



Tord Flatland

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## **Firm hand on the tiller**

A comparative case-study of  
industrial relations, bargaining  
models and organised employers'  
roles in change in  
Sweden and Norway

Master's thesis, Sociology

**Fafo**



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Department of Sociology and Human Geography  
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University of Oslo**

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# Summary

This thesis is a comparative case-study of development trajectories of industrial relations and collective wage bargaining models in Sweden and Norway since around the turn of the millennium up until the present. I compare development trajectories in the two countries' institutional frameworks in relevant areas in order to address three research questions: i) Are Swedish and Norwegian industrial relations and collective bargaining models displaying converging or diverging trajectories in the two first decades of the 21<sup>st</sup> century? ii) What roles have organised employers in different sectors played in industrial relations and bargaining model change in Sweden and Norway since 2000, and can properties in the countries' organised actors explain outcomes in IR and bargaining model change? iii) Does change in one or both countries' industrial relations and bargaining models conform to a description of 'neoliberal' transformations or trajectories in industrial relations, or is this concept unfit to describe the overall trajectory of Swedish and/or Norwegian industrial relations and bargaining models since 2000?

The thesis relates to the research fields of comparative political economy and industrial relations studies. The conceptual framework applied for investigating and comparing the substantive areas of Swedish and Norwegian industrial relations is adopted from contributions and discussions within these fields. Of particular relevance are discussions of organised employers' role in industrial relations change. Further, recent discussions in comparative political economy and industrial relations studies about trajectories of liberalisation provide an important conceptual backdrop. These discussions revolve around whether liberalising development trajectories in Western and European political economies and industrial relations best can be conceptualised as 'varied liberalisation' of sustained divergence in political-economical and industrial relations institutions, or if a common 'neoliberal trajectory' pointing towards convergence can be observed across most or all countries.

In my substantive case treatment of Sweden and Norway, I outline how industrial relations and bargaining models have evolved since the turn of the millennium. These decades were a period in which both countries had recently reconstructed models for coordinated bargaining and adjoining industrial relations frameworks, following a period of turbulence, partial break-down and major revisions of post-war models of centralised bargaining. I map how landscapes of organisational and collective agreement coverage and agreement types have evolved, and also consider developments in employment forms. In addition, I look at main characteristics of tripartite institutions and state-involvement in industrial relations and

bargaining, and how these have fared in responding to new pressures as a result of EU and single market integration. In mapping such characteristics and developments across my two cases, I am particularly attentive to different groups of private sector organised employers.

The cases are investigated through a variety of data sources. Most important is existing scholarly secondary literature within the fields of comparative political economy and industrial relations studies dealing concretely with Sweden and Norway in relevant areas. Reports and statistics databases related to labour market characteristics are also applied. In much of the general conceptual and theory-generating literature, Norway is ‘under-theorised’ in comparison to the Swedish case, which is often treated as a paragon case of ‘Nordic’ industrial relations. Therefore, primary data collection is limited to Norway, and consists of interviews with central actors in employer organisations and institutions within the industrial relations sphere.

After mapping case-properties in relevant areas, the thesis concludes with a comparative analysis. Here, I discuss and compare findings with the aid of conceptual frameworks from comparative political economy and industrial relations studies to address the three research questions of diverging/converging national trajectories, employer influence on industrial relations change and whether or not ‘neoliberalism’ is a useful concept for describing development trajectories. I argue that procedures for manufacturing-leadership in bargaining models point towards convergence, but that the cases diverge in regard to other important industrial relations characteristics such as state-involvement in wage regulation. I find that cross-class alliances in manufacturing are still dominant in both countries, but has faced more opposition in Sweden than in Norway. Lastly, I conclude that both countries are experiencing liberalising pressures, but that states and labour market parties have acted to ensure a continuation of IR and bargaining routines that preserves coordination and social solidarity. This makes neoliberalisation a poor overall characterisation of Swedish and Norwegian industrial relations and bargaining models’ development trajectories in the early 21<sup>st</sup> century.

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Tord Flatland

Oslo, November 2<sup>nd</sup>, 2020

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# 1. Introduction

## 1.1. Arriving at research questions

This thesis is a comparative case-study of industrial relations and collective bargaining models in Sweden and Norway from around the turn of the millennium up until the present. Sweden and Norway (and their respective institutional frameworks for work-related matters) are often grouped together with the other Nordic countries as a coherent type in many comparative social research typologies (e.g. Esping-Andersen, 1990; Andersen et al., 2007; Iversen and Stephens, 2008; Fellman et al., 2008). In many instances, this type describes a specific mixed economy model, a particular structure of political management and a strong commitment to welfare. So defined, Lars Mjøset (1992: 653) argues,

the model must respond both to developments in world politics and markets and to internal patterns of social change which alter the power relations between social groups. Only if these two sets of forces – one external, one internal – allow a number of mechanisms to operate permanently over a span of time, do we have a model functioning throughout this specific period.

Therefore, there are good reasons to be attentive to the synthetic nature of the concept of a Nordic social model and ask whether one is dealing with one aggregate model, or five similar but distinct Nordic models, corresponding to the five Nordic states.

Recent contributions to the fields of comparative political economy (CPE<sup>1</sup>) and industrial relations (IR) studies argue that processes of ‘neoliberalisation’ of industrial relations occur in most, if not all, Western political economies. This also holds, it is suggested, for Nordic social-democratic countries, which are typically thought to be more resilient to such pressures and development trajectories (Baccaro and Howell, 2017). These authors claim that CPE/IR researchers have overlooked significant change in IR and institutional functions even in the Nordics, and that these changes may adequately be labelled ‘neoliberal’.

However, when focusing on the trajectories of ‘Nordic’, ‘Scandinavian’ or ‘social-democratic’ countries, both sides of the debate – on the one hand, those arguing that Nordic countries retain response patterns to capitalist pressures that differ from (neo)liberalisation, and on the other, those claiming that a common neoliberal transformation trajectory can be

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<sup>1</sup> A list of abbreviations can be found in Appendix A.

identified – nearly always include case treatment of Sweden (sometimes alongside Denmark). Norway is often left out in macrolevel and theory-generating works that are explicitly or implicitly reinforcing a ‘Nordic’ typology (e.g. Baccaro and Howell, 2017; Baccaro and Pontusson, 2016; Thelen, 2014).

With this imbalance in mind, this thesis compares Swedish and Norwegian IR and collective bargaining models from around the turn of the millennium up until the present. This is a period when labour market parties in both countries had recently re-established or revised coordinated collective bargaining regimes and complementary IR institutions. These have arguably been fairly stable and are still in place in both countries.

The development trajectories of these reconstructed bargaining regimes and IR institutional complexes are my cases. The Swedish case is more ‘saturated’ than the Norwegian one, as it has received more thorough case-treatment and analysis in the pre-existing relevant research literature. I utilise secondary literature on development trajectories of IR involving Sweden to arrive at relevant comparisons with Norway. At the same time, I hope that close attention to the Norwegian case may inspire sensitivity to within-type contrasts in the two countries, that is easy to overlook at a higher European or international level of comparison.

The primary goal of this exercise is to arrive at better understandings of IR trajectories in two neighbouring Scandinavian countries by comparing and contrasting them to each other, and to see if the countries are displaying overall similar and *converging* development trajectories over the period, or if they are *diverging* and becoming more dissimilar to one another. While comparing cases in their own contexts, I am interested in exploring whether or not trajectories of neoliberalisation are identifiable in one or both cases, and if a concept of neoliberalism is useful to understand Swedish and Norwegian IR developments. This has some implications for research focus: If neoliberalism is understood as a ‘class project’ or ‘employer offensive’ aimed at dismantling obstacles to private market access and increasing employer discretion in working life, I expect private sector employers to have a primary preference for such developments. Therefore, particular attention to private sector organised employers’ strategies and abilities to shape IR institutional change and outcomes appears as a viable strategy to identify possible ‘neoliberalisation’. Three research questions appear:

1. Are Swedish and Norwegian industrial relations and collective bargaining models displaying converging or diverging trajectories in the two first decades of the 21<sup>st</sup> century?

2. What roles have organised employers in different sectors played in industrial relations and bargaining model change in Sweden and Norway since 2000, and can properties in the countries' organised actors explain outcomes in IR and bargaining model change?
3. Does change in one or both countries' industrial relations and bargaining models conform to a description of 'neoliberal' transformations or trajectories in industrial relations, or is this concept unfit to describe the overall trajectory of Swedish and/or Norwegian industrial relations and bargaining models since 2000?

## 1.2. Some preliminary specifications and analytic frames

Before progressing any further, I will devote a few words to some terms hitherto used. I do this to avoid confusion of what is meant, and to underline the importance of using certain concepts cautiously and consciously in social-scientific research. I also specify my analytical frames, articulating a clearer conception of what the thesis cases are actually cases of.

Nordic – or sometimes more narrowly Scandinavian – countries are often grouped together and presented as a coherent type in a typology of nation-states and social models. Mjøset (forthcoming) points out that the 'Nordic model' was first generalised from a particular moderate/cautious notion of a *Swedish* model by *Samak*, the discussion forum for all five Nordic countries' social-democratic parties/organisations. The Swedish model, in turn, was launched by Swedish social-democrats in the mid-1970s, promoting the achievements of the labour movement, unions and the social-democratic party in Sweden. This notion of a model was especially strong in areas like welfare reform and economic/incomes policy. It was preceded by a macroeconomic model addressing the interplay between employment, wage formation, productivity and inflation, known as the 'Rehn/Meidner-model'. That model was first defined in administrative circles in the late 1940s, but was turned into a *radical* notion of the Swedish model when the Swedish Confederation of Trade unions challenged capitalist prerogatives through a wage-earner investment funds proposal in the 1970s. This radical feature, however, was not stressed in the social-democratic party's more cautious version of the model.

In the early 1980s, social-democratic *Samak* member-parties faced an administration/mobilization dilemma, i.e. "an increasing gap between routine (managing the state) and contentious (reproducing support from a sufficient amount of voters) politics" (Mjøset, forthcoming: 6; see also Esping-Andersen, 1985). In this context, former Norwegian

finance minister (and by then opposition politician) Per Kleppe presented a 1982 paper titled *The Nordic Model – An outline for discussion to Samak*: “Kleppe regarded the old model as a totality with several elements (a synthetic model): solidaristic wage-policy in collective bargaining, welfare state safety net, “Keynesian” economic policies, and redistributive arrangements” (Mjøset, forthcoming: 18). In opposition to the 1970s radical conception of a Swedish model, Kleppe searched for an upgraded version of a moderate/cautious conception of the model, mainly based on Swedish and Norwegian experiences.

As with the ‘Nordic model’, the concept of ‘neoliberalism’ is extensively applied in social-scientific research. It is invoked to explain phenomena in formally distinct spheres of social life, as well as development trajectories of contemporary capitalist societies. Some authors (e.g. Harvey, 2005a) see neoliberalism as a *class project*, implying a set of politics benefitting capitalists and employers at the expense of the poor and working classes. This is done by i.a. undermining welfare and public goods, and by dismantling regulatory frameworks originally put in place to alleviate the most excessive capitalist pressures on the poor and working classes. This somewhat derogatory conceptualisation of neoliberalism by Marxist/left-wing scholars and commentators may partly explain why the term is not widely used by actors who are accused of being neoliberals.

Neoliberalism can be also be understood as an *ideology*, possibly implying at least two things: First, as political philosophy, policy programme or ‘thought collective’ (Mirowski and Plehwe, 2009) aimed at willed and specified social change, neoliberalism is an explicit political ideology promoting expansion of markets and market-emulating mechanisms by statecraft. Understood this way, neoliberalism is associated with activist intellectual networks (such as the Mont Pèlerin Society) linked to schools of economic thought (Austrian and Chicago schools) and key persons (such as Hayek and Mises in the academic sphere or Reagan and Thatcher in the political sphere), as well as the concrete products of these groups’ or persons’ intellectual and political practices.

Alternatively, neoliberalism can be conceptualised as ideological in a more encompassing or even ‘treacherous’ sense (i.e. hidden or naturalised to actors). It then appears as specific ways of thinking and reasoning in the cultural and intellectual ‘climate’ pervading most spheres of social life. As a logic of thought governing an era, ‘neoliberal ideology’ is invoked in in order to explain transformations in a wide variety of spheres, from circuits of capital accumulation (e.g. Harvey, 2005b); welfare state and economic/fiscal policy (e.g. Levy, 2006; Streeck, 2014); governance and population management (e.g. Foucault et al., 2008; Wacquant, 2009); culture and aesthetics (e.g. Fisher, 2009); and social-psychologic

rationalities and ethos (e.g. Brown, 2017; Dardot and Laval, 2014). Applied to different spheres, the ‘neoliberalism’ term serves a variety of functions for different researchers. Like the ‘Nordic model’, ‘neoliberalism’ often denotes several separate processes in different social fields. It thus becomes what Mannheim (1943) called a ‘diagnosis of our time’ (*Zeitdiagnose*) and a synthetic concept that is taken for granted as reality by researchers.

In this thesis, I take neither ‘Nordic model’ nor ‘neoliberalism’ concepts for granted. I am not establishing the existence of a Nordic model. That can, as Mjøset (1992: 654) points out, only be done by comparing properties in this cluster of political economies with *non-Nordic* ones. Rather, through comparison of properties in two countries that are often grouped together in much social research, I aim to be sensitive to the two cases and their context. In the process I hopefully detect nuanced ‘within-type’ variance (Bechter et al., 2012) often overlooked in broader studies that look at e.g. IR variation between clusters of European/Western countries. As I elaborate on in the next chapter, I apply *strong comparisons* of Swedish and Norwegian IR and bargaining model properties when suitable. These aim to identify comparable properties in specific areas and phenomena for the two countries.

