater for all the different conditions in different areas or industries".

In an interview with Aftontidningen, the chairman of LO gave his views on the central and coordinated agreements for 1952, and said that the negotiations just

1) AT, 22/2/52.
finished did not give support to the idea of continuing along the same lines, not simply because of the experience gained from negotiating with the representatives of the employers, but because the negotiations within the agreement delegations of the trade union movement on various questions/constructed and was not ripe for negotiations of the sort that had been tried out in 1952. Mr. Strand believed also that it was correct to say that the trade union movement did not have its agreements constructed in such a way as to make possible central negotiations and central agreements. The conditions varied far too much in different spheres. He also thought it probable that a free wages movement in 1952, which would of course have given a more differentiated result among the various trades, would not have been more costly for the economy than the coordinated agreement proved to be.

Stockholmstidningen commented on 23rd. February, that the negotiations had been begun with the idea of having both moderation and simultaneity in arriving at agreements, but that more success had been scored with the latter than the former.

On 20th., April, 1952, the same paper was already asking whether the wages negotiations for next year (1953) would be steered or free. Would there be a return
more or less to the old procedure, by which each trade union organisation tried to get what was possible for it, or would there be a repetition of the attempt just completed to have central agreements, which hamper the freedom of action of the individual unions and associations. Or was there a third choice? Already the matter was being debated in the lull before the lines of policy for 1953 began to take shape. Opinions were widely divided. In fact, said Stockholmsstidningen, if dissatisfaction was great with the free wages negotiations of 1951, which resulted in an exceedingly uneven wages development for various trades, it hardly seemed to be any less after the central agreement negotiations just concluded for 1952. In fact (as quoted already) the LO chairman had himself said he did not think the trade union movement was ripe for centrally negotiated agreements.

In spite of the divided views as to the road to take, it was probably true to say that the working class movement could not tolerate too uneven a development of wages. But to ensure a just division of the wages share of the national cake was one issue, could be advanced as one object of a centrally directed wages policy. But it was quite a different question one asked when one set up a goal for wages policy such as that set out by Mr. Sträng (the Minister of Social
affairs) in the summer of 1951. He seemed to want the organisations on the labour market to have quite a different position and quite different responsibility from that they had had to date — in his view, the traditional conception of the trade union organisations as simply a goad in the wages struggles belonged to a vanished epoch. In the present society, the society of full employment, their task had become a different one, that of responsibility for "employment, a sound economy, and a stable value of money". Thus Mr. Strång appeared to wish to load responsibility, or at least a very great part of it, on to the organisations for a sound economy and stable money. Of course, says Stockholmstidningen, they obviously have some responsibility, but if it is made as strong as Strång suggested then the future tune to which the labour market must dance would be one of strict central direction. And not everyone, understandably enough, was prepared to join the dance.

Stockholmstidningen concluded with its views — that it was most correct that in future as hitherto the view should prevail that it is the government and the state that bear and shall have the real responsibility for the state of the economy and for the value of money.

It was (here we have a piece of liberal party propaganda)
because the government, under social democrat leadership, had been anxious to absolve itself from this responsibility that one of the reasons for the poor result of the struggle against inflation lay.

SAP, which has of course much greater powers of control over its member federations than has LO, while wondering whether it was reasonable to expect the labour market parties to be responsible for stability, did agree that the situation had been unique at the end of 1951, in view of a) the uneven development of wage increases for 1951, b) the rapid price rises, which had been 20% instead of 10% as forecast, and c) the exceptional export boom in forest products.

In addition to the private sector, compensation was given in other sectors for 1952. Indeed, the arrangement for civil servants employed on collective agreements gave 15% increases, because of lagging in that sector since 1947. An index guarantee clause was also included. Specially low paid groups, e.g., railway surfacemen, got more. Similar improvements were obtained for those employed on salary plan. Justification for this increase

1) Industria, 1953, no. 5, p. 3 Vad avtalen lärt.
2) It was this agreement on increases that included the clause which inflamed SACO. See chapter IV, pp 172-3
above the private sector arose mainly out of the technical nature of civil service employment agreements, which (particularly on salary plan) exclude the possibility of extra-contractual wages improvements. Wages gliding is almost unknown in the state sector. But the new departure in terms of "compensation to keep in line with the private sector", which was adopted from 1947, meant that now the wages freeze had ended that the salaries of civil servants would be subject to re-examination every year, and be consciously aligned with developments in other sectors of the economy.

For salaried employees in private employment, recommendations were approved in February, 1952 which followed the SAF-LO line in suggesting an 8% rise, plus age and competence increases. There was a similar index guarantee clause.

Throughout 1952 price increases levelled off, and the change in the economic climate was reflected in the discussions and recommendations put forward by the representative council of LO in the autumn. The outfall for 1952 had been risen in real wages and salaries for LO and TCO groups of 6-8%, there had been little wages gliding, while hourly earnings (nominal wages) had in industry risen by 18% over the 1951 level.

Throughout the summer of 1952 considerable interest centred around the cost of living index, in view of the index agreement, and there was also much
discussion about the line LO would take for 1953. Morgon-tidningen considered that a return to independent bargaining covered by the laws of supply and demand would mean a negation of the wages policy of solidarity, and although an agreement similar to that of 1952 was not necessarily desirable a certain amount of coordination did appear desirable.

When it met in August the representative council of LO took a wait and see line, recommended postponement of termination of agreements and reassembled again in November. It is worth while to get the feel of the type of statement made at such meetings in order to grasp the variables that have to be weighed up in the analysis of the prospects for wages increases. The council found that there had been a deterioration in the good economic conditions of recent years during 1952.

The relation between export and import prices had worsened and the quantity of goods exported had declined. At the same time the weakening in certain home industries that began in the autumn of 1951 had continued. As a result, industrial production and employment in Sweden had diminished. The harvest was also likely to be less than expected. However, the general decline in activity was not such that a depression could be considered impending. Unemployment was still low.

Real wages for wage earners had improved, however, if 1951 and 1952 were taken together, for in 1951 the increase in the Swedish national income had not been accompanied by a corresponding rise in the standard for wage earners. In the two years taken together the real wages improvements had probably been of the same size as the increases in the national income in these years. But in 1952 the improvement in real wages had not led to any significant increase in consumption but rather to an increase in private saving, (which must be considered as a positive result of the stabilisation policy).

The outlook for the coming year was to a great extent determined by the possibilities for a recovery of Swedish exports. It seemed to be a reasonable assumption that there would be an improvement in the prices and quantities of Swedish exports as compared with the then prevailing situation, in a stable though somewhat weaker world economy. Certain home industries were already beginning to recover. What was most probable for 1953 seemed to be a stabilisation of economic conditions in Sweden, with better demand for both exports and home market products and satisfactory employment prospects.

In estimating the scope for higher standards in 1953 regard had to be paid to the fact that the country's productive resources were not at the time being fully
exploited. Thus it was not so decisive as in previous post-war years to know where the boundary of Swedish productive resources and therefore of possibilities for consumption could be considered to lie. "It does not seem that a moderate increase in incomes in a situation with stable monetary values need lead to an immediate and equally large increase in demand". 1)

Purely on a consideration of the supply side, therefore, there ought to be a limited scope for an increase in real income in 1953 even with fairly cautious assumptions about the developments of exports and of production. A certain part of this scope would be claimed by the lowering of national income tax decided upon (though this might be offset by increased local taxes here and there), by longer holidays - which would operate fully for the first time in 1953 - and through improvements in certain social benefits.

The possibilities for securing wage earners further improvements in real income over and above this appeared more uncertain. The representative council considered that these possibilities could best be used by stable money wages on the whole, which could strengthen the tendencies to a falling price level and thus make easier a recovery of exports and make possible

increased housebuilding. In this way a more certain basis would be created for raising standards than through a new wave of wage increases, of which it was impossible at present to foresee the consequences for employment, exports and price developments.

However, the possibility of new inflationary movements, caused by an aggravation of the international scene, could not be entirely excluded. The basis for the view of the representative council in favour of the stabilisation line indicated was therefore the assumption that agreement could be reached with SAF on a new guarantee agreement, and it instructed the secretariat to begin central negotiations for this purpose.

It also RECOMMENDED the federations not to put forward demands for general wages increases. On the other hand there seemed to be no justification for a general prolongation of agreements such as those of 1949 and 1950. The council recommended the federations to begin negotiating with the other side, and to direct their attention in so doing to the solution of current problems for the spheres of the various trade union federations, with a view to making adjustments in the labour market more easy, e.g., compensation for uncomfortable working time, adjustment of contract wages to the wages actually being paid (a significant
phrase) and continued equalization of women's wages.