Moreover, through a review of discussions on liberalisation and neoliberalism in CPE and IR research, I develop conceptions of what possible ‘neoliberalisation’ of Swedish and Norwegian IR and bargaining models entail. Most Norwegian conceptualisations of neoliberalism in academic and public sphere debates largely leave out ‘the hidden abode of production’. Instead, contributions focus on areas such as ‘New Public Management’ welfare state and governance reform; transformations in taxation, macroeconomic policies and financial/banking regulation; ‘commodification’ of assets such as housing and welfare; or a change in ethos or *zeitgeist* (e.g. Hammer, 2020; Innset, 2020; Mydske et al., 2007; Rønning, 2019; Skeie, 2004; Stalsberg, 2019). I leave such discussions aside and focus exclusively on ‘neoliberalisation’ in IR. A concept of neoliberalism specific to the context of IR is developed below.

Next, I specify the analytic frames for my cases. That is, according to Charles C. Ragin (1994: 66), “answering the question: What is this phenomenon a case of?” My two cases are development trajectories in IR and national models of collective bargaining. These are sets of institutions that have prominent functions within two countries’ national political economies, influencing and regulating capitalist processes and working life. The countries these institutions work within are often conceptualised as instances of what Peter Katzenstein (1985) labelled ‘small, open economies’. As small and export-dependent, such societies – notably their

states and economic actors – are prompted to adopt flexible adjustment strategies to cope with volatilities of world markets. Adjustment strategies are pursued by coordination and concertation of economic actors' actions, or what Katzenstein called 'democratic corporatism'. The countries' IR institutions and procedures heavily influence wage formation, employment forms and other aspects of both economy and working life. Such institutions are geared towards specific political-economic aims. In order to highlight their functional interplay, I interchangeably call the clusters of institutions I am dealing with 'IR complexes' or – when more narrowly referring to modes of coordination emanating from the procedures of wage bargaining, articulation of collective agreement bargaining levels and links between collective agreements – 'bargaining models'. This also implies that my scope of analysis is on the macrolevel, and I focus on institutional phenomena at *national* and *sector* level of IR, and to little extent consider *local* dynamics.

My cases are also instances of organised employers co-creating and (their attempts at) influencing development trajectories of IR complexes and bargaining models. Criticism of functionalistic conceptions of national political-economies and adjoining IR institutions are increasingly common within CPE and IR studies, especially those critical of the so-called 'Varieties of Capitalism'-paradigm in CPE. Organised actors harbour capacities for action and exercise of power. The institutional complexes and models I deal with may be the result of power-balances and struggles between antagonistic parties as much as (or more than) social-economic and state engineering of optimal economic models. At the same time, whether the foundations of IR complexes and bargaining models are to be found in the outcome of power-struggles or in functional cooperation, once in place, adaptation and adjustment of institutional complexes to changing economic conditions can be made on the background of actors' shared conceptions of reality, shared constraints and shared perceived necessities of courses of action. Here, state-facilitated corporatism, exercise of state-coercion, social-economic/technocrat epistemes and representational bodies for concertation in IR matters play an important role. In addition to looking at organised actors, I therefore also pay attention to state-facilitated institutions and tripartite mechanisms that work to stabilise and aid IR complexes and bargaining models.

The temporal delimitation of cases is 'soft', i.e. I do not specify a precise point of departure for case treatment. At the most general level, I refer to 'around the turn of the millennium'. This has a simple explanation, hopefully becoming clear in the chapters dealing with Swedish and Norwegian cases: The cases have many parallels, with common (or at least similar) institutional and functional development trajectories, as models have adapted and

transformed due to external or internal challenges and contradictions. I use a typology of a ‘reconstructed bargaining models’ to denote developments in the aftermath of the late-20<sup>th</sup> century of breakdown in ‘centralised bargaining models’ (another typology). But these typologies are in slight temporal disjoint: In Sweden, I argue that routines, institutions and mechanisms constituting a reconstructed bargaining model came in place with the establishment of the Swedish Industrial Agreement (*Industriavtalet*) in 1997. This appears to be an obvious and unproblematic point of departure, as e.g. Elvander (2002: 197) identifies the Industrial Agreement as “the most important innovation in Swedish IR since the Basic Agreement signed at Saltsjöbaden in 1938”. Norwegian delimitations are arguably a bit harder. One could argue that the concertation and tripartite policy cooperation launched in the 1992 Solidarity Alternative (*Solidaritetsalternativet*) marks the clearest point of departure for the bargaining model still in place. However, in order to increase comparability and make comparisons smoother by reducing temporal disjoint, I have instead chosen the 2000 Norwegian public report (*Norges Offentlige Utredninger*, NOU) on incomes policy that in the language of the involved parties ‘clarified’ and ‘refurbished’ the bargaining model (NOU 2000: 21). This model now goes under the publicly well-known label of the ‘front-runner industry model’ (*frontfagsmodellen*). As for temporal delimitation in the other direction, I map developments up to as recent as possible. However, I do not include developments in 2020, due to the potentially significant alterations of IR and bargaining routines following the Coronavirus pandemic and subsequent public health measures.

### **1.3. Outline of the thesis**

The next chapter outlines basic features of ‘contextualist’ epistemology and comparative case-study methodology. These epistemological and methodological principles guide thesis structure and data selection. Chapter 2 also delimits the research field and specify which fields this thesis relates to. It will furthermore introduce the data and source material used in the substantive presentation and analysis of Swedish and Norwegian IR and bargaining models in chapter 4 forwards.

Chapter 3 surveys literature in the CPE and IR research fields to discover relevant conceptual and theoretical frameworks. Here, I search for theories and concepts that can aid an understanding of what kind of IR phenomena I am dealing with in, how employer action can be theorised, and what (neo)liberalisation-processes in IR entail.

In chapter 4, I begin engagement with cases and provide brief historical backgrounds on Swedish and Norwegian IR and bargaining models, and their development trajectories in the 20<sup>th</sup> century. I map the emergence of comprehensive and temporarily stable IR complexes and bargaining models in the early-mid 20<sup>th</sup> century, how centralised bargaining models and other IR institutions functioned in core decades in the 1950s–60s, how different pressures and contradictions growing more prominent in the 1970s affected the national models, and how IR and bargaining coordination broke down or were transformed in the two last decades of the 20<sup>th</sup> century.

The longest and most substantive chapter is the fifth. Here, I outline how IR complexes and bargaining models function and have evolved since reconstruction of coordinated bargaining up until the present. I map core functions and development in bargaining models, how the landscape of the organisational, collective agreement coverage and employment forms has evolved. I also look at important tripartite institutions and state-involvement in IR and bargaining, and how IR complexes and bargaining models have fared in responding to new pressures due to EU and single market integration. In mapping such characteristics and developments, I am particularly attentive to different groups of private sector organised employers (their strategies, actions, conflicts etc.).

I conclude the thesis with a comparative analysis of the two cases. In chapter 6, I bring together the conceptual and theoretical frameworks discovered in chapter 3, and case properties and their development trajectories uncovered through presentation in chapter 4 and 5. In doing so, I synthesise findings in ways that can place development trajectories in my cases within the broader field of IR and address research questions. I argue that the development trajectories of Swedish and Norwegian IR and bargaining has moved in a converging direction in areas such as employer unity and manufacturing-leadership, but that there are important differences in state-involvement and the way that institutions function in the two countries. I find that cross-class alliances and employers in manufacturing retain a strong role in both countries' IR complexes and bargaining models, but that union opposition to manufacturing-leadership is stronger in Sweden than in Norway, where no significant opposition is mounted. Lastly, I conclude that while both countries are experiencing neoliberal pressures that can point towards neoliberal trajectories, states and labour market parties have hitherto responded to such pressures in ways ensuring a continuation of IR and bargaining routines that largely preserves coordination and social solidarity, making neoliberalism a poor overall label for Swedish and Norwegian IR in the early 21<sup>st</sup> century.

## **2. Methodology and data**

### **2.1. Comparative case-study research**

The analysis of Swedish and Norwegian IR, bargaining models and employer action is guided by methodological and epistemological principles with roots in Glaser and Strauss's *grounded theory* (1967). Two inspirations are particularly important: First, I follow Lars Mjøset's prescriptions for a distinctively social-scientific 'contextualist' approach, in contradistinction to 'standard' or 'social-philosophical' approaches within social scientific research (Mjøset, 2009b). Second, I am inspired by methodological considerations of Torgeir Aarvaag Stokke (1998) in his voluminous PhD dissertation on wage bargaining and conflict resolution in Scandinavia. Like this thesis, it is a low N comparative case-study of IR and collective bargaining phenomena in Scandinavian countries.

#### **2.1.1. Grounded theory and contextualist approach**

Mjøset (2009b) identifies three broad approaches or 'practical philosophies' of social science. Two of these approaches – labelled 'standard' and 'social-philosophical' – have according to Mjøset imported their ideals of scientific knowledge and praxis from outside the social sciences. Taking their cues from natural sciences and humanities, respectively, these two practical philosophies have historically incarnated the most obvious positions in methodological struggles within social science, "such as the critique of positivism in 1960s sociology, the science wars in 1990s science studies or the 'perestroika' debate in recent US political science" (2009b: 41). Though often considered opposites, they share ambitions of knowledge in abstraction from substantive or empirical areas: The standard attitude searches for law-oriented regularities or idealising notions. The social-philosophic attitude explores or postulates transcendental notions and existential generalisations of the *zeitgeist* type.

The third, 'contextualist' approach, by contrast, abandons any ambition of high theory. Contextualists argue instead that knowledge is achievable and cumulative only as middle-range theory, referring to specific contexts. While social scientists adhering to contextualist epistemology can accumulate knowledge with highly consistent internal concepts in a substantive field, they cannot hope to anchor such knowledge in overarching higher or 'ultimate' theory useful for all social science.

Arguing that scientific knowledge is always held in relation to particular contexts links contextualists to Glaser and Strauss's method of *grounded theory* and comparative case-studies. The contextualist strategy of generalisation is to generalise only within specified contexts (Mjøset, 2006). For example, the question of whether or not there exists a converging 'liberalising' trajectory in certain countries' IR must be assessed through process-tracing sensitive to local qualities and contexts for each case (national IR), and in comparative reference to other cases of the same phenomena (comparison of several countries' IR). For contextualists, generating concepts, typologies and theories starts from the involvement with empirical substantive cases, where both specification of each case, and generalisation and synthesis of several cases into broader categories and typologies, are done through comparison. The notion of creating concepts, typologies and theory 'bottom-up' echoes Ragin's argument that "the primary theoretical objective of case-study research is not theory testing, per se, but theory development, through concept formation, elaboration, and refinement" (2007: 6).

### **2.1.2. Identifying local research frontiers, selecting cases and considering comparability**

Direct participatory observations of events are seldom possible in macro-qualitative research. Instead of 'raw' field data, one can "tap into relevant earlier research: this 'field' consists of various printed sources, information-seeking interviews (e.g. with experts of various kinds) as well as earlier analyses relating to the field, from the relevant local research frontier down to detailed historical monographs" (Mjøset, 2009a: 244). To address my macro-qualitative research questions, I follow such strategies.

If a problem area is of a general enough interest and attract the attention of enough actors and institutions, one may expect a constellation of actors to "bring a stream of topics onto the agenda of the social sciences" (Mjøset, 2006: 756). This stream can result in clusters of research problems studied in relation to one another, and if "a large enough number of such scientists secure sufficient funding over appropriate time periods, local research frontiers will emerge" (2006: 756). Research communities constituting such frontiers develop a conception of themselves and a self-identity, with particular ways of 'doing' research, reinforced by accumulation of previous research within the particular scientific community. This includes databases, clusters of questions, and frequently used typologies, providing the best

explanations so far: “Whatever a researcher may hold in terms of high theory, she or he will have to rely on this complex of middle-level knowledge” (Mjøset 2006: 756).

Two partly overlapping research frontiers deals with problem areas addressed in my research questions: *Comparative political economy* (CPE) deals with developments of national units of ‘economies’ and their existence and performance in international systems of trade, capitalism and politics. CPE also investigates how national institutional differences are sustained when units compete and operate in the world market. *Industrial relations studies* can be understood as a proximate and partly overlapping field to CPE, zooming in one of several spheres of CPE research, with a particular focus on employment relations and institutions related to national regulations and institutions in labour markets and working life. It may also be possible make a further specification and argue that one can identify a third local research frontier that relates to my research questions: Within IR studies – especially contributions posing historical-sociological questions – some authors focus in greater detail on *organised actors’ preferences* for, and action towards, establishment of IR complexes, bargaining models and IR routines. Especially, such research focus on how active employers have been in such developments.

When comparing, one should be attentive to *comparability* of properties across cases. As Stokke (1998) points out with regard to comparative IR case-studies, institutions might have similar names but differing functions across countries. For example, as seen in chapter 5, the Swedish and Norwegian ‘Industrial Agreements’ can be confusing. Both agreements serve important and somewhat comparable functions in coordination and in producing national wage benchmarks. The Swedish Industrial Agreement is a procedural *cooperation* agreement between several sectoral federations and unions covering 500.000 employees. The Norwegian Industrial Agreement is on the other hand a concrete *collective* agreement covering only 34.000 employees. There is no simple quick fix that avoids such confusion and secures comparability. As Stokke goes on to argue, however, it requires researchers to develop *sensitivity* to the contexts that institutions and phenomena under investigation belong to (1998: 69). Conversely, one must avoid another pitfall, namely a misguided *oversensitivity* that too hastily discards comparability of dissimilar case properties. One must be open to the possibility that similar functions can be secured by different means and institutions across cases.