The council assumed that the wishes of the federations as regards improvements would be of such a kind as could be achieved without a general increase in the price level, and without endangering the maintenance of full employment, and that agreement for continued stabilisation could also be won from the side of other groups in society.

Fackföreningsrörelsen commented in its editorial that the postponement of decisions from August had been worthwhile. For in the meantime several things had happened. Textiles and shoes had begun to recover. The forest industries had begun to show a more normal and stable situation. Conditions were not now so good in the mechanical engineering industry. The excellent harvest forecasts of autumn had been upset by heavy autumn rains - but the harvest would still be better than that of the previous year.

The shifts in industrial production would mean a decrease in production of about 2% - the first decrease for about ten years. And, what was also worthy of note, the recovery in depressed industries and the weakening in previously strong ones put the internal relations of branches of industry more on a par.

This summary serves to illustrate how LO and its representative council go about the tricky business
of acting as spawives and guides and philosophers to the trade union federations. It is to be noted - it has been admitted - that the forecasting is a difficult business. It becomes even more tricky when attempts are made to offset and allow for changes that are anticipated, e.g., in taxes and prices. Professor Lundberg has put the point as follows: "On the trade union side rationality has attained such lengths that, in making wage demands, account is taken both of marginal taxes and the so called "consequential price rises" that are assumed to follow from the increase in wages (including the accompanying automatic increase in the prices of agricultural products). If, as was the case in Sweden last autumn (1951), a 5% improvement in wages is sought (excluding taxes), but the marginal tax is about 1/3 and the consequential increase in prices is expected to be at least 1/4 of the increase of wages, an increase of 10% in money wages demanded in order to gain the improvement in real wages wanted".

What happened in fact for 1953 was that SAP refused to have anything to do with an index agreement, and tried

1) Statstenskonomisk tidskrift:hefte 2, juni, 1952 (Oslo)

"Ny typ av konjunkturer och nya problem för den ekonomiska politiken, pp. 89-90."
to force wage cuts in certain industries, e.g., the machine industry, and in textiles, wood processing, ready made clothing and others. But in the machine industry the pattern was set for most of the remaining agreements when the outcome proved to be prolongation with minor adjustments (the metal industry workers' federation asked for prolongation with adjustment in other provisions). However, negotiations in other industries proved very difficult, and dragged on far into the summer. (In a normal year only the building and printing industry agreements would have been outstanding by the end of March). Further, it was only after the labour market board had been called in that a conflict was avoided in the private sector of the electricity producing industry, while in the food-stuffs industry a conflict could not be avoided, and a five weeks mixed strike-lockout took place in SAP's sector (but not the consumers' cooperative sector) before agreement could be reached. The conflict was touched off by strike notice for producers' cooperative slaughter houses (covering 3,500 men) to which SAP responded with a lockout affecting over 23,000 people. Apart from the problem that a conflict in such an important sector of the economy for the public might have caused (in fact the dispute was not referred to the labour market board
by anyone, so it was presumably considered not to be socially dangerous— but this mainly because the public was able to buy from the consumers'/cooperative movement) this conflict raises all manner of problems for what LO's policy recommendations involved in terms of restraint on the part of federations, and solidarity of action.

Why LO gave the foodstuffs workers permission to stage a strike was a matter for debate both within and outside the trade union movement. The general explanation was that these workers had lagged behind, but that LO found itself between the devil and the deep blue sea in this case is suggested by an article by the Secretary of the foodstuffs workers' federation. He writes that since no real improvement was to be anticipated through following the lines of policy sketched by the representative council of LO, and in the light of the relative position of the foodstuffs workers in relation to the average for industrial workers, the federation members in the council did not think they could give their support to the statement by the representative council. Instead, the federation proposed that the federations should be recommended to follow a policy of restraint in wage claims, but by which demands for general increases would be permitted. However, the representative council was
not swayed, and did not modify its recommendation.

Einar Olson, the chairman of the brewery workers' federation, criticised LO for giving strike permission. Certainly the foodstuffs workers were a low wage group but, if the conflict was looked at in broader perspective and in relation to the decision of the representative council, an explanation seemed necessary, particularly since LO had given strike permission for other groups as well (in canning, wood processing and others).

This conflict thus touched on all the INTERNAL constitutional problems of the trade union movement, but it also raised aspects of the external relations with other groups, in this case SAF. There was some hint that LO was annoyed at SAF for trying to cut wages, for holding its hand for a long time, and for sticking so stubbornly to the status quo line after a conflict began. Some suggestion was made that SAF was planning its wages negotiations for 1954.

1) See Mål och medel, 1953, no. 4, p. 99. an article by Anton Johansson.


3) See a speech by Bror Johansson (LO) to the local authority workers' federation congress, 26th., May, 1953.
As a result of this discussion of the wages developments and negotiation arrangements during a period of fifteen years several questions emerge that demand comment and analysis. For the sake of simplicity they may, from the point of view of the trade union movement, be looked as as 1) the external and 2) the internal problems of wages policy.

We look first to some of the points falling under the external heading.

a) The development of the economy as a whole has a profound effect on the wages demands that can and will be made.

b) The economic policy pursued by the government, and the means it adopts to stabilise incomes and restrict demand, promote consumption and investment, taxation and monetary policy, will all be important variables in channelling the activity of the economy in certain directions.

c) The economic picture will be a constantly changing one in an economy which is very dependent on foreign trade.

d) Forecasting developments will be a very difficult task.

e) The goals and policies of other interest groups, TCO, SAP, SACO, the civil servants' groups, the farmers, salaried employees in private industry, must all be
taken into account.

f) The shortage of labour that is identifiable with a state of full or over full employment will place great demands on the restraint of the trade union movement.

By way of comment on some of these points it should be first of all pointed out that the goal of full employment is accepted in Sweden by all, although not necessarily the same or any definition is given. There has in fact been a very great shortage of labour during the period of full employment since the war, and overmobility, absenteeism, and accident frequency have all suggested that "more jobs than men" raises many problems of labour organisation.

Forecasting economic developments has proved a hazardous business. As has been noted, the Research Institute produces analyses of the economic scene. These are quite objective, for although the Institute is officially

1) See Problems of Unemployment and Inflation 1950 and 1951 (UNO), p. 64, for a polite refusal to state any full employment target.

2) These problems were discussed in Fackföringsrörelsen och den fulla sysselsättningen, pp. 95-103, and have been analysed very fully for the period 1945-1950 by Rudolf Meidner in his Svensk arbetsmarknad vid full sysselsättning.
subject to the finance department it is left a free hand to produce its reports. That is not to say that on occasion attempts have not been made to influence its analysis - unsuccessfully. But in spite of the fact that these analyses are unbiased and objective, the experts in the Institute would be the last to suggest that they are reliable or attempt to conceal their defects. Nevertheless, as the discussion has pointed out, the reports are used as a guide by both sides in wages negotiations, supplemented to some extent by independent analyses within, e.g., LO. These can of course not be any more reliable. The point to be stressed here is that the forecasts are only tentative, but nevertheless they do provide ammunition in negotiating. If the Institute produces a report which suggests that, on certain assumptions, there will be room for a 3% increase in consumption in the coming year, it is only human to forget the assumptions if the conclusions suit one’s point of view in negotiations.

1) See Arbetagivaren, No. 2, 1955, for an interview given by the head of the Institute, Professor Erik Lundberg, when he resigned in 1955.

2) See, e.g., Ingvar Ohlsson, On National Accounting, Especially chapter VIII, and Erik Lundberg, Konjunkturer och ekonomisk politik.
When we pass to the internal aspect of wages policy for trade unionism the following points can be noted:
a) the ability to pay of different sectors of the economy varies, depending on several of the external factors.
b) the effect of timing of negotiations has an effect on wages outcomes.
c) the structure of agreements has an effect on earnings which may be distortive.
d) coordination of agreements is not, in spite of LOs byelaw revisions in a centralising direction, either completely desired or possible under the present system, whereby recommendations only are made from the centre.
e) The wages policy of solidarity set in motion in the 1930s has produced benefits for the lowest paid groups during the war and post-war period. The position of agricultural forestry and textile workers has improved. Whereas in 1939 LOs relative wages (average - 100) scale for groups employed in industry had a range between 81 (for spinners) and 172 (for miners in north Sweden), by 1951 the gap between the two extremes had been narrowed, the range being from 89 (for brewers, sawmillers and planers) to 138 (for miners in north Sweden).

1) See Trade Unions and Full Employment, pp. 55-64.
The problems of a wages policy suited to a full employment economy have now become somewhat notorious. 1) The dilemma as expressed in the Economist is that of reconciling full employment with stable prices and free collective bargaining. Analysis of the problem was slow to get under way when full employment was being accepted in the 1940s as the desirable goal for the democracies of the western world to pursue. Beveridge is decidedly woolly and pious on the subject, relying on the coordination by the trade union leader of wages demands so that these can be judged in the light of the whole economic situation, and on reason instead of power dominating the parties' minds in wages negotiations.

An article by H.W. Singer in the Economic Journal 2) in 1947 raised many of the problems of tactics and strategy for the first time to a plane of serious discussion and analysis. But even as late as 1949 the difficulties of the "uneasy triangle" could be dismissed by such a reputable body as the United

1) The Economist, 9th, 16th and 23rd August, 1952.

Three articles on The Uneasy Triangle.

2) Beveridge, Full Employment in a Free Society, pp. 198-201.

Nations experts by relegating wages issues to an appendix.

Singer's article clearly had repercussions in Sweden, although the big wages raised between 1946 and 1949 in Sweden also focused attention on the problems of economic stability in a full employment society. A committee which had been appointed within LO after the 1946 congress to look into problems connected with a research department, study and propaganda and related questions asked when it submitted its report to the representative council in April, 1949, that its terms of reference should be extended to include a consideration of the present and probable future wages policy of the

---


2) LO congress report, 1946, motions 85-90.

3) The problem has been discussed by DAG HAMMARSKJÖLD in 1945 in two lectures under the title "From Bretton Woods to Full Employment" printed in Index, October, 1945. He suggested a full employment policy would require a reassessment of wages policy and restraint in wages demands as a means towards economic stability in the international economy.
movement in the light of the tasks of the research department. This committee thereafter devoted its time exclusively to an analysis of trade unionism in a full employment economy, and submitted a report to the LO congress in 1951. The fact that the committee called in as experts the economists who formed the research team in LO's research department had a big influence on the recommendation of the committee, and in particular articles by Meidner and Rehn are reflected in the report. In discussing it, therefore, reference will be made where necessary to Rehn's views in particular in order to clarify the report where it is vague and non-committal.

Two fundamental data underlie the analysis in the report.

1) See Fackforeningarorrelsen och den fulla sysselsattningen. An abbreviated version is available in English as Trade Unions and Full Employment.

2) Rudolf Meidner, Gösta Rehn, Nils Kellgren and Arne Henrikson.

3) The articles are available in English in Wages Policy under Full Employment, edited by Ralph Turvey.
a) that state intervention in the labour market is not considered acceptable, and b) that experience of price regulations and other controls shows that they are ineffective. The maintenance of full employment without inflation must instead take place through methods that involve a diminution of existing restrictions and the application of more generally operative brakes on inflationary tendencies. At the same time it is considered that full employment cannot be maintained by generally operating monetary devices, such as credit control (Rehn in his article assumes interest rates will be kept as low in order to stimulate employment). The dilemma it therefore poses is that the trade union movement cannot and must not be relied on to carry on a policy of restraint, because of the structure of agreements (which permits wages gliding in some cases when demand for labour is high) and above all because of the ideology of the trade union movement. Such restraint would also be meaningless if employers were still free to push up wages levels. Nor is the solution that society should be responsible for wages policy accepted, because of the historical, technical and
organisational problems that it would arouse for the trade union movement. The steady inflation of the post war period with steadily rising prices is rejected as a solution, and the answer is found in a coordination of economic and wages policy in a climate of economic activity where the full employment programme can be carried through and the system of free collective bargaining can be continued.

Since the problem of economic equilibrium cannot be solved with the help of distorting regulations (whereby a general inflationary tendency was damped down by a string of negative controls of varying degree of efficiency and with long run distorting effects), the policy to be adopted must be a conscious one of coordinating wages, fiscal and monetary policy to remove the excessive profit prospects of entrepreneurs. Since, however, private enterprise might then crumple to the extent of not being able to maintain full employment it would be the task of society to use appropriate support measures to ensure that full employment was maintained without the balance swinging over again to inflation. The system would thus be that wages would be allowed to rise and profits would be skimmed off by various forms of indirect taxation, and the proceeds and, if necessary, other resources could be used by the state to provide local stimuli to enterprise and to transfer of labour to new industries. The methods of stimulation would be public works, subsidies to individual firms, placing of government orders, and also indirect stimuli such as promotion of labour mobility and mobility of industry.

1) A coordinated wages policy would prevent wages increases outstripping increases in productivity.
In sum, the policy is to have a situation of full employment which is maintained without the profits of firms becoming so high that they lead to inflationary competition for labour and materials, and that this in turn means that, through the imposition of taxes designed to limit purchasing power, the state finances comprehensive measures for quelling any tendency to diminished employment, either through providing work directly or through stimulating transfers in the direction desired.

Only if stable and non-inflationary employment is maintained in this way is it considered that it will be possible for the trade union movement to influence the development of wages in such a way that wages do not outrun productivity increases over the long haul. But that wage policy has responsibility to ensure this does not happen is recognised. The first requirement of the unions would be increased coordination of wages policy and greater planning of wage demands. Centralisation of decision in LO is not envisaged as the solution to this problem, but instead authoritative leadership, research, and information and advice are seen as the means to coordination.

The analysis thus falls into two heads, "external" economic policy and internally coordinated wages policy, and before going on to discuss the internal wages policy recommended, it will be well to pause and look at this general economic policy that has been suggested as the framework into which the coordinated wages

1) See Packföreningssrörelsen och den fulla sysselsättningen, p. 149.
policy is to fit.

It is not very clear whether this policy is meant to be a once-for-all remedy for excessive purchasing power or whether it is meant to be a long term policy. It is recognised that for the sake of good employment large profits are needed in the first place, but since this might lead to inflationary wage and price increases, these profits must be reduced by taxation, which is to include taxes on capital goods and their production. Rehn says his indirect taxes would not be flexible, but fairly constant, and high enough for the state to be able to stimulate and create employment where necessary. The taxes would be uniform and each business would (in the theory!) be "deflated" by the taxation to the same degree. One criticism is that no thorough analysis is made of how profits become too high in the first place. It is assumed that the root cause is excess monetary demand, which leads to good profits, but there is no thoroughgoing analysis of the economic policy, e.g., cheap money, which may have initiated it. The analysis also overlooks the dynamic function of profits as a green light to enterprise, and is quite static in approach to this problem. If the policy is meant as a long term one then it is doubtful whether the imposition of taxes to reduce profits, and thus limit the funds available for new investment from private sources - leading eventually to a socialisation of saving - can be acceptable or possible if private enterprise is to be maintained. It is

of course a matter of value judgement whether one approves or
disapproves of its replacement by a state system of enterprise.
The analysis of profits is also much too generalised. It
was not the case in 1951 for example that all industries were making
large profits in Sweden. There was a pronounced divergence between
sheltered and unsheltered trades, and unless it is assumed that the
taxes are to be discriminatory then it would mean that marginal firms
and industries would be pushed out. To the extent that one does
assume the taxes for reducing profits ARE to be made discriminatory
and selective, then the analysis immediately runs up against one of
the main criticisms it had advanced against post-war economic
policy, namely too many controls. A further illustration of this
contradiction is that the local measures to stimulate employment
could not possibly be anything but selective and detailed, just by
nature of their being local, and detailed regulation would then be
necessary. Nor are any criteria given by which to determine an
order of priorities for support.

The analysis is also one-sided in that it is directed against
profit earners only. They are assumed to be the means by which
the inflationary impulses are set working but not much attention is
given to the possibility that high profits may be to some extent
consequential on excess demand, which creates a factor gap.
(Criticism of the proposals for the trade unions will be deferred
until they have been presented). The theory also ignores the
effect of impulses coming from abroad and introducing distorting
influences into the economic structure. This criticism Rehn
counters by saying that the state, having the power to determine the use to be made of a larger share of the national resources, will be able to redistribute resources. But the criticism remains that the policy of local stimulation of industry would almost inevitably lead to export industries being neglected at the expense of sheltered groups. Not much influence is allowed to monetary policy. A further criticism from the practical policy point of view is that the assumption is that the state will earn a budget surplus which must not be disbursed except for the purpose of stimulating employment locally. It has not always proved politically possible to freeze a budget surplus in the post-war years. Practically too, it is doubtful whether a delicate balance could be maintained, not simply over the long run, but in the short period by such a method of action. The report agrees that there is a nice balance here, and that wages policy must be carefully coordinated with economic policy.