Problems related to comparability of properties have implications for how we think about explanatory factors in case-study research. According to Ragin, social scientists are “trained to equate general knowledge with discourse about relationships between variables”

(2007: 1). In the ‘standard’ theory of knowledge, researchers start by using ‘theory’ to develop “lists of potential causal factors relevant to the outcome in question” (Ragin and Sonnett, 2009: 157). This is the common procedure in conventional quantitative research, and researchers

usually treat each causal condition as an independent cause of the outcome and view their primary analytic task as one of assessing which among the listed causal conditions are the most important. That is, they try to identify the best “predictors” of the outcome, based on statistical estimates of the net effect of each variable. The estimate of net effects, in turn, is based on the assumption that each cause, by itself, is capable of influencing the outcome; that is, it is assumed that the causes are independent and additive in their effects. (Ragin and Sonnett, 2009: 157)

In contrast, qualitative comparative “investigators often think of causal conditions in terms of what might be called *causal recipes* – the causally relevant conditions that combine to produce a given outcome” (Ragin 2009: 109, emphasis in original). This implies an assumption that it is usually a *conjuncture of multiple factors* that generates an outcome. Following Mill’s *System of Logic* (1843), qualitative case researchers have a “chemical” conceptualisation of causation, whereby “a phenomenon or a change emerges from the intersection of appropriate preconditions—the right ingredients for change” (Ragin, 1987: 25). Consequently, causality is always specific to context and configuration (Berg-Schlosser et al., 2009: 8). Explaining *how* factors combine to produce results is the task of the researcher, based on comprehensive exploration and knowledge of cases.

With an ambition to investigate how factors combine in complex ways to produce outcomes rather than estimating net effects of independent variables, researchers quickly encounter an upper limit to the number of cases and case properties that are cognitively manageable. In order to become as case sensitive as possible but at the same time be able to identify, analyse and compare properties across cases, I limit my number of cases to just two.

In line with Glaser and Strauss’s ‘constant comparative methods’ (1967: 102ff), I construct *strong comparisons* where possible, selecting material ensuring case properties are actually comparable. Mjøset complains that much comparative research only does *loose* comparisons, where “empirical information across cases are not fully comparable, similar properties are not covered in all case-accounts”. The typical example is “the edited volume with country chapters and only very short introductory and concluding chapters” (Mjøset, forthcoming: 11). In contrast, *strong* comparisons

study similarities and differences across properties of the cases relevant to the explanatory purpose. Empirical comparisons of all relevant properties are provided for all cases, and for distinct periods. Strong comparison implies filling all the cells of such a case/property matrix. (forthcoming: 11)

Each cell in such a matrix is filled with qualitative definitions of variables. Practically, following an ideal of strong comparisons takes the form of tables, often with rows denoting properties and columns country-cases. For comparing development in selected numerical properties over time I use figures. The use of tables and figures is a heuristic tool for the researcher (simplifying and strengthening confidence in comparability of properties across cases) as much as an explanatory tool for making case properties clearer for the reader. Ideally, it serves both functions.

A further argument for choosing Sweden and particularly Norway can be found in pragmatist philosophies' 'participationist' theory of knowledge. This theory of knowledge insists that researchers are not external spectators, but rather that they participate in the societies and phenomena they are observing (Mjøset, 2009b: 47ff). As a member and participant in Norwegian – and by extension Scandinavian – society, and by being continuously exposed (*nolens volens*) to this society's public sphere, I have a self-evident advantage in familiarity and sensitivity to case contexts by choosing to compare home and neighbouring countries.

## **2.2. Considerations on data selection and source material**

### **2.2.1. Secondary literature and case asymmetries**

Direct observation is rarely an option in macro-qualitative studies. The researcher instead has to take 'macro-qualitative fieldnotes', browsing the local research frontier(s) in the form of secondary literature (Mjøset, 2009a). The fields of comparative political economy of Western countries, industrial relations studies and historical-sociological literature on 'historic compromises' between labour and capital have been my central grounds for discovering conceptual frameworks, as well as historical background on Swedish and Norwegian IR and bargaining. Such secondary literature is also my most important data source on current IR and bargaining model properties in the two countries. With the aid of digital search tools capable of tracing reference chains, I am able to identify discussions and disagreements in the relevant literature, between authors and over time. I have also utilised the – mostly descriptive –

literature on Norwegian bargaining and IR characteristics by Fafo Institute for Social and Labour Research, in mapping of Norwegian institutions and developments.

However, Norway is ‘under-theorised’, ‘under-synthesised’ or ‘under-compared’ in much of the more theory-generating CPE and IR literature covered in chapter 3. In many major contributions on CPE and comparative IR, such as the discussions on ‘Varieties of Capitalism’ and convergence/divergence, Norway is largely absent as a case. Sweden, on the other hand, is often utilised as the stand-in ‘Nordic’, ‘Scandinavian’, or ‘social-democratic’ case, implicitly or explicitly as representing a Nordic type in a typology. Therefore, I have a larger amount of theoretical, conceptual or synthesising CPE/IR literature available for Sweden than for Norway, and encounter an asymmetry in available source material. To remedy this, I focus my *primary* data collection on the Norwegian case (see 2.2.2. and 2.2.3). I also utilise theory-generating CPE/IR literature elaborated on in chapter 3, that often includes Sweden, both as source material on Swedish case properties, and also for selection of properties to compare Swedish and Norwegian cases by.

### **2.2.2. Interviews**

Following the orientation towards employers and employer action in the research questions, I have limited primary data collection to mainly focus on organised employers. This does not imply a negligence of unions and organised labour’s role in explaining the phenomena under investigation, and I have collected information on union and union actions through secondary literature. Nevertheless, the primary focus on organised employers is emphasised and underlined by informant selection.

Six interviews were conducted from December 2019 through February 2020, with current and former central actors within the Norwegian bargaining system. These included two representatives of the Confederation of Norwegian Enterprise (NHO) centrally, one former head of the tripartite ‘Technical Calculation Committee for Wage Settlements’ (TBU) (departing shortly after the interview took place), and representatives of three sectoral federations within NHO, two current and one former. The particular sectoral federations included were selected because they are the largest in the NHO community, and because they represent a breadth of anticipated positions and antagonisms described in the literature on Norwegian IR. The interviews were digitally recorded and lasted between 50 minutes and 1 ½ hour. All interviews were conducted in Norwegian. The interviews were transcribed non-

verbatim and included quotations are translated.<sup>2</sup> None of the informants requested anonymity, but some asked to read through their statements before publication. This has been respected. A list of informants is available in Appendix C.

Two further interviews were planned with employer associations not affiliated with NHO, one with Federation of Norwegian Enterprise (*Virke*) and one with *Spekter*. Unfortunately, these were not executed due to circumstances and schedules affected by the heavy public health measures initiated to curb the spread of Coronavirus in Norway, beginning in March 2020. For similar reasons, none of the informants were interviewed twice, as would have been preferable to refine and test the hypotheses developed on the basis of the first round of interviews, as Glaser and Strauss (1967) recommended. I can therefore in no strict sense say that I adhered to an abductive design in which different steps of sampling, analysis and theory development were repeated until saturation. However, informant selection and interview design for the last three interviews (sectoral federations representatives) were informed and revised based on my experience and findings in first three interviews (NHO representatives and TBU representative). In this sense, the process of doing interviews was loosely informed by grounded theory's methodological principles.

The intentions of conducting interviews were twofold. First, all informants were selected due to current or former prominent positions within organisations and the bargaining structure. They were therefore expected to have both a comprehensive theoretical, but not least *practical*, knowledge of the field. By asking informants to identify and suggest events, trajectories, phenomena and data material they themselves considered significant on IR, bargaining models and intra-employer conflict, I hoped to uncover material on case properties that were publicly available but overlooked in my literature survey. Secondly, I hoped that informants would provide information on bargaining procedures and intra-employer relations not publicly available. An example of this could be experiences and perceptions of secluded intra-organisation matters, relaying more tacit 'atmospheres' or 'moods' of organisation communities regarding issues that were theoretically thought to be of importance (e.g. the 'atmosphere' in the Federation of Norwegian Construction Industries, when NHO centrally sided with the Federation of Norwegian Industries in prosecuting a disputed extension mechanism).

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<sup>2</sup> Arguably, non-verbatim transcription and translation already represent data filtration and interpretation on part of the researcher. This includes considerations on how to transcribe incomplete sentences, and what English terms and concepts should be used to represent Norwegian ones.

All informants expressed great interest in the research project and answered lengthy when asked questions about specific themes. As Stokke (1998) observed when interviewing similar informants, these are often actors performing tasks they themselves find exiting, but seldom get to share and reflect on their work and role to a dedicated, interested audience. Several informants paused interviews at their own initiative, went in other rooms to find pamphlets, documents and other material elaborating on subjects touched upon in conversation, eagerly providing information, trying to remember specific details and thinking/resonating aloud.

However, there were several challenges in interview situations. As an inexperienced researcher in a field with many institutional and procedural fine-grained details, I experienced that informants often had superior knowledge and oversight. This was especially pronounced in early interviews. It also relates to a problem of expert interviews, particularly with regard to inexperienced researchers: All informants had superior knowledge – both in publicly available knowledge of the field, and of course to a greater extent to what happens in closed-off and internal arenas. This probably made it relatively easy for them to manipulate and avoid answering questions that could discredit them or the organisation they represented (had they wished to do so) without it becoming obvious to the researcher that manipulation or avoidance was occurring. There is no way to positively tell whether or not this occurred to any significant extent, but the problem was addressed by a semi-structured interview design. With this design, I could monitor different reactions and willingness to elaborate on similar questions by different actors.

The problem of informants having better understanding of the field than the researcher was also addressed through preparation. Here, I consulted with more experienced Norwegian IR researchers, anticipating what questions would be most delicate for representatives of specific organisations, and how they would be likely to answer. By reading up specifically on such anticipated themes and asking precise questions recounting detailed information, I believe I was able to get informants to share more information than they would have if asked more general, open or uninformed questions. Lastly, the problem was also remedied by the composition of informants, by including both what Vaughan (1992) calls ‘insiders’ (or actors) to the particular organisations and ‘outsiders’ (close observers) with no direct interests in privileging one sectoral federation over another, thus strengthening validity of information gained through interviews.

### 2.2.3. Other material

For the Norwegian case, I rely on data material such as public commission reports (NOUs) on Norwegian incomes policies, and labour market parties' replies to hearings on such reports (*høringssvar*), available on request from the Norwegian Ministry of Finance. This remedied the shortcoming represented by the absence of *Virke* and *Spekter* interviews somewhat, as the organisations' publicly stated opinions on major trajectories and changes in Norwegian IR and bargaining procedures were often represented in such documents.

For both Sweden and Norway, I utilise a variety of statistics reports on wages and collective agreements. The most important of these are the National Mediation Office's yearly reports (for Sweden), TBU's wage settlement reports (for Norway, in the form of NOUs), and academic researchers mapping of organisational and agreement statistics. For comparable labour market statistics, I use Eurostat and OECD databases.

Journalistic and newspaper account of events are utilised to gain local knowledge of past events, as such accounts are written by authors in direct contact with actors at the time. Such texts are of course of particular utility when they contain direct quotations from the actors of interest themselves, that can be used to confirm a position or fact. In the same vein, I quote opinion pieces and public communication by actors when available and relevant.

Lastly, I include policy and strategy documents from the organisations, such as an employer association's policy document on collective bargaining. While such documents can be visionary or somewhat utopian in terms of stated and desired goals, and arguably often misrepresent more pragmatic day-to-day actions by specific organisations, they nevertheless display what organisations want to publicly broadcast at specific moments.

### 3. The research fields of comparative political economy and industrial relations studies

From chapter 4 forwards, I investigate Swedish and Norwegian IR properties relevant to the research questions. However, these characteristics and phenomena are dependent on concepts that to a large extent are developed within the research fields of comparative political economy (CPE) and industrial relations (IR) studies. As contributions I include in chapter 4 and 5 often frame their arguments within the epistemes and conceptual frameworks specific to CPE and IR research fields, it seems necessary to develop a familiarity with the general theories, concepts and debates in these fields first.

The literature I engage with in this chapter relates to research questions. First, in subchapter 3.1, I outline the dominant CPE research paradigm in recent decades – ‘Varieties of Capitalism’ (VoC). I also outline some recent criticism and attempts to transcend VoC. Such debates relate to questions of *convergence* and *divergence* of political economies, IR and bargaining models, and ways of theorising national institutional responses and adaptation to capitalist pressures. I focus on the *IR part* of such change, and on two countries that are often grouped together in political-economic discussions. Nevertheless, a brief introduction to this CPE paradigm discussion is necessary to gain a better understanding of how convergence/divergence is conceptualised within CPE, as this also has implication for IR conceptualisations.

Second, in subchapter 3.2., I narrow the scope to look at IR. In section 3.2.1 and 3.2.2, I introduce opposing positions of a historical-sociological debate in the IR field, on the *role of organised employers* in the establishment of welfare states and centralised bargaining in the 20<sup>th</sup> century. This debate is between the so-called ‘power-resource approach’ and this approach’s employer-centred critics. The problems these contributions raise relates to the question of organised employers’ role in IR change. It is also particularly relevant for my cases, as the departure of contributions is a Scandinavian context, treating Sweden as a paragon case. Third, I am interested in *liberalisation trajectories* in my cases, and if ‘neoliberalism’ is a helpful term for conceptualising IR change. Therefore, in 3.2.3 and 3.2.4, I outline competing conceptualisations of liberalisation trajectories in western countries’ IR since the 1970s. These contributions agree that liberalisation of IR is occurring across western countries, but disagree on the implications for institutional development and the question of convergence/divergence of national IR models.