That this policy was not politically possible was a view advanced by the minister of finance, Mr. Sköld, when he addressed the LO congress in 1951 at which this report was discussed. \(^1\) He considered such a policy was quite impossible in the existing society. a) because the economic outlook in every industry and trade was not uniform, and b) because it would make impossible the wages policy of solidarity. It was impossible to maintain economic stability without the active and voluntary cooperation of the wage earners. At the same time, he was prepared to attack the problem at the entrepreneur's end by taxation of business enterprises, investment

\(^1\) LO congress report, 1951, pp. 163-4.
controls, mopping up of excess profits in the forest industry, and an investment fee to discourage investment. This is legitimate stabilising action against profits when they are unique to one branch of the economy.

It is significant that the theoretical part of the full employment report, on the level of economic activity to be created by this active fiscal policy, was discussed by very few speakers indeed at the LO congress. Nearly all discussed the internal aspect, of trade union coordination. This aspect was indeed interesting.

Having provided by this profit elimination theory for the level of economic activity which would make possible a coordination of economic policy with a trade union wages policy that did not give birth to wage increases that outstripped productivity, the full employment report considered there should be coordination of wages. This at once raises the question of relative wages in different trades, and a consideration of the wages policy of solidarity that had been advanced in the 1930s. But now there was a shift of emphasis. There was a danger that some groups might get out of step.

1) There is express consideration of this aspect in a speech by Nils Peterson, p. 182. Rehn also pointed out that Sköld had said his policy was impossible in the prevailing economic circumstances, implying that it might not be so otherwise. But Rehn did not go into this point.

2) Essentially the same conclusion can be drawn from an LO symposium on wages policy, Länepolitiken under debatt (aktuella frågor no. 15, LO, 1950) where the trade union leaders are concerned mainly with the issue of federation sovereign rights of decision versus transfer of much of the power of decision to LO.
in the generally acceptable line of advance, particularly if one judged by the experience of the 1940s when structural changes in the economy made for varied progress in different sectors. But from the point of view of general solidarity priority must be given to those groups who, in spite of large increases, still lay relatively far down the wages ladder. What then was meant by high or low? Here a change from the straight value judgment wages policy of solidarity emerged, for now, following Adam Smith, attention was to be paid to the degree of difficulty of work, so that a group with relatively high earnings might in fact be justifiably considered to be lagging behind, if the work made special demands on training, accident risks, or difficult working conditions, or if the employment was fluctuating or seasonal.

This then is a more refined type of solidarity than the original 1930s approach, where the main concern was to get the lowly paid workers up, whatever kind of work it was they were doing. This new approach, which led on to the idea of equal pay for equal work, was to be preferred to the approach to wages increases that was guided by the profitability of each branch of industry, the demand for labour, and the bargaining strength that emerged in each sector from the forces of demand and supply. The next logical step would clearly be one of two methods, if the profitability of an industry was not to be the signal for advance. Either wages could be advanced by trying to estimate the possibilities of recruiting and holding

1) Fakföreningssrörelsen och den fulla sysselsättningen, p. 152.
workers in different sectors, or there could be job evaluation. Neither method was considered satisfactory, the recruitment principle applying only for short periods, since it requires some form of manpower budget, while job evaluation was seen as being in some way arbitrary and, from the practical point of view, psychologically distasteful to the Swedish worker. It was recognised, however, that some sort of primitive job evaluation underlay any wages equalisation policy. The report in fact found itself stressing that, in order to make out a case for increases, federations would in future have to try to present fairly objective material about justifications for the increases - and clearly job evaluation immediately comes in here. Experience would thereafter show how far evaluations were "right" by a surplus of shortage of labour in any sector or locality or, from the other side, an absence of movement. A constant shortage of labour in a sector would indicate that payment was too low there. This then, by a roundabout route, is rough and ready job analysis backed by the indicator, on the side of demand for labour, of vacancies or shortages in any sector. But, to revert to the "theoretical" or external part of the analysis, how will the indicator work when firms are being ground down in their profit margins, and are unable to make new investments in capital equipment AND LABOUR?

Having thus set out the principles for adjusting relative wages in the light of evaluation of job factors, the report considered the machinery for putting it into effect. Should there be more
centralisation in LO's byelaws? Already there was much formal centralisation, but it was stressed that LO preferred in any case to use moral pressure rather than statutory means, by freeing everyone from their obligation to observe restraint if one group refused to toe the line. But the committee hedged on the question of giving LO greater statutory authority when it suggested that a new organ should be created, a wages policy council, which would act as a voluntary cooperating and coordinating body for the federations' claims. The aim would be for this council to act as a preparatory body on behalf of the secretariat in collecting material about the economic position and about wages issues. It would prepare the material for the autumn meetings of the representative council. Proposals drawn up by federations in the light of the representative council's recommendations would thereafter be submitted to the wages policy council, which would be able to take up with the federation and the secretariat any major deviations in proposals. However, the final decision about the content of agreement proposals was still to rest with the federation. Likewise, the wages policy council would act as a sort of central job evaluation agency using rough criteria about the nature of the work, whether qualified or routine. The job evaluation would not be purely mechanical. The whole idea was looked on as a very long term goal to be worked for gradually.

2) An internal trade union council as an organ for moderating the freedom of individual unions is suggested in Ohlin, The Problem of Employment Stabilisation, p. 101.
As suggested, the committee hedged as to whether there was any necessity for revising the byelaws. The secretariat, when it discussed the report in the 1951 congress, suggested no byelaw changes, but motion no. 19, which - significantly - came from some of the lowest paid groups (woodworking, factory workers, shoe and leather and forestry and timber floating) did plead for more formal centralisation, in that the secretariat should be given powers to examine and approve every proposal for agreements before it was presented to the employer. If proposals were not approved by the secretariat they would have to be changed.

This constitutional issue as always attracted the greatest attention at Congress. The secretariat argued that moral authority based on the ability to survey the whole field was the keynote and that what was implied was simply an extension of the cooperation between the secretariat and the federations. But this to some extent was an inconsistent policy when one recalls the anxiety LO had had to get a clarification of the byelaw provisions that a federation must not stand on the toes of others in its wages issues. It thought that this approach could be tried IN THE MEANTIME at least.

Some were still reluctant to put any extra powers in practice into the hands of LO through the creation of this new coordinating, albeit advisory body, the wages policy council, although everyone agreed, with the chaos of the wages negotiations for 1951 as experience fresh in mind, that some sort of coordination was necessary. Arne

1) See chapter VI, p. 272 et seq
Geijer was not too keen at all on this wages policy council, and was backed up by Åkström and Åstrand, but congress decided after a lengthy debate to agree on a show of hands to the proposal to set up this wages policy council. Formally, no change in the disposition of power is involved in this new organ, since the federation still (in the meantime) have the right to decide what their demands shall ultimately be, but the chairman of LO did not deny that "by and by", in the light of experience, there might be a change. Thus once more the LO empirical attitude in the face of the changing requirements of economic problems is revealed.

This development within the trade union movement through the creation of a wages policy council involves nothing new in principle, since no greater centralisation of formal power has been asked for as yet. The federations still have the final right to decide what the content of their agreement proposals will be, and the wages policy council is concerned only to coordinate them on a more objective basis than has been attempted so far. There is of course nothing to prevent the federations entrusting LO with powers to negotiate on their behalf, as has happened in the past in the index wage negotiations. In addition to internal coordination it is hoped, however, that the wages policy council will help to present the trade unions' views in relation to other groups in society in a coherent way.

It is immediately apparent from this that there is a major defect in the concept of wages policy which LO has put forward through the

1) See LO congress report, 1951, pp. 119-209.
full employment report. It is in no sense a national wages policy, nor is it intended to be so. All that has been said is that if economic policy is conducted in such a way as to create a healthy climate, and provided other groups do the same, LO will try to rationalise its methods of making wages claims. This is no more than an approach to a sectional wages policy, and to consider it a national wages policy would be to exaggerate.