As will hopefully become clear as the literature review progresses, there is a connection between literatures introduced in different subchapters. The question of political-economic convergence/divergence has implications for how we think of employer action and liberalisation, and vice versa. However, my scope is more limited than conceptualising entire national political-economic models. The focus is on *industrial relations*. The lines between CPE and IR are blurred, and the two fields constantly borrow from each other (Vidal and Hauptmeier, 2014). Therefore, it appears warranted to survey recent discussions in CPE before turning to IR, rather than tackling IR first with only sporadic references to CPE. Structuring the argument in this way also emphasises IR as one component of the broader totality that is the object of study of CPE, although I focus on the IR part of this totality.

### **3.1. An outline of CPE and recent paradigm discussions**

According to Wolfgang Streeck, contemporary sociologists who want to study capitalism should learn from the classics (e.g. Marx, Weber, Sombart and Veblen, to name a few he mentions) and go back to before the division of labour between economy and sociology. This entails an understanding of capitalism as a social formation that “*denotes both an economy and a society*” (Streeck, 2012: 2, emphasis in original). His main advice for studying capitalism is “not as economy but as a society – as a system of social action and a set of social institutions falling in the domain of sociological rather than today’s standard economic theory” (2012: 2). Streeck accuses standard economic theory for imposing an ‘economic imperialism’ on the social sciences, subjugating all social relations to analytical rational choice theory and theories of market-exchange behaviour. A ‘reverse imperialism’ should translate “economic relations into social relations and showing the former to be a special case of the latter” (2012: 2).

An analysis of modern capitalist societies – wherein ‘economic’ social relations of production and exchange interact with ‘non-economic’ social relations in the political or cultural sphere to produce a specific historical social order with unique dynamics – requires one to overcome this duality between economy and society. This implies an appreciation of the fact that that *modern* societies are indeed *capitalist* societies (2012: 1), and that one cannot understand capitalist *economy* as something – a separate sphere or ‘thing’ sui generis – with fixed boundaries, isolated from the totality of capitalist *society* (2012: 4).

Comparative political economy is a broad and somewhat loosely defined interdisciplinary social-scientific approach to the study of contemporary capitalism, with many

subcategories or strands of research programs, often in conflict with or contradicting each other. What nevertheless unite subcategories and distinguish CPE from the standard social-economic discipline, is the attention CPE devotes to *extra-economic* social and political institutional frameworks that capitalist economies and market actors are embedded in (Granovetter, 1985; Polanyi, 1944). This is in contrast to law-like conceptions of markets and idealising assumptions of ‘rational’ market action, although there are considerable disagreements within the CPE research community on the validity of standard economic theory’s conceptions of e.g. market behaviour and rational action.

CPE scholars often study the anatomy and functioning of ‘national economies’, and how differing institutional structures form diverging responses and strategies to changes in world markets, production technologies and so on (e.g. Piore and Sabel, 1984; Katzenstein, 1985). Implicit in this approach is a degree of ‘methodological nationalism’ that takes as its point of departure the analysis of separate national units, in which an analysis of the totality of capitalism as a world-system steps in the background in favour of an analysis of distinct capitalisms plural and their diversity.

### **3.1.1. Varieties of Capitalism**

Undoubtedly, the most influential paradigm in CPE research in the 2000s has been the ‘Varieties of Capitalism’ (VoC) approach, inspired by David Soskice and Peter Hall’s edited volume with the same name (Hall and Soskice, 2001). In this volume, the *firm* takes centre-stage in analysis and the focus is shifted to supply-side factors. According to Hall, VoC analyses “assume that firms are the central actors in the economy whose behaviour aggregates into national economic performance” (Hall and Gingerich, 2009: 7). This implies a shift in assumptions and foci of research from macroeconomic to microeconomic theory, and a conception of political economy in rational choice modelling terms (Mjøset and Clausen, 2007: 9). Consequently, VoC is more closely aligned and comfortable with the abovementioned standard economic theory, in contrast to preceding strands of CPE, such as Andrew Shonfields’s macro-oriented analysis in *Modern Capitalism* (1965) or the Marxian-influenced regulation approach influential in the 1980s (e.g. Aglietta, 1979; Boyer, 1986).

The arguably most influential element in VoC has been its conceptual dichotomy between *coordinated market economies* (CMEs) and *liberal market economies* (LMEs). These ideal-types are used to categorise national political economies according to core institutional

properties (Hall and Soskice, 2001: 8). As the subtitle of Hall and Soskice's volume – 'the institutional foundations of comparative advantage' – indicates, CME/LME constellations are conceived as institutional configurations that support or underscore political economical models' qualities. This enables national economies to deliver optimal macroeconomic performance through complementary sets of institutions that promote specific behaviour from market actors, in ways enhancing national economic models' comparative advantages. For example, in CMEs one expects to see strong systems of vocational training, collective bargaining institutions and statutory protection of labour, in order to promote availability of a stable and competent labour supply suitable for specialised production. In LMEs, by contrast, one expects to find weaker employment protections and fewer social-protection benefits, in order to promote mobility and swift adaptation of a labour supply with general skills, to meet market fluctuations.

German and Japanese political economies are examples that come close to the ideal-type of CMEs, while British or US political economies come closer to the LME ideal-type. Some cases difficult to fit are either treated as deviations or modifications of CMEs/LMEs (Hall and Gingerich, 2009). According to Andreas Nölke (2019: 2), it is precisely the "strong reduction of complexity" that constitutes VoC's core advantage, as the CME/LME dichotomy "provides for a very parsimonious system that is able to explain core differences in economic competitiveness with a very small range of variables". This allows a focus on limited institutional spheres such as "corporate governance and finance, industrial relations, education and training and inter-company relations for the diffusion of technologies" and "different comparative institutional advantages (LME: radical innovation, CME: incremental innovation)" (2019: 2), which has been widely useful in political economy research.

Hall and Soskice do not argue that one ideal-type is necessarily more economically efficient than the other. The point is rather to explain diverging institutional complementarities, and how diverging strategies deliver comparative advantages that sustains enduring divergent models of national capitalisms, operating according to different logics. Employers' differing views on comprehensive IR regulation and public welfare across countries can largely be explained by firms having different strategies in different types of political economies. In LMEs, where firms mainly require general skills and adaptable workers, employers' attitudes towards generous welfare and social protection programs are expected to be absent or hostile. In contrast, employer support for such institutions are expected in CMEs, where firms demand

asset-specific skills, prompting employers to favour social insurance programs that can protect employee investments in the specific skills that the firm needs.

A question of political-economic institutional convergence/divergence is a main concern not only for VoC, but for CPE research at large. There is a longstanding discussion of whether or not common capitalist dynamics exert homogenising pressures on national political-economic models, creating a tendency towards institutional convergence across advanced capitalist countries, as VoC's critics hold. Those expecting sustained divergence, as VoC scholars do, point to path-dependent institutional frameworks and particular conditions in different countries. These, it is claimed, lead to different strategies and opportunities for political-economic models *diverging* responses to similar capitalist pressures across countries.

### **3.1.2. Critique of VoC and search for alternative approaches**

Although VoC has been a popular CPE research paradigm, criticism has become widespread in recent years, with scholars calling for alternative frameworks to address perceived shortcomings and to transcend the paradigm. This critique is heterogenous and come from many intellectual disciplines, too diverse to recapitulate at length here. I will therefore not attempt to summarise the debate regarding VoC. Instead, I mention some recent criticism and one outline for an alternative approach that has gained some traction.

In an assessment of CPE's history and fortunes of CPE explanatory 'supermodels' (of which VoC is one variant), Herman Schwartz and Bent Sofus Tranøy criticise VoC for being "blinded to the contradictions emerging from the economic system it was trying to explain" (2019: 44). According to them, VoC research reified some characteristics of selected market economies in the 1990s, while largely ignoring that "demand-side growth impulses at the level of the global economy dominated the in the VoC's era" (2019: 44). In addition, scholars committed Keynes's 'fallacy of composition' (i.e. believing that what is true for a part is true for the whole) "in thinking that, for example, German export specialization in differentiated quality could exist in the absence of US financialization, income inequality and debt-fuelled consumption" (Schwartz and Tranøy, 2019: 45).

Some scholars have attempted to create alternative CPE frameworks. In a 2016 article, Lucio Baccaro and Jonas Pontusson criticise VoC and argue in favour of ending its' two decades long hegemony in CPE research. They outline an alternative 'growth model approach'. A summary of their critique can be found in an earlier contribution by Pontusson (2005: 164),

who laments that “Voc literature has a great deal to say about ‘varieties’, but surprisingly little to say about ‘capitalism’ [... and] theoretically privileges considerations pertaining to efficiency and coordination at the expense of considerations pertaining to conflicts of interest and the exercise of power”.

Baccaro and Pontusson, while critical of VoC assumptions, admit that “[t]he critics of VoC – ourselves included – have failed to generate analytical categories for grappling with the core *problématique* of comparative political economy: the (national) diversity of capitalism” (2016: 179, emphasis in original). They stress the need for categories that capture sustained diverging properties of national cases. These ambitions result in a shift away from VoC’s focus on microeconomic and ‘firm-centered’ analysis of supply-side institutions, towards a framework typologising national variation through macroeconomic analysis of distributive struggles and demand-side institutions. In this effort, they borrow and build upon post-Keynesian insights (especially Michał Kalecki):

Our analytical framework identifies multiple growth models based on the relative importance of different components of aggregate demand—in the first instance, household consumption and exports—and relations among components of aggregate demand. (Baccaro and Pontusson, 2016: 176)

The (very compressed) core of Baccaro and Pontusson’s approach (2016: 184ff) can be summarised as follows: In the post-world war II settlements of the 1950s and 1960s (commonly loosely referred to as ‘Fordism’ in much CPE literature) growth in OECD countries became ‘wage-led’. Institutional arrangements such as coordinated bargaining and extensive labour market regulation ensured that wage growth kept pace with productivity growth. At some point during the 1970s, the wage share of total factor income peaked in virtually all OECD countries, after which it decreased in following decades. Economic stagnation generated pressures for policy innovation and institutional reforms. These pointed away from ‘wage-driven’ growth, towards alternative models of ‘profit-led growth’ with ‘demand-drivers’ that were not centred around rising wages. Baccaro and Pontusson outline three possible alternatives to the traditional Fordist wage-led growth: “consumption-led growth financed by credit, investment-led growth and export-led growth” (2016: 186). These categories (in turn containing refined subcategories I do not elaborate on) are supposed to account for sustained convergence and institutional diversity in national capitalisms, but on other terms than VoC conceptualisations.

Streeck (2016: 245) applauds Baccaro and Pontusson’s attempt to transcend the VoC framework. He argues that the growth model approach returns the concept of ‘capitalism’ to

CPE, and leaves behind VoC's 'ideological-technocratic derivative' term 'market economy'. This is important because 'capitalism' implies distributional conflict instead of technocratic disagreement over optimal coordination. Therefore, the insistence on 'capitalism' rather than 'market economy' is an advancement over VoC's "deeply static worldview of functionalist economism, in which history closes down once social arrangements have finally been economically optimized" (Streeck 2016: 246).

### **3.2. Industrial relations studies, employer action and liberalisation trajectories**

The editors of the *Sage Handbook of Industrial Relations* note that everyone instinctively know what the term 'industrial relations' is about, even though definitions are vague and varies within the IR research field (Heery et al., 2008). The editors follow Bruce Kaufman, who define IR as "the study of employment relationship and all the behaviours, outcomes, practices and institutions that emanate or impinge on the relationship" (2004: 45). They also align themselves with Paul Edwards's statement that the "focus is employment: all forms of economic activity in which an employee works under the authority of an employer and receives a wage for his or her labour" (2003: 1-2). The editors note that 'employment relations' would be a more satisfactory and updated label for the field, but that they use 'industrial relations' to secure continuity and avoid possible confusion (Heery et al., 2008: 2). I use 'industrial relations' for the same reason.

My focus is on IR as a component and subcategory within the broader object of study of CPE. This comes at the expense IR literature that deals extensively with workplace conditions, labour processes and skill-formation (e.g. Bell, 1973; Braverman, 1974). This is in favour of a more detailed engagement with institutions, organised actors and processes within broader political-economical institutional complexes. Subsequently, many of the contributions in the following subsections could arguably just as well have been placed in subchapter 2.2 on CPE, as it also deals with broad political-economic change. It is nonetheless placed here because it deals specifically with phenomena pertaining to wage bargaining, employer-employee relationships, actors' agencies in IR institutional change and national regulations and relations of labour markets.

Analogous my anchoring of IR in CPE, I also conceptualise organised actors as they appear in the CPE literature, rather than in more general and abstract game-theoretical or

organisational-theoretical terms. Such theory is often invoked to explain institutional change or the contingency of actors' choices and strategies under different circumstances. It is in these cases sometimes applicable to a wide range of actors conceptualised as the generic category of 'organisation' (e.g. Hirschman, 1970). Alternatively, it is specific actors in specific circumstances, such as the organisational and strategic logic behind employers' decision to form or join confederations (e.g. Offe and Wiesenhal, 1980). I don't engage in theoretical discussions of such traditions. Instead I turn the focus towards the actors and IR as understood in CPE.

3.2.1 and 3.2.2 outline debates in historical-sociological contributions that focus on the agencies of employers in the historical emergence of welfare states, stable IR relations and peak-level bargaining in the 20<sup>th</sup> century. These contrasting approaches implicates different ways of understanding labour market parties' actions, and especially employers' motives and strategies in IR. 3.3.3. and 3.3.4 review literature that deals with recent developments in Western IR, from ca. 1970s up until the present, and differing ways of conceptualising and explaining liberalisation of IR.

### **3.2.1. Power-resource approach**

According to Walter Korpi, the central focus of the so-called power-resource approach (PRA) to IR studies is distributive conflicts that reflects basic splits in employment relations and labour markets:

These splits tend to generate interactions between class, life-course risks, and resources, so that categories with higher life-course risks tend to have lower individual resources to cope with risks. Such features generate a potential for class-related collective action. (2006: 168)

Korpi is the author of *The Democratic Class Struggle*, the 1983 seminal text to the PRA, and aims to explain the historical emergence of welfare states and centralisation of IR institutions in Western democracies, particularly Scandinavia. Korpi gives an account of how the working class' expanding share of the labour force in the late 19<sup>th</sup> and early 20<sup>th</sup> century greatly increased the 'power-resources' of this class. Through an organisational pooling of interests and representation – manifested first in the capacity for strikes and then their success in parliamentary elections – the labour movement was able to force employers and capitalists to consent to terms that reduced capital's power at the expense of the working class's power.

These are referred to as broad class-based ‘historic compromises’. According to Korpi, employers had a first-order priority of liberal labour market policies, and it was only labour’s capacity to resist that hindered employers from realising such preferences.

Edlund and Lindh emphasise that Korpi’s framework entails a transformation of class conflict in modern welfare states, towards ‘institutionalisation’: “Rather than being played out at the site of production or taking the form of unorganized social unrest, class conflicts gets institutionalised within parliamentary politics and resolved in a “peaceful” way through various redistributive and equalizing state policies” (2015: 315). The replacement of unorganised social conflict with institutional political conflict is stronger “in large encompassing welfare states than in small residual welfare states” (2015: 316). This puts Korpi, according to himself, at odds with a ‘Leninist interpretation of Marx’. His hypothesis is that “through its political and union organizations, the working class can decrease its disadvantage in relation to capital” (Korpi 1983: 14, fn. 2). This dynamic is manifested in labour-enforced reformist transformations of IR institutions, the use of state-power to build welfare institutions, and securing material gains and political power for the working class, even under continuing capitalist relations.

PRA’s critics argue that Korpi and followers provide a *passive* – or at least *reactive* – role for employers in explanations of IR institutional change (e.g. Iversen, 2005; Mares, 2003). Indeed, Korpi’s ‘cross-class alliance’-oriented critics (which I return to below) consider this a major flaw not only on *theoretical* but also *empirical* grounds. They argue that it does not correspond to the historical realities of development of welfare state institutions and organisation/bargaining centralisation in Korpi’s most prominent case, Sweden. Korpi (2006) denies that there is an inherent theoretical negligence of employers in PRA, but pushes back on empirical claims that developments in Swedish IR institutions and welfare expansion were primarily a result of the first-order preferences of organised capital, rather than the outcomes of class struggles where capital reluctantly gave in to labour’s demands only as the balance of class-power progressively tipped in favour of labour.

In contrast to VoC scholars, Korpi maintains that employers are unlikely to have first-order preferences for social programs and welfare state expansion in order to protect investment in asset-specific skills. While he recognises VoC’s overall contribution to advance to the study of production regimes, he questions “the centrality that this approach accords employers’ interests in workers skill investment and point instead to profitability as a *sine qua non* for employers” (2006: 172). Korpi introduces a distinction he hopes will resolve some of the disputes around employers’ role in welfare and IR institutional development. It is intended

to show that historical-empirical realities of employer promotion of certain IR regulations and social programs are consistent PRA's theoretical assumptions:

To clarify this central issue in the debate between VoC and PRA, it is fruitful to distinguish between three categories of actors:

1. protagonists, initiating policies extending social citizenship rights and becoming agenda setters in welfare state expansion,
2. consenters, becoming involved in subsequent stages of policy-making, and
3. antagonists, persisting in opposition to expansion. (Korpi, 2006: 181-2).

With this temporal distinction – and the second category '*consenters*' being the crucial one – historical cases displaying employer promotion of welfare and labour market regulation are not damning to PRA hypotheses, as long as such promotion were not prior to labour movement promotion. What actors belong to each category in each case, however, is of course an historical and empirical question. Korpi's reconstruction of comparative case-studies often utilised by VoC scholars in support of the proactive role of employers<sup>3</sup> show that employers as a rule are *consenters* at most, but more often than not persisting *antagonists*. This is true even in the post-war era of established welfare states and seemingly stable class-compromise IR institutions.

### 3.2.2. Cross-class alliances

In order to address perceived negligence of organised capital's role in explaining emergence of comprehensive welfare states and centralised IR institutions, some CPE/IR scholars turned to 'employer-centred' analyses of welfare state emergence and IR centralisation. This also entailed a critique of the supposedly 'passive' conceptualisation of employers in Korpi's *The Democratic Class Struggle* and PRA literature. The VoC paradigm outlined above echoes such criticism. Another noticeable early critic was Peter Swenson. Like Korpi, Swenson utilised Sweden as primary case for investigating dynamics of labour markets, IR institutions and welfare expansion in democratic capitalist societies.

Prominent in Swenson's critique is the concept of 'cross-class alliances' (CCA). This notion highlights *intra*class conflict and possibility of *inter*class coalition-building as a basis

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<sup>3</sup> Isabella Mares (2003) on France and Germany; Peter Swenson (2002) on the United States and Sweden.

for so-called (and if Swenson is to be believed, *wrongly* called) ‘class compromises’. With Sweden and Denmark as cases, Swenson sought to explain the stabilisation of social-democratic state rule and implementation of social programs in these countries by “the absence of intense opposition by capital to policies and programs aggressively opposed by business elsewhere in the world” (Swenson, 1991: 514; see also Swenson, 2002). According to Swenson, this was not symptomatic of capital’s weakness and the overwhelming power-resources of organised labour, as one would expect from a PRA explanation. Rather,

it was a product of the class-intersecting, cross-class alliance behind institutions of centralized conflict resolution that routinely served mutual interests of sectoral groupings that dominated employer and union confederations. In class-divisive, cross-class alliances these groups mutually reinforced each other’s power to control intramural competitors and opponents. (1991: 514)

In Scandinavia, according to Swenson, “[o]ne of the chief instrumental motives of employers was to gain overarching (“peak-level”) control of the intersectoral pay structure, mostly for the benefit of manufacturers of internationally traded metal products and to the disadvantage of high-pay workers in home-market sectors, especially in the building trades” (1991: 515). In Sweden, it was from a position of ‘impressive strength’ that “organized employers coerced the most recalcitrant unions to accept centralization” (1991: 519). Scandinavia’s tight labour markets and *high* wage – rather than *low* wage – competition was the major coordination problem for employers, most noticeably for those operating in goods traded in international markets with exogenous price formation, who could not pass on costs to home-market consumers.

Korpi and Swenson’s contributions primarily deal with the historical emergence of generous welfare states, strong employer and union confederations and peak-level bargaining centralisation. However, in PRA and CCA theories’ diverging conceptualisations of main drivers behind IR change, general assumptions with implications beyond their substantive cases are generated. This includes disagreement about which social dynamics, actors and mechanisms are spurring IR change. Turning, in 3.2.3 and 3.2.4, to conceptualisations and reconstructions of more recent developments, the PRA/CCA dispute echoes in the background of competing explanations of liberalisation trajectories in IR since the 1970s.

### 3.2.3. Varieties of liberalisation

Kathleen Thelen is one of the scholars who contributed a chapter to the foundational volume on Varieties of Capitalism (Thelen, 2001), and whose works have been broadly sympathetic to this school of CPE/IR research. As such, she has arguably been closer aligned to CCA assumptions than PRA. However, in recent attempts she tries to reconcile opposing positions and bridge the gap between PRA and CCA, as well as between VoC and its critics.

Taking note of developments in IR since the 1970s, Thelen and Hall have argued that the ‘liberalisation’ concept “obscures more than it illuminates” (2009: 22). However, in her more recent and widely cited 2014 book, *Varieties of Liberalization and the New Politics of Social Solidarity*, Thelen approaches the concept of liberalisation on more reconciliatory terms, but nevertheless with important caveats. Drawing on what she considers strengths of three major traditions in political economy literature, Thelen attempts to “reframe the debate on varieties of capitalism, and in so doing, to shed some light on observed divergent trajectories of institutional change in the political economies of the rich democracies” (Thelen, 2014: 193) from the 1970s up until the present. First, from PRA, she gains “the key insight that employer interests are conceived and articulated in a context in which the power and organization is a key (perhaps *the* key) fact around which they must organize their strategies and goals” (207). Second, from so-called dualism theorists (e.g. Rueda, 2007) she gains the insight that “contemporary market trends complicate unity on the labor side through their differential impact on workers in different sectors who occupy different positions in the market” (Thelen 2014: 207). Third, from corporatism theorists (with intellectual roots in the CCA and VoC literature introduced above), “that a high level of employer organization is a crucial precondition for continued high levels of social solidarity” (2014: 207).

As the title implicates, Thelen is unsatisfied with an undifferentiated notion of liberalisation and aims to unpack the concept in order for it to be analytically useful in CPE/IR research. While she acknowledges the existence of “a broad, shared trajectory of liberalization” in Western political economies starting in the late 1970s/early 1980s, she nevertheless insists “that there are in fact different varieties of liberalization associated with different distributive outcomes” (2014: 193). Therefore, liberalisation does not necessarily entail political-economic institutional convergence.

This differentiation rests on the arguably pivotal specification in her argument, namely that *processes* and *outcomes* in political economy can be conceptualised along two separate

axes that are often conflated. This conflation must be disentangled if CPE/IR research is to advance beyond the ditch-war between VoC and its critics: On the one hand, VoC proponents are interested in *coordination* institutions and are prone to devote attention to coordinating institutions of national political economies and their resilience. On the other hand, critics are interested in *egalitarianism* in outcomes and look for waning equality and social solidarity, regardless of institutional robustness. Despite their apparent covariance, one should be weary of collapsing coordination and egalitarianism into each other:

Empirically, these two phenomena – coordinated capitalism and egalitarian capitalism – seemed to coincide in what might in retrospect be thought of as the Golden Era of postwar capitalist development beginning in the 1950s. However, they are analytically distinct, and historically by no means accompanied one another. (Thelen, 2014: 8)

Elaborating on this conceptual entanglement, utilising country-cases from across the LME/CME-spectrum, Thelen ends up with three typologies of liberalisation trajectories: In certain LMEs, e.g. US and UK, neoliberal offensives running along class lines have resulted in *deregulation*, dismantling (already weak) coordination capacities, and creating “rising inequality at both ends of the income spectrum” (Thelen, 2014: 196). In continental Christian-democratic CMEs like Germany, core alliances in manufacturing has retained their position and headed off across-the-board deregulatory liberalisation, while other parts of the labour market are poorly organised. With employment shifting “out of areas in which unions are well anchored and into sectors where they simply never established a foothold” (196), growing *dualisation* proceeds quietly through institutional drift. Finally, social-democratic countries, like Denmark and Sweden, have not been immune to liberalising pressures. But in these countries “public-sector unions represent a strong and well-organized counterweight to manufacturing” (196). Unions include a large female share and unionisation is high even in low-skilled occupations. This has countered tendencies towards dualisation and decreased solidarity, in contrast to e.g. German IR. While institutional flexibility has increased and coordination institutions have been altered/weakened in social-democratic cases, this is happening “within the context of a continued strong and encompassing framework that collectivizes risk” (14). Thelen labels this *flexible liberalisation* based on a political exchange, where decentralisation in wage formation is traded against progress on a range of non-wage issues (59).

Thelen argues that weakening of the classical manufacturing core and a transition to services “has meant that the strong and in some ways still resilient cross-class coalition that

was so central to the politics of coordination in the CMEs is no longer able (labor) or willing (employers) to exercise political leadership for the economy as a whole” (2014: 195). For constituencies of organised employees, “traditional institutions of strategic coordination are either no longer desirable (white-collar salaried employees), no longer obtainable (many low-skill atypical workers), or no longer cover the very different risks these groups face in the market (professionals, working parents)” (195). With shrinking employment in – and economic dominance of – industrial production, the underlying basis upholding manufacturing cross-class alliances erodes.

Thelen challenges the notion that erosion of egalitarianism and social solidarity automatically follows from restructuring and weakening of old cores of industrial employment. She argues that institutions of egalitarian capitalism “may survive least well when they continue to rely solely on the coalitions of the past, and remain most robust where they have been carried forward by new social coalitions and turned to significantly new ends” (2014: 207). Not every defence of traditional institutions is solidarity-promoting. This is illustrated by the successful German defence of institutions associated with coordinated capitalism in the manufacturing-core, which “has come bundled with declining coverage and increasing inequality through dualization” (194). Conversely, “not every move toward liberalization undermines social solidarity”. Denmark “has witnessed significant departures from the practices associated with strategic coordination” (194) with decentralisation in pay-setting, individualised training, and greater mobility of workers. At the same time Denmark has inhibited “the growth of poverty and inequality” (202). In Denmark, “a strong neoliberal turn [by the Schlüter government] promoted coalitional reconfiguration by unsettling previous coalitions and opening the way for the formation of new alliances, both within classes and across the class divide” (197). This enabled trade-offs between constituencies and secured sustained social solidarity despite liberalisation and flexibilisation.