If we widen the perspective beyond LO and consider some of the organisations that have been analysed in the course of this thesis, it will be seen that the problem of adjusting relative claims on the national income is not much nearer solution as a result of this new development. Outside LO, and between the groups, there is still a clash between the "job evaluation" approach and the "profitability" approach. All the groups in society are concerned in some way to assert the worth of their particular type of organised worker or official, and all prefer to do it by an appeal to the training, experience, and competence that their particular activity demands and which make them indispensible in the social framework. LO, TCO, SACO and SR are all concerned to base their policies on such criteria. But each group is also concerned to organise itself into a power pressure group in order to make sure that its voice is heard and, in the case of LO, to make sure that its lowest paid groups get "a fair deal". Likewise, the farmers and the consumers' cooperative movement (KF) enter into the picture as groups that are anxious to make themselves heard. Somewhat schematically, the
following disposition of forces can be drawn up of the various organised groups that are concerned with the immediate problem of income allocation through the wages policy pursued.

The state
The state as employer
The farmers

SAF    LO    TCO    SACO    SR
KF

The foreigner (the "rest of the world") indicating the openness of the economy.

A complex inter-play of cause and effect goes on among these groups, and all must be taken into account if anything approximating to a national wages policy is to be developed.

SAF, as the analysis of the wages policy of recent years has shown, is less articulate in most years than is LO. That is not to say that it does not have "a line" on what a desirable pattern of wages negotiations will be in any year. It developed a coherent front on such matters much earlier than LO, e.g., in 1916, 1920 and 1924. In recent years it has only made public its intentions in years like 1947, 1951 and 1952. As has been noted it is a much more authoritarian body than LO when controlling its members, but it is not able to prevent them paying wages over and above agreement provisions when they are prepared to do so. This is a problem that

1) See Kristersson, Helge, De Socialekonomiska grupperna och samhällsekonomin, for an analysis of the activity of some of these groups in three forms, price, technical, and political activity.
a wages policy must face. The LO report looked to profit damping taxation as a means to eliminate such wages sliding, but it is doubtful how effective this would be.

TCO is now developing into a strong and militant group, and, although it still holds its representative council meetings on wages policy later in the season than LO, it is not afraid to put forward forthright demands for increases, as happened in November, 1954, when it based its case mainly on the relative deterioration in relation to industrial workers, whose earnings had risen faster in 1953 and 1954, mainly because of wages gliding.

Likewise, SACO is a group "on the make" and is concerned very much to defend and improve the position of university trained people against other groups. SR is a much more subordinate body.

The consumers' cooperative movement occupies a strategic position, as the foodstuffs conflict of 1953 showed. The Main Agreement between LO and KF on wages principles would seem to suggest that KF should reach its agreements AFTER other employers, since it is provided that it should not be a worse employer than others, but this interpretation was challenged by the chairman of LO in 1953, when he was obviously anxious for KF to make an agreement in order to put pressure on the private employers. The complex of forces at work here is given another twist, however, when it is remembered that if KF had staged a lockout against its workers in foodstuffs the conflict would probably have had to be declared socially dangerous. As it was, the cooperative movement did help to break up the employers' front by offering wages increases to 2,500 bakery staff. The point to be made
here is that agreements on principles in various sectors of the labour market, and between certain groups that see some affinity with one another, are relevant structural features of the wage negotiation procedure.

The farmers form another group that is "built-in" in the structure of the economy for, by agreement between all the political parties, agriculture is to be encouraged to the extent of giving those engaged in it a standard of living comparable to that enjoyed by other groups in society. Since the policy is based on this goal, and aims also at ensuring that the cost-income relationship with 1938 as the base year will not deteriorate to the disadvantage of the agricultural population, cost and income are tied in such a way that any increases in cost items, e.g., through higher agricultural wages, are compensated by the agricultural calculation in order to give an increase in farmers' incomes as well. 1)

A coherent wages policy in Sweden has thus to face a great many problems in the light of the structure and functioning of the different labour market organisations. The goals of the groups vary, and not all can be expressed in monetary terms. SAF is interested in a fairly long term goal of low cost production, which may have to be modified from year to year in the light of market forces, and is also interested in the promotion of an economic policy that promotes private enterprise. TCO is interested in becoming a

1) Agricultural policy in Sweden is now a much debated subject. On it see Clas-Erik Odhner, Jordbruket vid full sysselsättning, Fakta om jordbruks politiken, by Sven Holmström, and Jordbrukspolitikens dilemma, (by a KF, LO, TCO committee). This last brochure is significant in that it purports to give the view of "consumers", i.e. the consumers organised in LO, TCO and KF, on agricultural policy.
strong group, and although it stresses differentiation of payments there is some solidarity in the lower levels on wages to be paid. The analysis has shown how they have all grown into important social groups alongside LO. The differences in goals may be looked at in terms of their attitude to social benefits, such as shorter hours, holidays with pay, retirement pensions, sickness benefit funds, and equal pay.

A social policy of equalisation has now been set in motion by the various investigations made in the early 1950s on the prevalence of social benefits, by the introduction of compulsory health insurance, and by various declarations at LO federation congresses in favour of shorter hours and workers' pensions. But how these goals are to be attained is a matter for dispute. Historically, the salaried employees have concentrated on having good social benefits written into their agreements, while the manual workers concentrated on cash benefits. In 1953, however, both the metal industry workers' congress and the factory workers' congress signalled an attack on the social benefits front for manual workers. But tactics differed. While anticipating that reforms, e.g., on pensions, would mainly be made via parliament, the metal workers accepted in principle the idea that in future the federation's wage negotiation demands would also include demands for social reforms to be introduced into the collective agreements. The factory workers emphasised the political line,

1) See chapter XIX.

and social security was envisaged as a social goal to be reached via legislation and not a subject for debate in wages negotiations.

The appropriate line of advance in terms of tactics will obviously be influenced by the extent to which the state provides such benefits, old age pensions, workers' pensions, and health insurance benefits, although the tactics are to some extent clouded by the fact that benefits have already been shown to vary so much between salaried employees and manual workers and within the manual workers' group.

All are agreed that such benefits must be paid out of production in the long run, and that a choice may have to be made between nominal wage rises, shorter hours (an official committee on which was appointed in 1954) and pensions. But inter-group divergences are introduced at once as soon as one finds the metal industry workers saying in principle that, in so far as differences exist between groups (salaried and manual employees) for various reasons, these differences should be expressed in the cash wage and not in the form of varying social benefits. This in turn is likely to lead to higher salary demands from the side of salaried employees who feel their position is being encroached on. They have in fact, in both the state and private employment sectors, succeeded in ensuring a) that the absolute level of their benefits shall not deteriorate through the introduction of the social insurance scheme in 1955 and that b) the employer will pay their contributions.

Traditionally, SAF has been opposed to having benefits written into agreements with manual workers, since such costs blurred the whole wages costs picture and were inflexible in character, and the various benefits that have developed in practice, and which were discussed in chapter XIX, have been essentially extra-contractual. But with the pension ideas that it advanced in 1954, SAF has taken the initiative in suggesting that workers' pensions, raised as a desirable object by LO in 1953, should be granted via collective agreement and that only the minimum should be set out in legislation. Likewise, SAF is opposed to hours of work being reduced by legislation, and thinks that more flexible arrangements can be made by agreement.

Another question on which there is disagreement is "equal pay". Here a state commission that reported in 1953 recommended the introduction into the civil service by stages of the principle of equal pay for equal work, but the SAF-LO committee on female labour recommended instead the principle of equal pay for equal PERFORMANCE, in the light of the costs that the labour of male or female workers involved.

What it is important to realise here is that there are different starting positions for the different groups on the labour market in these matters, that all grasp that any improvements must be paid for out of the national product, that the means to attain the improvements

1) Arbetsgivaren, 1954, no. 11, pp. 8 - 10.

2) Industria, 1954, no. 10, p. 4.

desired differ according to the position of the group, and that the problem of social benefits is now of first rank importance in any discussion of wages policy in Sweden. How can this be fitted into a national wages policy? Are the lowest groups to be lifted up by legislation, or by collective agreement provisions, or both? The workers strenuously deny that their desire for social benefits is occasioned by jealousy of salaried employees, but that it is "justified in its own right", and that the real reason for the stress now being laid upon social benefits is because nominal wages are such that they guarantee a reasonable standard.

It is thus possible to wish to pursue similar goals by different means, and to want different ends, depending on one's grouping. All the labour market parties have, as a common goal, freedom from state intervention, although - significantly - SACO is prepared to accept compulsory arbitration if need be in order to assert its independence of other groups. All recognise the desirability of having the right to bargain collectively, with the reservation that the state has the right to intervene in a crisis. This view is shared by the government.