### **3.2.4. Common neoliberal trajectory**

Chris Howell argues, together with the above-mentioned Lucio Baccaro, that a common neoliberal trajectory is observable in all advanced political economies, regardless of VoC typologies (Baccaro and Howell, 2017). Their dissatisfaction with VoC, as well as with Thelen’s attempt at reconciling VoC and its critics, can be summed up in a quote from Howell’s review of Thelen’s 2014 book:

The disagreement is fundamentally about how we think about capitalism and about change within contemporary capitalism for which the term liberalization has become shorthand. The critics tend to think in terms of an historicized capitalism rather than a bundle of markets and to see changes in the internal logic and growth models of capitalism as driving institutional change. Capitalism is fundamentally unruly, subject to perpetual reinvention and hence disruptive of institutional stability. There is a terraforming quality to capitalism that is likely to overwhelm the resilience of national institutions. (Howell, 2015: 400)

Inspired by regulation theory, Baccaro and Howell anticipate that shifts in IR are connected to deeper macro-level structures in capitalist growth, above the national level of producer-coalition politics. Shifts in ‘growth regimes’ – away from Fordist era ‘wage-led’ growth to post-Fordist ‘profit-led’ growth, as seen in 3.1.2. – “have in common that they involve forms of growth that have little or no investment in the institutions of collective industrial relations which dominated the Fordist era and hence we should anticipate their erosion” (Howell: 2015: 400).

Erosion is not only what Baccaro and Howell anticipate, but also what they argue *has already happened* in national capitalisms and IR since the 1970s. This despite not always being superficially obvious. In their 2017 *Trajectories of Neoliberal Transformation: European Industrial Relations Since the 1970s*, Baccaro and Howell argue that “in the current period of capitalist growth, the trajectory of institutional change is best characterized as neoliberal” (2017: 7). They follow authors such as Harvey (2005a) in understanding neoliberalism as a general process of market liberalisation, and Streeck (2009: 149) in seeing it as increased ‘disorganisation’. Streeck characterises it as a transformation moving “away from centralized authoritative coordination and control towards dispersed competition, individual instead of collective action, and spontaneous market-like aggregation of preferences and decisions” (2009: 149). In contrast to classical liberalism, Baccaro and Howell conceptualise neoliberalism not as the “limiting [of] state intervention and returning to some form of *laissez-faire*. It is instead about using state power and bring about (and institutionalize) a market order” (2017: 16).

Unsurprisingly, following their Marxian and regulation-inspired framework, Baccaro and Howell don’t expect to detect deep changes in capitalism by a formalist check-list approach that analyses static snapshots to confirm if familiar Fordist ‘Golden Age’ institutions are still in place. VoC scholars expect to find an ‘institutional isomorphism’ in case of neoliberal convergence, according to the authors (2017: 13). An overemphasis on institutional *form*,

however, might come at expense of attention to *function*. One may be subject to change without the other:

many institutions, and certainly those in the sphere of industrial relations, are highly plastic: In a new context, subject to a new set of pressures and constraints, the same set of institutions can be reengineered to function in a manner very different from that of the context in which they were created. (Baccaro and Howell, 2017: 14)

Baccaro and Howell insist that one cannot infer continuity of *content* from continuity in *structure*. They therefore deny that resilience of formal coordination institutions is detrimental to hypotheses of a common neoliberal trajectory in IR. Of course, the authors still acknowledge that some empirical measures must support such hypotheses. Neoliberal convergence in IR involve liberalisation and removal of barriers to market mechanisms. Admitting that ‘liberalisation’ is a buzz-word often applied too frivolously, they abstain from a further discussion of neoliberalism and liberalisation *in toto*. Instead they limit themselves to define how they understand liberalisation specific to IR:

At its core, arguing for a common trajectory of liberalization of industrial relations for us means demonstrating that there has been a steady expansion across the advanced capitalist world in *employer discretion*, as constraints on employers – in the form of labor law and collective regulation – diminish. This is a more precise formulation of the oft-cited demand on the part of employers for greater flexibility: that employers should have greater discretion vis-à-vis labor and state actors. (2017: 18, emphasis in original)

Expansion of employer discretion, following from the authors’ distinction of institutional form and function, should be visible in two movements, one pertaining to institutional *processes* and another to institutional *outcomes*. This is largely in line with Thelen’s distinction discussed above. Transformations in institutional processes should be visible in institutional *deregulation* and removal of institutional constraints if one is to be able to argue that liberalisation has occurred: “Referring specifically to industrial relations, deregulation eliminates constraints upon capital’s discretion through the removal of legal or contractual restrictions at the workplace level, in the broader labor market and in society” (2017: 18). Institutional deregulation may also involve mechanisms “that permit class actors to bypass or ignore formal institutions or institutional rules” (19), a process labelled “derogation”.

When liberalisation takes the form of transformations of *formally unchanged institutions*, one must be attentive to changing relations and contexts these institutions interact with and

within. It is also important to be aware how “institutions come to take on different functions and generate different outcomes”, through what Baccaro and Howell call “institutional conversion”. This term is borrowed from Thelen (2004: 36). Institutional conversion is made possible by the aforementioned “plasticity – the mutability of function subject to context” (Baccaro and Howell, 2017: 19), which is characteristic of institutions in the political-economic realm. One notable example is centralised bargaining, “once the linchpin of an alternative system to liberal capitalism based upon a large and interventionist public sector and the political correction of market inequalities”, that through institutional conversion “become an institutional device to produce outcomes, such as real wage growth systematically trailing productivity outcomes” (19). Another example is functional transformations of work councils, so that “under new conditions they come to encourage cooperation with an employer and identification with the firm rather than serving as workplace agents of industrial unions” (19).

Across all cases, in deregulation, derogation and conversion, one should look for increased employer discretion in three interrelated domains: *wage determination; personnel management and work organisation; and hiring and firing* (2017: 20). Making employer discretion the primary indicator of liberalisation in IR, Baccaro and Howell argue, “puts class actors and class power at the center” of the analysis. This echoes a “power resource approach to CPE and a focus on upon the shifting physiognomy of contemporary capitalism necessary to understanding the fate of European industrial relations systems over the last three decades or more” (2017: 20). In addition to reaffirm Korpi’s (2006) attempt to bring the core insights of PRA back into CPE, this approach to IR development is in line (perhaps not surprisingly, as Baccaro participates in both) with Bacarro and Pontusson’s (2016) and Streeck (2016) insistence on being attentive to the core processes of *capitalism*, rather than just *varieties*, when constructing theory in CPE and IR.

## **4. Historical background of Swedish and Norwegian industrial relations and bargaining models**

This chapter marks the beginning of the substantive case treatment of Swedish and Norwegian IR and bargaining models. However, I do not immediately begin mapping case properties in the period under investigation. Instead, I (very briefly) outline historical trajectories of IR and bargaining models from their budding institutional centralisation up until around 2000. While it is the period *after* 2000 that informs the comparative analysis in chapter 6, I nonetheless consider it necessary to provide a brief backdrop, so that one is better positioned to understand case properties with deeper roots than just the last two decades. As is well known, the tradition of all dead generations weighs like a nightmare on the brains of the living. Contemporary Nordic labour market actors are in a sense caught in structures and rules frameworks erected long ago and are not easily exited (Elvander 1989: 50). I review these structures and frameworks' historical development to become better positioned to evaluate and contextualise cases in the period under investigation. As specified in the introduction, I devote little attention to developments at the local level, and focus instead on the national and sectoral levels, i.a. national regulation, inter-sectoral coordination, nation-wide agreements and peak-level organisations.<sup>4</sup>

### **4.1. Compromises, alliances and foundations of centralised bargaining**

As I display below, Swedish and Norwegian IR and bargaining followed fairly similar paths in the early 20<sup>th</sup> century. The early-to-mid 1900s was the seminal period for centralisation and routinisation of IR in both countries. In this period, the case countries share a wide array of properties and development trajectories, such as broad institutionalised agreements by peak-level organisations following a prolonged period of industrial conflict. Nonetheless, there are also important differences to note, especially the degree of state-involvement in IR regulation.

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<sup>4</sup> The mapping of IR/bargaining model case qualities in chapter 4 forwards necessarily involves the use of many 'technical terms' that are specific to the institutional sphere of IR and bargaining. A list of technical IR/bargaining terms can be found in Appendix E.

#### 4.1.1. Sweden

As alluded to in chapter 3, the PRA/CCA dispute utilises centralisation of Swedish IR, bargaining and welfare state evolvment in the first decades of the 20<sup>th</sup> century as its paragon case. Swenson argues against the claim that Swedish employers were unified and scared into a compromise by the working class's growing political-organisational capacities represented by the Swedish Confederation of Trade Unions (*Landsorganisationen i Sverige*, LO-S) and the Social Democratic Party (*Sveriges Socialdemokratiska Arbetareparti*, SAP). Instead, Swenson (1991: 525) argues that export-sector employers gained a hegemonic position within the Swedish Employers Association (*Svenska Arbetsgivareföreningen*, SAF) and were able to discipline construction employers, while at the same time being able to strike an alliance with the dominant LO-S unions in metalworking, in an agreement pointing towards centralisation.

Korpi, on the other hand, argues that Swenson misinterprets the situation prior to what Korpi considers a compromise or concession by employers. He claims that Swedish employers were not the primary agents in promoting centralisation as first-order preference. Rather, employers merely consented to centralisation once they saw the writing on the wall: "The basis for this compromise was the stabilization of the Social Democratic government into what became widely seen as a long-term cabinet tenure, a situation that markedly decreased the power disadvantage of labor" (Korpi, 2006: 188). Pontusson, meanwhile, argues that positions in the PRA/CCA dispute have adopted overly exclusionary views of opponents' interpretations of the Swedish case. Pontusson (1992: 319) argues that "key to success of social democracy in the 1930s was its ability to pursue several cross-class alliances simultaneously". These were *both* an alliance of workers, farmers and domestic industry (*kohandeln*), as well as an export-alliance between manufacturing-sector labour and capital seeking to curtail demands in sheltered sectors.

Whatever factors may have dominated, a peak-level agreement (*Saltsjöbaden*) was reached in 1938, with SAF tolerating workers unionising in workplaces, and LO-S accepting (at least for the time being) capitalist ownership and managerial prerogatives. While the parties secured their self-regulation through this agreement, the Swedish state interacted with, intervened in and steered Swedish IR through more informal channels. LO-S and the governing SAP collaborated closely, and employers used "informal channels, influencing government policy through 'non-political' experts and through representation on government agencies and commissions" (Kjellberg, 1998: 80).

#### 4.1.2. Norway

The main institutional and organisational preconditions for Norway's IR and bargaining model centralisation came into being in the early 20<sup>th</sup> century. John Bowman writes that

the main features of Norway's system of centralized wage setting—centralized federations of employers and workers; a state mediation and arbitration framework; and most important, a system of encompassing wage negotiations in which negotiating strategy and industrial conflict was coordinated by these federations—were in place by the mid-1920s. (Bowman, 2002: 1008)

In addition, the first nationwide sectoral agreement in metalworking (*Verkstedoverenskomsten*) was struck in 1907.

However, it was the 1935 Basic Agreement (*Hovedavtalen*) between the Norwegian Confederation of Trade Unions (*Landsorganisasjonen i Norge*, LO-N) and the Norwegian Employer Confederation (*Norsk Arbeidsgiverforening*, NAF) that institutionalised and set the terms of peak-level centralisation of IR and wage bargaining in Norway (Bergh, 2010). This agreement was similar to the Swedish *Saltsjöbaden* agreement. *Hovedavtalen* terminated a period of sharper and more numerous industrial conflicts in the 1920s and 1930s. In 1935, the Norwegian Labour Party also struck an alliance with the Agrarian Party, which secured a social-democratic governing mandate (known as *Kriseforliket*). Bowman argues that dominance of a manufacturing sectoral alliance cannot fully explain Norwegian centralisation. While it is true that Norwegian employers pushed for centralisation of bargaining,

unlike Sweden and Denmark, sectoral cleavages dividing home-market and internationally exposed employers and workers never activated the centralization process. Rather, centralization was motivated by a general desire to reduce real wages, to marshal scarce organizational resources, and to protect employer prerogatives from a radical workers' opposition. (Bowman, 2002: 1008)

Bowman sees this process as conforming more to a class compromise as theorised in the PRA literature than to a CCA theory-like sectoral alliance.

Influenced in part by a weak national bourgeoisie incapable of mobilising capital for significant industrial investment (in contrast to e.g. Sweden's Wallenbergs) Norwegian capitalism and consequently Norwegian IR became characterised by a strong role for state-intervention compared to Sweden (Sejersted, 1993). Early examples are legal regulation of industrial conflict through the establishment of the 1915 Labour Court (*Arbeidsretten*) and National Mediator (*Riksmekleren*). However, it was arguably the rupture represented by the

1940-5 German occupation that truly enabled social-democrats to heavily influence the shape of political-economic institutions. The post-war need for reconstruction of both material and institutional infrastructure gave the social-democratic government and the state a particularly prominent role in Norwegian economic and working life. It facilitated the state as a major industrial owner and employer. Comprehensive moves towards a socialist planned economy were halted by economic and political-strategic ties to US hegemony through i.a. Marshall aid and NATO-membership (Heiret 2003). Social-democrats also lacked political will and/or ability to move in that direction, according to Heiret (2003: 114ff). Still, Norway's post-war political-economic and IR framework became heavily influenced by state and legal intervention, in contrast to Sweden's tradition of 'voluntary incomes policy' and labour market parties' autonomy. It is emblematic of the Norwegian government's firm hand on IR in this period that all post-war general agreements until 1952 were settled by compulsory arbitration (Frøland, 1992).