In a coherent discussion of wages policy three main problems must be faced, the problems of a) production, b) principles of distribution and c) machinery for distribution. They are not mutually exclusive, but for purposes of summarising the problem in Sweden they can be looked at separately.

a) **Production.** The framework of possibilities for any policy of

1) For an illuminating debate on the problem, see Tjänstemannarbörsen, 1952, no. 10, p. 245 et seq.

2) See an article by Sköld in Människan i Samhället, p. 163 et seq.
income distribution must be production. The national product sets a limit, but at once the problem arises of what the limit is at any one time when the national product is being divided among the interested groups. As has been pointed out, the national budget gives a very uncertain guide to developments. Further, the level of production may be affected by the type of economy, closed or open, and by the means of economic policy that are acceptable or possible. Beveridge stressed that it was to be full employment in a free society.

Ohlin's three pillars of employment stabilisation are a stable volume of investment adapted to the willingness to save, a wages policy in which wages do not outstrip productivity, and industrial peace. The desirable level of employment is debateable. The means to be adopted are the subject of much debate and analysis. Is there to be a high level of demand, cheap money, and restrictive measures to keep the economy from bursting at the seams, or is there to be a lower degree of employment through the use of monetary policy and credit control? Are prices to be flexible in both directions in response to stimuli from the side both of demand and supply? How are restrictive practices to be eliminated?

Because of these differences in ends and means, the labour market parties in Sweden are consulted by the government on policy measures on taxation, investment, agricultural policy, and other variables.


2) See Lundberg, Konjunkturer ock ekonomisk politik, pp. 424 et seq, on "the degree" of full employment. Lundberg would prefer a lower degree of employment than that prevailing in Sweden in the post-war period while Fehn does not want a lower degree, but a different kind of full employment, where there is no excess of purchasing power and some improved mobility.
which influence the size of the national product through time. There are also differences of view as to who is responsible for ensuring stability, the government or the labour market organisations. LO's full employment report is essentially based on the requirement that the government shall pursue an economic policy such that the trade union movement can hope to keep within the bounds of real resources when it makes claims for higher wages.

One of the most difficult matters for the outsider to try to assess is the effect of the close co-operation between the social democratic party and the trade union movement in determining the attitude of the latter to its policy for the coming year. It would, for example, be possible for LO to make certain demands of SAP in December, - either extremely moderate or extremely harsh demands - in the knowledge that certain provisions in the national budget for the coming year would when published either put them in an advantageous position or offset an apparently disadvantageous position. It is not necessarily bad that such cooperation should exist, for the government may be able to obtain acceptance of something in the interests of its policy which the unions would not like otherwise. But the policy of the government is not necessarily coincident with the policy of the employers or the wishes of the farmers. In other words, cooperation between only SOME of the parties interested may have evil effects on the groups that are kept outside the inner circle, for political or other reasons.

Ends and means can thus become confused in working towards the goal of as large a national product as possible, and these are
superimposed on what is already a difficult enough problem, that of assessing how much there is going to be for division. Here at the very outset there is thus, as has been suggested, an Achilles heel, because it has not yet proved to be the case that forecasts can be accurate to the extent that a coordinated income distribution policy can be based on them. It is not good national housekeeping to share the spoils of a projected three per cent rise in the national product if, due to external forces or for other reasons, it does not materialise. Subsidiary to this point is the requirement that productivity measurement will have to be made the subject of a much more scientific approach before any more accurate method of allocating shares can be devised.

b) The second problem is that of **principles for distribution**, the criteria in the light of which the allocation of income is to take place. Here three different methods can be distinguished, 1) the automatic regulator, 2) the profitability of industry or market criterion, and 3) the work classification or job analysis method.

1) Automatic **devices** for ensuring that income and productivity keep in step can take the form of allowing prices to fall while wage levels remain stable (Davidson's method) with technical progress, of allowing wages to rise by other automatic devices, such as a cost of living index (the weakness of which is that it only aims to retain, not to improve real standards), or by some form of **welfare** index or indicator by which wages would move up, or down, in relation to
changes in the national product. None of these devices is satisfactory, when price falls are not necessarily the product of industrial progress in a partially monopolistic price system, and when groups are strongly organised. In an open economy, where impulses come from abroad, flexibility of policy in favour of one's own group is the guiding principle. A policy of automatic adjustment is not reconcilable with freedom to bargain, which is the essential external manifestation of a group's interest. 2)

2) The proficiency criterion, based on "what the traffic will bear". The basis here lies essentially in the power of a group to push its claims as hard as it can in its particular sector. The margin here must obviously vary with different sectors and branches, whether they are export, domestic or consumer goods industries, whether the branch produces necessary, or services. What the traffic will bear in state employment such as the civil service is in the last resort what the taxpayer will pay. The power group approach is thus less effective in some sectors than others. To say this is to endorse the criticism by the trade union movement of too great a spread in wage incomes in the 1920s and 1930s, which led to the wages policy of solidarity.

1) For a discussion of the idea of a welfare index as a criterion for wages regulation see Velstandstal og Lønsregulering, by Kjeld Bjerke, in Stats økonomisk tidskrift, June, 1952, pp. 117-129. For Bjerke such a device fails because of the inability to make calculations of the national income flow with such certainty as to use it as an instrument in wages regulation.

2) That is not to say that on occasion the trade union movement does not explicitly state that the better alternative for the coming year would be fairly stable wages and falling prices. But it is not easy to put this policy into effect, because of the complex of collective bargaining forces and the stickiness of prices in a downward direction.
But the profitability approach still has its adherents among skilled workers and, where labour is scarce, among employers who can "afford to pay more" than is determined in national agreements. Theoretically, the problem of profitability relates to the "representative firm" chosen for purposes of wage claims. If a firm near the margin is selected, the problem remains of how the extra profits of the more efficient firms are to be absorbed by the workers. Profits tax is the more generally operative method, while pressure for increased social benefits within the firm, and willingness on the part of the employer to concede them, is a policy which appeals more immediately to the workers and employers directly concerned.

In Sweden the last method has been found to conflict with the prevalent approach through wages solidarity. Wages gliding at the local level is something that undermines organisation on both sides, for by definition wages gliding is a form of payment that is in excess of the limits of deviation allowed by a national agreement. The problem of keeping the individual worker and employer under control is a real one for the organisations. Local increases above a certain level, or internal profit-sharing schemes, cannot be permitted by workers' solidarity or by the esteem an employers' organisation likes to feel it enjoys in the eyes of its members. The LO full employment report draws attention to the effect of the structure of agreements on this wages gliding, but suggests no remedies, the assumption apparently being that it will be eliminated by the
theory of "profit deflation". A further difficulty, which relates to social benefits and enterprise councils, is that the information given in enterprise councils may bind the worker closer to the firm and its policy. If it is above the margin aimed at by the central agreement, this may lead to explicit agreement to pay higher local benefits in order to retain the working staff. A vicious circle is now developing here in Sweden, since higher local benefits have now become the subject of investigation from the centre and are leading to claims on the employer for standard pensions and sickness schemes throughout the economy.

All these policies based on profitability of a particular sector thus conflict with the ideas of wages solidarity, and the trade union movement has done its best to follow instead a policy of narrowing differentials, and coordinating the structure of the organisations, through cartels and conferences, in such a way that claims based on profitability will be secondary to a general policy of raising lower paid groups, irrespective of the profitability criterion. This leads eventually, as it led the LO committee, to job evaluation.

3) Job evaluation means the abandonment of a power policy of negotiating and the development of an analysis of wage claims in the light of what a particular job is "worth" in terms of systematic analysis (see chapter XIX) of the job factors, which are thereafter related to a wages policy. The object is to devise an objective
system for justifying differentials. Logically, job evaluation is inescapable for a national wages policy. As was found in Holland in the post-war period, when an attempt was made to decree wage increases and allocate them, some criteria of allocation have to be developed, and a system of job evaluation was drawn up. This can only be a basis, however, since the demand for and supply of labour, quite apart from technical job analysis, are determinants in the wage paid and required. Both the supply and demand side must be included. The long run difficulty in job analysis is therefore to keep up with changes in the structure of the economy as reflected by the demands made for labour in the different sectors and changes in the population size and composition. The logic of the system also runs up against practical difficulties in the form of historical attitudes in different unions. It is not entirely possible to eliminate thinking in subjective relative terms, and the essential aim of job evaluation is to do just that, to replace subjective forces by as objective criteria as possible. Thus job evaluation and collective bargaining in its uninhibited manifestation of power negotiations are incompatible.