## **4.2. Core decades of centralised bargaining**

While formal prerequisites and foundations for peak-level centralised bargaining were arguably in place in Sweden and Norway with the institutionalisation of IR through the basic agreements in the latter part of the 1930s, centralised bargaining's prominent complementary role in a more encompassing social-democratic social order truly came into its own only in the decades following the second world war (see e.g. Furre, 1991). The post-war era is sometimes said to have represented a 'Golden Age' period of stable growth and low inequality (Marglin and Schor, 1991), where the effectiveness of Taylorist mass production in tandem with state-initiated welfare reform and centralisation of IR were at their height. In Sweden, the period between the end of the second world war and the 1973 crisis became known as the 'record years' (*rekordåren*) (Hägg, 2006). However, internal and external capitalist pressures were not eliminated, and difficulties of containing them became increasingly apparent by the 1970s.

### **4.2.1. Sweden**

LO-S and SAF were able to negotiate wage increases in agreements without interruption from 1956-1983 (Dølvik and Martin, 2000: 296). Under the label of 'solidaristic wage policy', Swedish peak-level confederations kept their autonomous position vis-à-vis the state in

‘centralised self-regulation’ up until the 1970s (Kjellberg, 1998: 79). Increasing bargaining centralisation through the 1950s-60s allowed LO-S to pursue this wage-formation strategy. Even employer confederations had favourable views of centralisation and cross-sectoral bargaining coordination, as it took wages out of competition and repressed inter-union competition for increases. Wages were determined in sectoral collective agreements, which in turn were based on framework agreements (*rammeavtal*) negotiated at peak-level (Dølvik and Vartiainen, 2002: 48-9).

Though effective at reducing wage inequalities, the solidaristic wage policy’s *raison d’être* was economic efficiency and rationalisation rather than equality. Codified in the ideal of the ‘Rehn/Meidner-model’<sup>5</sup>, wage policies were geared towards solving a dilemma between full employment and inflation. According to one of the model’s architects, “policy for full employment had its limits in the inherent risk of inflation. That is why full employment had to be achieved by non-inflationary methods” (Meidner, 1993: 215). The favoured non-inflationary method was only achievable in a tightly coordinated and centralised bargaining model where peak-level confederations could control sectoral and local demands. The crux of the strategy was to compress wage dispersion to the point where unproductive businesses would wither away due to high wage-floors. Laid-off employees’ mobility were in turn ensured by active labour market policies. This siphoned laid-off employees to the remaining profitable firms who enjoyed a rent from low wage-ceilings ensured by bargaining discipline. In the 1950s-60s, Dølvik and Vartiainen argue, this model worked ‘fairly well’ in terms of productivity gains and employment, and inflation did not exceed OECD averages (2002: 49).

However, towards the end of the 1960s, transformations in economic conditions and labour force composition contributed to a decline in the effectiveness of LO-S/SAF negotiations. This was followed by increasing inter-union rivalry. LO-S organised primarily blue-collar workers, with separate union confederations for white-collar workers (TCO and Saco). This exacerbated tensions:

As a result of changes on the labour market, the macroeconomic significance of inter-union rivalry between LO and TCO affiliates increased, and thereby started to strain the system of joint central wage regulation. This fragmentation can also be explained with reference to Fordist transition and welfare state growth. As the welfare state expanded, and as the Taylorist logic of separation between conception and execution in the labour process unfolded, a significant stratum of white-collar wage-earners emerged. Whereas wage increases of the

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<sup>5</sup> Named after its two LO-S architects, Gösta Rehn and Rudolf Meidner.

salaried strata could previously be ignored in macroeconomic deliberations, this was no longer the case as its size relative to the overall labour force grew. (Ryner, 2002: 130)

These developments were mirrored in union distribution and collective agreements: “Although union density increased from 50 to 85% between 1960 and the late eighties, the coverage of LO-SAF agreements fell to just 16% of the labour force” (Dølvik and Martin, 2000: 298). This this “was accompanied by increasing fragmentation and complexity, as white collar unions, negotiated on their own or in shifting coalitions, separately in the private and public sectors” (2000: 298). Inter-union rivalry contributed to an increasing problem of local ‘wage drift’ offsetting distributional effects, resulting in wage-spirals. Within LO-S,

public-sector unions took advantage of their strength and newly acquired (in 1965) right to strike to secure the inclusion of contractual provisions to compensate public-sector workers for wage drift in manufacturing. Similar clauses for other low-wage unions were concluded that allowed them to keep pace as well. (Thelen 2014: 180)

In the 1970s, there were new initiatives from the labour movement in IR legislation and social reforms. Responding to growing labour discontent and a wave of wildcat strikes – arguably a shopfloor response to rationalisation under the Rehn/Meidner-model – SAP introduced legal reforms such as the 1976 Employment (Co-Determination in the Workplace) Act and the 1977 Work Environment Act. Such legal intervention in IR were in the eyes of the employers a definitive departure from the terms of the ‘historic compromise’ (Dølvik and Martin, 2000: 203). In 1980 SAF initiated a lockout for 750.000 employees as a response to an ongoing strike, one of the largest industrial conflicts in Swedish history (Nergaard et al., 2016: 20).

However, the clearest departure from post-war agreement was the 1976 LO-S proposal of ‘wage-earner investment funds’, whereby a profit share would be transferred to union-managed funds on an annual basis. In the compressed wage structure resulting from solidaristic bargaining, the most productive companies enjoyed a profit rent from low ceilings at the upper end of the wage structure. The funds would according to plan secure these extra-profits for productive reinvestment (Meidner, 1993).<sup>6</sup> In the end the plan failed, in part because it got a

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<sup>6</sup> Baccaro and Howell (2017: 201-2) follow Pontusson (1992) in interpreting the wage-earner funds primarily as a plan to address the problem of ‘capital strike’ in the 1970s, rather than a move to dispose of capitalists in a worker-controlled economy motivated by socialist ideology. For a discussion of the role of socialist ideology vis-à-vis pragmatic/technocratic concerns, see Meidner (1993). For a general argument on how ‘capital strike’ and

lukewarm reception in a moderate SAP that was nevertheless pressured into adopting the proposal. It also radicalised employers and SAF, who ferociously opposed the very watered-down funds implemented in 1982, even though they posed no significant threat to their ownership and prerogatives (Viktorov 2006: 244ff). As I elaborate on in 4.3.1, manufacturing employers ultimately chose to exit centralised bargaining the following year, triggering moves towards bargaining decentralisation.

#### 4.2.2. Norway

As in Sweden, Norwegian unions pursued solidaristic wage policies in the 1960s and 1970s, possibly with even greater success in reducing wage inequalities (Moene and Wallerstein, 1995: 80). In 1958, public sector employees gained access to collective agreements, the right to strike and became subject to mediation and arbitration routines. Negotiations in municipalities also became coordinated. As such, employees in all sectors were subject to coordination through centralised bargaining (Heiret, 2012).

Throughout the 1950s-60s, wage settlements in the private sector became increasingly coordinated, with bargaining rounds being temporally coordinated to springtime. In addition, a Technical Calculation Committee for Wage Settlements (*Det tekniske beregningsutvalget for inntektsoppgjørene*, TBU) “was established in 1967, where the government, LO, and NAF met under the leadership of Statistics Norway in order to coordinate the economic framework for the next settlement” (Heiret, 2012: 52; see also section 5.3.2). In this way, Heiret argues,

[s]ocial economics was now established as a tool of governmental control, and wage settlements were governed by scientific calculation models. Both in the private and public sectors, labor costs were supposed to reflect the productivity and prices of industrial products exposed to international competition. Subsequently, collective bargaining in the so-called front trades was used to settle a wage level. (2012: 52)

Together with other boards and committees (see table 5.4), the establishment of TBU serves as an illustration of the corporative tripartite character of Norwegian post-war incomes policy. Here, information and statistics relevant to bargaining and wage formation would be produced and agreed upon by parties under the auspices of state civil servants and social-economic technocrats.

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‘legitimation crisis’ on the part of *capital* (as opposed to an excess of expectations and demands from *labour*) were primary in undermining the Western post-war settlements of ‘democratic capitalism’, see Streeck (2014).

The Norwegian political economy entered a turbulent period in the 1970s. Although turbulence shared some similarities with Swedish problems, such as growing labour unrest and challenges of structural economic adjustment, several factors point in different directions. Most apparent, the increasing weight of petroleum resources in the economy created both opportunities and strains that would transmit to IR and bargaining. The volatility of international raw material prices, and attempts at Norwegian counter-cyclical economic policies at adapting to the rapidly growing petroleum sector, were important ingredients for a tumultuous decade (Mjøset and Cappelen, 2011). The raw materials boom in the 1970s increased export industries' profits and triggered the export-led bargaining models' terms of wage compensation also in other sectors. However, this was followed by crisis in 1974-5. Simultaneously with imposing a price stop, the government intervened directly in wage bargaining, resulting in an unprecedented real wage growth, on average 5% annually in the 1974-7 period (Mjøset, 1986: 205-6; see also figure 6.2).

In the 1970s, the government would pursue new reforms, including a 1977 Working Environment Act as in Sweden. However, LO-N and Labour would not attempt to challenge capitalist managerial prerogatives in the way that LO-S did. Also contrary to Swedish union parcellation and segmentation in LO-S, TCO and Saco, white-collars in Norway's private sector were traditionally less organised, and LO-N did not exclusively organise blue-collars. Although white-collars in both state, municipal and private sector increasingly organised in separate unions outside LO-N, their coordination was weak. White-collars consequently never came in a position to challenge LO-N unions' role in collective wage formation (Nergaard et al., 2016: 36).

### **4.3. Crisis, decentralisation and reconstruction of coordination**

Mjøset (1986: 155) notes that the Nordic political economies became characterised by increasing tensions throughout the 1970s and early 1980s, stemming from both internal and external pressures on models. Such pressures would continue to challenge the traditional models' routines in the last decades of the 20<sup>th</sup> century. *External* pressures originated in changing conditions for the small and open economies, e.g. structural changes and crisis, a decline of production, changes in international monetary/financial regimes, and integration of the previous Socialist bloc and China into the world economy. *Internal* pressures stemmed

from tensions accumulated in national models in the post-war growth phase, dealt with in the previous subchapter.

The abruptness of breakdown and scope of crisis in IR and bargaining varies between the cases, but both Swedish and Norwegian IR and bargaining models experienced breaks and underwent comprehensive institutional and organisational change in the 1980s and 1990s. This included revisions in bargaining levels and procedures. However, around the end of the century, both Sweden and Norway would have in place ‘reconstructed’ regimes for coordinated collective bargaining.

### **4.3.1. Sweden**

After a period of ‘wage explosion’ and increasing frustration with solidaristic wage distribution, the Association of Engineering Employers (*Verkstadsföreningen*, VF) enticed the Metalworkers’ Union to defect from peak-level bargaining in 1983 (Pontusson and Swenson, 1996: 228). Although SAF continued to negotiate with other LO-S unions, and wage bargaining levels ‘seesawed’ between peak- and sectoral-level throughout the 1980s, the 1983 defection was the definitive breakthrough towards decentralisation. In 1990 “SAF withdrew its representatives from all tripartite bargaining arenas and dismantled its collective bargaining unit altogether, making a return to the status quo ante impossible” (Thelen 2014: 181).

Pontusson and Swenson argue that VF’s exit represents a puzzle, because “these same employers actively contributed to the building of centralized wage bargaining institutions” (1996: 230). In short, they answer that while centralisation had been desirable for the export-employers in the 1950s and 60s, as it was effective at preventing wage-spirals and interfirm/intersectoral labour competition, there had arisen a problem of recruiting an adequate supply of motivated labour to the export-oriented sector, due to the effectiveness of solidaristic wage policy and resulting small wage differentials. There was also a growing desire to “use wages as a means to stimulate employee commitment within firms and thereby stimulate quality improvement and productivity growth” (1996: 232). The timing of VF’s defection is explained by increasing invasiveness of peak-level bargaining in intersectoral and intrafirm pay-setting, new reform pushes by government and unions, as well as changing international terms of competition and accumulation. SAF’s mobilisation against LO-S’s challenges to ownership and prerogatives in the 1970s also radicalised the organised employers and prepared them for a ‘neoliberal offensive’ against centralised wage bargaining (Viktorov, 2006). This

shaped their uncompromising and disciplined stance, compared to their Norwegian counterparts' faltering attempts at challenging LO-N in 1986.

Faced with breakdown of bargaining coordination in the midst of the 1990s crisis, the social-democratic government displayed an unprecedented willingness to intervene in incomes policy. In a “moment of extreme state regulation and centralisation” (Kjellberg, 2009: 183), the government established a new mediation body, the ‘Rehnberg Commission’. The Rehnberg Commission was able to “bring about coordination of wage negotiations for the period 1991-93, including almost all central labor-market organizations” (Erixon, 2010: 699). In subsequent years the government “urged the social partners to cooperate in drafting reforms in pay-bargaining system, so as to contain inflation and prevent further unemployment” (Elvander, 2002: 200). A lack of coordination in the 1995 bargaining round impeded pattern-bargaining and a public quarrel between the forest and engineering industries broke out (Ahlberg and Bruun, 2005: 126). In this climate, the employers feared the consequences of total coordination breakdown and sensed the threat to their autonomy by the government’s increasing willingness to intervene in mediation and incomes policy. They then “converted on the way to the gallows”, to quote Ahlberg and Bruun (2005: 124), by imposing voluntary restrictions on themselves and by coming to agreement independently of government control. This recapturing of voluntary incomes policy and autonomous re-coordinated bargaining was codified in the 1997 Industrial Agreement, which I turn to in the next chapter.