All that can be hoped for in the full employment economy is a combination of the two approaches, allowing some freedom for collective bargaining (redefined to include coordination with other groups) and at the same time trying to be more objective in evaluating relative claims. The advantages of a more objective approach are great, particularly when wages policy has now become
something much wider than "cash" and includes all manner of social benefits. The relationship between the "state minimum" and the collective agreement variation superimposed on it should be more objectively assessed than is the case at present. This qualitative evaluation of tasks, and allocation of income on the basis of the analysis, will only have limited applicability in Sweden in the foreseeable future, and the view of LO on the subject is the most optimistic assessment made. TCO was doubtful in 1951, when it gave its views on a motion suggesting job evaluation in state employment, whether such a system could be applied where jobs and groups varied so much in respect of training, tasks and responsibility. The wages plan report was also sceptical about assessing services in this way.

c) **Machinery for distribution.** Here the greatest problem presents itself, in the light of the analysis of this thesis. No matter what agreement can be reached on full employment and production, what criteria are agreed for assessing the allocation of income among groups, there is difficulty in applying these principles in practice because of the structure and functioning of the organisations. The machinery for any job evaluation would in Sweden have to be set up by the parties themselves. But the labour market organisations have quite enough internal problems of organisation to solve without being able to agree FORMALLY on

1) TCO report for 1951, pp. 122 et seq. See also LO report, 1951, p. 249 where a more optimistic view, in terms of pilot job analysis studies, is envisaged for the immediate future.

2) SOU 1952:3, pp. 32-3.
anything corresponding to a national wages board, and such a board would obviously be greatly tempted and expected to become an arbitration body.

The institutional framework of organisations and the relations between them, their opposition to government intervention, and the difficulties, as evidenced by the wages negotiations over the past fifteen years, of continuing on a policy line of restraint for more than a year or two are all against a national body being created deliberately to decide on questions of allocation. There is no body that would be acceptable. Nor would it be possible in practice to coordinate in a systematic way the wages policies of the organisations over a period of time. The fact that the strike and lockout are still weapons to be used indicate further that a "power" approach has not been abandoned.

If one "structural" feature may be used in exemplification, no one has seriously suggested in Sweden that the wages negotiations season should be telescoped into one grand settlement. SAF has suggested a central agreement for industry when LB wanted an index agreement, but that is far from saying that this would be suggested in normal times, since SAF prefers the flexible, industry by industry approach in such conditions. Nor would such an arrangement be adequate if it did not cover the vast sphere of non-industrial workers who are in the employment of the state or local authorities. It is not entirely a bad thing that wages negotiations and agricultural price negotiations take place in
the sequence outlined in chapter XX. For the very tradition of the arrangement allows groups to coordinate, while at the same time flexibility is given in the event of change. Admittedly this worked very badly in 1951, when prices were soaring, but the alternative would simply have been a centrally agreed plan of income allocation which would have had to be altered to suit the rise in costs. And it is doubtful whether such an arrangement would be as flexible as one that allows a certain amount of scope for variation. The very clarity with which irresponsible actions on the part of any group is highlighted in the tightly organised Swedish society adds to responsibility.

In conclusion it should be pointed out that wages negotiations have not become a thing of sweet reasonableness and light as a result of the appointment of a wages policy council by LO. For the current agreement year, 1955, wage demands by both LO and TCO groups have become so badly aligned with the restrained policy for increases that LO recommended in the autumn of 1954 and the somewhat more aggressive recommendations of TCO that, after giving a serious warning through the finance minister's budget speech about the necessity for wages restraint, the government found itself recommending in the early spring a plan for forced saving in order to mop up excessive purchasing power created by the income claims put forward. The plan was to raise income tax rates along the lines of the British post-war credit schemes, the savings to be repaid in 1956 and 1957. In the event, the government has now
withdrawn this suggestion and is attempting a stricter monetary policy as a means to stem inflation. Again the position of profits as a "red rag" to wages claims is being disputed. It is too early to say what the outcome will be. But in the light of the experience of wages negotiations during the past fifteen years, of the difficulties that are experienced in coordinating group viewpoints, and of the limited wages policy coordination within the trade union movement that comes under the jurisdiction of LO, the conclusion seems to be that as long as an inflationary situation continues a centralised policy of wages stabilisation is extremely difficult to carry out. It cannot be said that in Sweden the sides of uneasy triangle of free collective bargaining, stable prices and full employment have been reconciled with any greater success than they have been in Britain. Employment, save for a few brief recessions in particular industries, has been very full, price rises have been steady and frequent over the whole period, while collective bargaining has varied between some sort of rough coordination and a mad helter-skelter. Wages policy cannot be conducted in the light of hypothetical criteria, and experience has not shown any conclusive evidence that a centralised, semi-coordinated wages policy is more successful in obtaining wages increases or preventing price rises than a decentralised policy. All that a stable situation does is to enable wages policy to take a longer view. The aim is still to get a large share for the workers whatever the position. From that point of view LO's sectional approach to the problem of coordination is a wise one in
the interests of the groups it represents, but it cannot be made the basis for a systematic national wages policy.
CONCLUSION

The most characteristic feature of the system of labour relations that has been built up in Sweden in the past seventy five years is the empiricism with which the problems have been tackled, and the relative absence of dogmatic and ideological solutions to complex problems. On every issue that engages the attention of the labour market organisations there is enquiry and cautious debate before any move is made. In part this is simply a reflection of the deliberate and thorough process of decision-making in government in the wider sphere of Swedish parliamentary democracy. It can, of course, be argued that the Swedes were lucky to come to the industrial process late, but the measure of success that has been achieved in developing a mature system of industrial relations is not simply attributable to good fortune. Over the past fifty years there have been shifts in policy and tactics that have now culminated in a coherent system of organisational relationships on the labour market.

Between LO and SAF, the influence that each side has exercised on the other is significant. The formation of LO was at once a challenge to employers to meet strength with greater strength in terms of a tightly knit employers' organisation. That strength in turn induced the development of a national system of collective bargaining and agreements, and a distinct trend to industrial unionism.
at a very early date in the history of the trade union movement. The growing up process has of course been hastened by the fact that there was one dominant group on each side. There is for example strength for the unions in the fact that there is only one LO, and that the number of federations is comparatively small.

That is not to say that centralisation within SAF has had an automatic counterpart in the structure of LO - indeed SAF would argue that LO's constitution is still out of date, in the sense that if one has got so far as to make the voting of members simply advisory on the great collective bargaining issues then it would surely be no great step to go the whole way. But the problem is not so simple as that in a movement whose origins are rooted deep in democratic radicalism. Within LO the democratic process of decision-making has been much more in evidence than in SAF, and the leaders of the trade union movement have been well content to move only slightly ahead of their members, although always in a fairly well defined general direction. The trade unions have been essentially deliberate, indeed almost ponderous, in their development of policy, but this has been a factor making for stability within the trade union movement and between the organised labour market groups.

The influence of the state has been not unimportant, but the action taken to control labour relations in law has never been dogmatic, however forthright some legislative plans have seemed that were designed to curb the excesses of the labour market.
organisations. In general the opposition of LO and SAF to legislative intervention has been practical, and rooted in the empirical belief that groups acting together in the discussion of some problem could probably reach a better solution than could the state acting through government departments and, further, the presumption would be very much in favour of the groups respecting the solution arrived at voluntarily. That of course has in turn required strong and coherent organisations. On the other hand, as has been mentioned at various stages in the preceding chapters, responsibility is not altogether spontaneous but in part also induced by the fear of outside intervention.

Such legislation as there is on labour relations is based on procedures that the organisations had already developed themselves. But a further condition of their being able to regulate their relations without the need for too much state interference has been that the organisations did not have too much in common, that there has been willingness to compromise but no particular anxiety to jump completely over the fence. The ultimate sanctions of the strike and lockout are still important weapons in the armoury, but through the years there has developed a framework of agreement and practice within which differences are adjusted and if possible reconciled without the use of force.
It is fully realised on all sides that the labour market organisations have a common interest in promoting material welfare through a high level of production and productivity, and at the same time certain basic values are also held in common in the sphere of the mind and spirit, where the acceptable values are felt by all to be those of a democracy as that term is understood in western Europe.

But the cleavage remains, of groups having some things in common but also different purposes and functions. This is expressed in the growth in the post-war period of enterprise councils, which reflect the acceptance of a common goal on both the material and non-material plane, increased production and greater "security" in the widest sense. At the same time there is a rigid dividing line between this type of cooperation and the fight that goes on over the division of the proceeds of production. Enterprise councils have not altered the fundamental distributive aspect of the employment relationship, although they do stress the importance of the non-financial side in a more explicit manner than previously. The essential opposition of interests remains, and can find expression in direct action if one
side is goaded too far in the struggle for the division of wealth and income within the community.

The general change in the social framework has not been without significance. With the coming to power of the social democratic party the trade union movement has a more active ally than in the formative years in exercising pressure on employers through the political wing of the movement and via social legislation. But at the same time that new social framework has in itself led to a change in employer mentality in the past twenty years. The standards by which the employer is assessed have changed, and the possibilities that are open to him to behave in certain ways have become much more strictly confined through the growth of a comprehensive economic policy.

But the effect of the social changes has not been completely negative. On both sides there has been a change of attitude that is reflected best of all perhaps in a change in language. The "enemy" of 1900 and the "opponents" of the 1920s are now quite simply "the other side" of the labour market relationship.
The fear expressed in the 1930s that Sweden might become a corporate state because of her strong labour market organisations has not been realised, not only because there still persist differences of view that are sufficient to prevent a corporate outlook, but also because there are now a greater number of groups in action. The growth of salaried employees' organisations eager to take an active part in bargaining, and the growing importance of the public sector of employment, are useful correctives to any potential excesses from the side of either LO or SAF. This unstable equilibrium of forces is, as has been suggested, a great obstacle in the way of the development of any truly national wages policy, but the unstable equilibrium is in itself a guarantee that no group will dominate the social scene completely. Indeed, it could be argued that LO, and to a lesser extent SAF, are now less prominent organisations in the nexus of relationships than they were twenty years ago. The farmers and salaried employees are potentially as strong. LO has, as suggested, almost reached membership saturation point. That this is fully grasped is shown by the shift in emphasis to local problems in the enterprise councils, the stress on the importance of raising women's wages - since women are potentially an organisable group on a far larger scale than at present - and the allocation of resources to the productive and positive aspects of labour relations. On SAF's side the need to get rid of surplus energy somehow is shown by the decision in 1952
to set up a council for organising research into the "personal" aspect of the work relationship.

There is in labour relations no "end of the line", the problems of adjustment of man to man in society will endure no matter what the framework within which these human beings move and have their being. In Sweden, this thesis has suggested, seventy-five years of development have produced highly integrated relationships and policies in the two great questions of production and distribution. Yet the dynamism in the system is such that there is no danger of the Swedish labour market parties saying, with Rabbi Ben Ezra,

As it was better, youth
Should strive, through acts uncouth,
Toward making, than repose on aught found made;
So, better, age, exempt
From strife, should know, than tempt
Further.

The Swedes have learned a lot about labour relations through trial and error, and such knowledge and institutional devices as they have at their command, while they may on occasion be turned towards internal strife, are focussed even more on the common striving after higher material and spiritual welfare.

The horizons have been widened until it now becomes possible on all sides to take note of the pleasant prospect
that it may be possible to go to Birmingham via the Dalmatian coast and not simply Beachy Head, since the machine of industrial relations now ticks with a pleasant hum and runs as smoothly as can be expected in any society where, in the last resort, it is rather unlikely that men will brothers be, for a' that.
Authors.


Fredriksson, Karl : Lönepolitik och samhällsekonomi. LÖ. 1952.

Fridell, Folke : Kooperationen och den industriella demokratien. (Ekonomiska debatten, no. 6)


Heckscher, Eli F. : Praktisk socialism. Ett studiebesök hos engelska byggnadsgillen. LÖ skriftserie, no. 5. 1921.


<table>
<thead>
<tr>
<th>Author</th>
<th>Title</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heckscher, Gunner</td>
<td>Staten och organisationerna. 2nd revised ed.</td>
<td>Stockholm, 1951.</td>
</tr>
<tr>
<td>Karlbom, Torvald</td>
<td>Industriell demokrati. (Aktuella frågor, no. 6)</td>
<td>Stockholm, 1946.</td>
</tr>
</tbody>
</table>
Olsson, Ingvar
Olsson, Reinhold
Pettersson, Gummars
Ramstén, Nils
Robbins, James J.
Robertson, D.H.
Samuelsson, Yngve
Samuelsson, Karl G.
Schmidt, Folke
Skytt, Torsten, and Åsbring, Sven
Slichter, Sumner H.
Smith, Göran and Åberg, Kaj
Stensland, Per G.
Styrman, Georg
von Sydow, Hjalmar
Söderlund, Gustav
Sölvén, Arnold

Söderlund, Gustav: Om den svenska arbetsgivareorganisationen, dess verksamhet och betydelse, Stockholm, 1932.
Örne, Anders : Ekonomincken demokrati.

Other books and pamphlets.

Academic Trade Unions in Sweden. SACO, 1953.
Arbetsmarknadsförbundets rapporter. Stockholm, 2024.
Arbetsmarknadsförbundets rapporter. Stockholm, 2025.
Arbetsmarknadsförbundets rapporter. Stockholm, 2026.
Arbetsmarknadsförbundets rapporter. Stockholm, 2027.
Arbetsmarknadsförbundets rapporter. Stockholm, 2028.
Arbetsmarknadsförbundets rapporter. Stockholm, 2029.
Arbetsmarknadsförbundets rapporter. Stockholm, 2030.
Arbetsmarknadsförbundets rapporter. Stockholm, 2031.
Arbetsmarknadsförbundets rapporter. Stockholm, 2032.
Arbetsmarknadsförbundets rapporter. Stockholm, 2033.
Arbetsmarknadsförbundets rapporter. Stockholm, 2034.
Arbetsmarknadsförbundets rap
Företagsdemokrati. SIFs skriftserie, 1946.
Industriell demokrati. En undersökning inom Folkpartiet, 1946.
Kontakt och samverkan inom industriforetagen (SAF-SIF), 1945.
Kvinna lönefrågan, Aktuella frågor no. 8, LÖ, 1946.
Lönepolitiken under debatt. Aktuella frågor no. 15, LÖ, 1950.
Redogörelse för huvudavtalet mellan SAF och LÖ i Sverige. 2nd ed. 1943.
Resultat utan konflikt. SR. 1952.
The Post-war Programme of Swedish Labour. 1944 (Swedish ed.), 1946 (english ed.).

Official reports. (Statens/ offentliga utredningar)

1923: 29 & 30 - Den Industriella Demokратiens Problem.
1925: 30 - Studier rörande industriell demokrati i Norge, Stor Britanni, Czechoslovakien och Østerrike.
1933: 36 - Utredning angående tredle mans rätt till neutralitet i arbetskonflikter.
1934: 16 - Betänkande med förslag till lag angående viss ekonomiska stridsåtgärder m.m.
1935: 18 - Betänkande med förslag till lag om arbetsavtal.
: 59 - Betänkande med förslag till lag om förenings och förhandlingsrätt.
: 65 - Betänkande om folkförsörjning och arbetsfred. (The Notin committee).
1936: 41 - Betänkande med förslag rörande förhandlingsordning för statens tjänstemän.
1949: 17 - Betänkande med förslag till lag om registrerade föreningar m.m.
1951: 7 - Principytor för dyrortsgrupperingen.
1951: 54 - Stats och kommunaltjänstemännens förhandlingsrätt.
1952: 3 - Löneplan eller kollektivavtal.
Annual reports and congress reports for LO, TCO, SAF, SAC, SR have been used throughout, and the byelaws of these organisations and, where relevant, their member federations have been used. A large number of collective agreements on various topics have also been consulted.

Other literature used:
Arbetsdomstolens domar.
Sveriges rikes lag, utgiven av Axel Aft. 1953 ed.
Parliamentary Proceedings.

Newspapers and periodicals cited:

Arbetsgivaren
Arbetsledaren
Ekonomisk revy
Elektrikern
Fackföreningsrörelsen
Företagsnämnderna
Index
Industria
Kooperatören
Metallarbetaren
Signalen
Svensk typografdöningen
Mål och Medel
Tiden
Tjänstemannarörelsen
Tjänstemanna rörelsens(TCO) tidning

The Economist.
The Economic Journal
International Labour Review.
The Scandinavian Economic History Review.
Nationalekonomiska föreningens förhandlingar.
Statsökonominisk tidskrift.

---