#### **4.3.2. Norway**

After heavy government involvement in bargaining (‘combined settlements’) in the latter part of the 1970s, the newly elected Conservative government withdrew from tripartite concertation following a very complicated bargaining round in 1980. In the following years (1982-6), bargaining became decentralised to the sectoral level. Despite increasing unemployment, bargaining in this period resulted in large nominal wage increases and local wage drift, but gains were almost completely nullified by high inflation (Dølvik and Vartiainen, 2002: 76; see also figure 6.2).

In these years, LO-N had accepted limitations to local bargaining rights in exchange for a ‘low-wage guarantee’. By 1986, however, NAF was dissatisfied with the agreement. NAF sought a labour market with increased wage differentials. The low-wage guarantee blocked any developments in that direction. In addition, NAF rejected union demands for equalisation of

blue- and white-collar working time. LO-N, meanwhile, had come to see the guarantee as a symbol of maintained solidaristic wage policy (Bjørnhaug et al., 2000: 93). NAF's leadership chose confrontation. In contrast to their Swedish counterparts, Norwegian employers were organisationally and politically unprepared for a large-scale conflict, and were ravaged by internal division (Dølvik and Stokke, 1998: 131; Bowman, 1998). Consequently, the lockout ended in catastrophic failure and backtracking from NAF: "As a result of mediation, they were forced to accept high wage increases (averaging 11.5 per cent, with a further 8.5 per cent in wage drift), the retention of the 'low-wage guarantee' (with some modifications) and a reduction of the normal working week to 37.5 hours" (Dølvik and Stokke, 1998: 131). In the aftermath, employers reorganised and formed NHO through a merger of NAF and the Norwegian Industrial Association. Although "NHO took care to create a symbolic break with NAF, which was embarrassed and weakened [...] NHO is rightly viewed as a continuation of NAF, rather than a new organization" (Bowman, 1998: 309).

The 1986 lockout was arguably the closest Norwegian IR would come to a collapse in bargaining coordination. In the aftermath, "the main social partners agreed in informal talks with the Labour government (in 1987-1988) to break the inflationary wage-price spiral and restore competitiveness by a combination of centralised incomes-policies and austere economic policies" (Dølvik and Martin 2000: 280). This laid the ground for preservation of what Dølvik and Martin label a 'social pact' in Norway, in contrast to the Swedish breakdown. The climate of economic emergency in the following financial crisis also influenced the parties' willingness to cooperate. "[T]rade union and employer leaders played a key role in the reintroduction of incomes policies and the recentralization of collective bargaining" (Dølvik and Stokke, 1998: 131), together with social-democrats back in power that passed regulation prohibiting increases beyond terms in central agreements in the 1988 'wage law'. This generalised

the very moderate settlement in the LO/NHO area for all wage earners. The aim was to improve competitiveness and lower the current account deficit that had appeared since 1986 as oil prices continued to be low [...] These incomes policies were on the borderline of democratic legitimacy, but a spirit of national cooperation – *dugnad* – reigned and the interventions were accepted. (Mjøset and Cappelen, 2011: 200, emphasis in original)

In 1991, a Labour-appointed tripartite commission codified renewed cooperation in the ‘Solidarity Alternative’.<sup>7</sup> This strengthened parties’ commitment to wage formation and incomes policy cooperation. It was amended by government’s commitment to complementary labour market and macro-economic policies aimed at low unemployment and inflation, and stable exchange rate and demand growth (Dølvik and Stokke, 1998: 132). Dølvik and Martin (2000: 280) argue that this agreement resembles the Dutch Wassenaar Agreement. They label it ‘competitive corporatism’, where “[t]he main partners largely kept to their commitments, and employment objectives were over-fulfilled, facilitated by growth rates far beyond the Commission’s assumptions, despite difficulties in pursuing the macro-economic formula” (2000: 280). However, towards the end of the 1990s, Solidarity Alternative principles seemed to have eroded somewhat, and new corporatist efforts were made to ‘refurbish’ the model and codify its principles. I turn to these efforts in the next chapter.

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<sup>7</sup> Led by former finance minister Per Kleppe.

## 5. Industrial relations and bargaining models since 2000

In this chapter, I map the most prominent developments in Swedish and Norwegian IR and bargaining since the turn of the millennium up until the present.<sup>8</sup> As outlined in the previous chapter, bargaining coordination to various degrees broke down and were subsequently restructured towards the end of the 20<sup>th</sup> century. In the early 21<sup>st</sup> century, both countries have consolidated relatively stable reformed bargaining and IR frameworks, with strong routines for intersectoral coordination of wage formation: In Sweden, through the establishment of a 1997 Industrial Agreement (*Industriavtalet*, IA-S) and complementary IR institutions; in Norway through a refurbishment of Solidarity Alternative principles through tripartite codification of the Norwegian model of exposed sectors' wage leadership (*frontfagsmodellen*). Models nevertheless remained dynamic and changing throughout the 2000s and 2010s, with key actors responding differently to challenges and pressures.

As in the previous chapter, I use a plurality of secondary literature. I also present comparative statistics for relevant areas such as organisation, agreement coverage and employment forms. For the Norwegian case, I quote interview material from employer association representatives and related actors, highlighting organised employers' roles, strategies and agencies in IR change in the period. This chapter deviates from the chronological representation in chapter 4. Rather, I present case properties in four thematic subchapters. First, relating to core mechanisms of bargaining coordination; second, in organisation, collective agreements, and employment forms; third, in tripartite institutions and state-involvement in IR; and fourth, in EU influence on IR and bargaining models.

### 5.1. Outline of bargaining models and modes of coordination

Bargaining procedures, wage formation and coordination are central to understanding how IR complexes function. To the degree it is analytically helpful to conceptualise national IR

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<sup>8</sup> I examine developments no further than 2019. The outbreak of the Coronavirus pandemic and measures to remedy public health and economic threats represent – at least in the short run – a drastic alteration of institutional dynamics that are still too proximate and potentially significant to be included. An illustration is the unprecedented decision of the Norwegian government and labour market parties to postpone the 2020 wage bargaining round until August, and of TBU to delay publication of its annual foundational report for the bargaining round (Arbeids- og sosialdepartementet, 2020; Kommunal- og moderniseringsdepartementet, 2020).

**Table 5.1: Main features of coordinated bargaining**

	<i>Sweden</i>	<i>Norway</i>
<b>Bargaining levels:</b> <sup>9</sup>	Combination of sectoral and local level; No peak-level ‘in-between’ rounds as in Norway, but annual sectoral wage adjustment ( <i>lönerevision</i> ) of CAs are common	Combination of sectoral and local level; Peak-level in bi-annual wage adjusting ( <i>mellomoppgjør</i> ) rounds or in peak-level coordinated ( <i>samordna</i> ) rounds
<b>Role of peak-level associations in coordination:</b>	Not direct parties in bargaining, but strong influence through various formal and informal cooperation agreements and channels	NHO firms are members of both sectoral and central organisation. NHO centrally co-owner of sectoral agreements (N.B. central/sectoral organisation not allowed to intervene in local bargaining); Direct parties in peak-level bargaining
<b>Norm-generating agreement:</b>	<i>Industriavtalet</i> (IA-S), cooperation agreement in export-oriented manufacturing	<i>Industrioverenskomsten</i> (IA-N), collective agreement in export-oriented manufacturing
<b>Sectoral owners of norm-generating agreement (confederative affiliation):</b> <sup>10</sup>	<p><b>Employer associations (All SN):</b>  <i>Grafiska Företagen</i>; IKEM;  <i>Industriarbetsgivarna</i>;  <i>Livsmedelföretagen</i>; <i>Gröna Arbetsgivare</i>; TF; TEKO; TMF</p> <p><b>Unions:</b>  GS (LO-S); LIVS (LO-S); <i>IF Metall</i> (LO-S); <i>Sveriges Ingenjörer</i> (Saco); <i>Unionen</i> (TCO)</p>	<p><b>Employer associations:</b>  NI (NHO)</p> <p><b>Unions:</b>  <i>Fellesforbundet</i> (LO-N); <i>Parat</i> (YS)</p>
<b>Direct employee coverage of norm generating agreement:</b>	~500.000	~34.000
<b>Mediation/arbitration:</b>	NMO (voluntary/compulsory mediation)	National Mediator (voluntary/compulsory bargaining); National Wages Board (voluntary/compulsory arbitration); Tariff board (compulsory extension of agreement terms)
<b>Institutions, agreements or mechanisms contributing to coordination:</b>	Union cartels (e.g. <i>Facket inom industrin</i> ); SN contracts on sectoral federation cooperation; Peak-level marshalling of consent; Synchronisation of many agreement periods (especially in ‘IA 2.0’); OpO promotion of technocratic wage norms in industry	Various tripartite institutions (see table 5.5); Joint (peak-level, sectoral) ownership of all NHO sectoral agreements; Peak-level marshalling of consent; Synchronisation of (all major) agreement periods
<b>Tradition of union ballots on bargaining results:</b>	No	Yes (except <i>Akademikerne</i> )

complexes as functional models, bargaining coordination is arguably at their very centre. Bargaining coordination regulates relationships between agreements in different sectors (horizontally) and the articulation between central, sectoral and local bargaining levels and agreements (vertically). Nearly every other theme I subsequently examine can at least partially be subsumed under the category of bargaining and its coordination. In this subchapter, however, I outline *general features* and development in *core elements* of bargaining coordination. Table 5.1. lists main features of reconstructed bargaining models.

### 5.1.1. Sweden

Swedish bargaining has since 1997 been conducted under the banner of the IA-S, a broad cooperation agreement on bargaining procedure between unions and employer associations spanning both blue- and white-collars in all confederations (see table 5.1). IA-S parties construct a wage-norm on the basis of negotiation outcomes in manufacturing – the so-called mark (*märket*) (Elvander, 2002). This cooperation agreement covers 57 CAs and roughly 500.000 employees directly (Medlingsinstitutet, 2020b). Through ‘dispersion effects’ in adjacent agreements, *märket* affects wage formation of nearly all employees covered by CAs (Medlingsinstitutet, 2015: 163-4). As such, it serves as the backbone in a reconstituted model of coordinated sectoral bargaining. The role of the IA-S is complemented by a strengthening of mediation. Of particular importance is a novel state-sanctioned National Mediation Office (*Medlingsinstitutet*, NMO) that can impose compulsory mediation and has an explicit mandate to influence wage formation in accordance with *märket*. I return to mediation and role of NMO in section 5.3.1.

IA-S is *not* in itself a collective agreement, but rather a procedural agreement on associational bargaining cooperation (its full name is ‘Industry’s Agreement on Cooperation and Bargaining’, *Industrins samarbetsavtal och förhandlingsavtal*). In contrast to the post-war model’s three-level bargaining, this represents an ‘organised decentralisation’ (Traxler et al., 2001) to two tiers. It is composed of sectoral agreements between unions and employer

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<sup>9</sup> ‘Collective agreement’ is hereafter abbreviated as ‘CA’, see Appendix A for all abbreviations.

<sup>10</sup> The complex institutional anatomy and sheer number of confederations, unions and associations in Swedish and Norwegian industrial relations are overwhelming. Appendix D contains a comprehensive list of unions/employer organisations and their confederative affiliation.

associations, followed by local agreements between local union clubs and employers. For the model to function according to design, agreements in manufacturing are struck before other sectors, producing “a benchmark that specifies a certain percentage of the upper wage increase for the whole economy” (Kjellberg, 2019b: 584). This is used as a starting point for subsequent non-manufacturing bargaining. Although articulation and pay-setting procedures varies between different agreements (see table 5.2 below), it is usually some combination and aggregation of sectoral and locally determined wage increases that aims towards benchmarks specified in sectoral agreements.

In contrast to Norway, the Confederation of Swedish Enterprise (*Svenskt Näringsliv*, SN)<sup>11</sup> has no formal role in bargaining. SN is however still able to influence sectoral federations through cooperation agreements and associational procedures to marshal consent. For example, as Vartiainen (2011: 346) observes, a “rare glimpse of such employer discord was allowed in 2007, when the retail clerical workers’ union and their employer counterpart agreed on rather high pay increases, and the Confederation of Swedish Enterprise interfered to get the agreement annulled.”<sup>12</sup>

As seen, the 1990s was a tumultuous decade in Swedish IR. IA-S grew out of labour market parties’ discontent with uncoordinated bargaining, especially after the 1995 round, when labour cost grew with 5% while unemployment stood at 9%. As with the move towards decentralisation in the 1980s, the initiative to reconstruct coordinated bargaining came from manufacturing parties (see Vartiainen, 2011: 343). Baccaro and Howell (2017: 154) argue that employers – scared by the prospect of increased levels of conflict – came to favour a reconstructed regime of sectoral pattern-bargaining. Their recommitment to coordination formed as they realised that their first-order preference of purely local negotiations in combination with enhanced peace obligations limiting the right to local industrial action was unacceptable to unions and politically impossible to achieve. Simultaneously, IA-S was a way for the parties to take back initiative and re-establish the IR autonomy they enjoyed throughout the *Saltsjöbaden* era, after years of increased state-intervention through the Rehnberg Commission in the 1990s.

IA-S has so far proven a relatively stable and viable core of Swedish collective bargaining. However, “ambitions of LO affiliates organising in the domestic sector to favour low-wage women-dominated groups, such as the food service industry (‘horeca’), retail and

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<sup>11</sup> SN was created through a merger of SAF and the Federation of Swedish Industries in 2001.

<sup>12</sup> The agreement was kept, however (Vartiainen, 2011: 361, endnote 11).

other services sometimes come into conflict with the norm” (Kjellberg, 2019b: 591). IA-S bargaining was challenged in 2010, when “LO saw opportunities for a larger wage increase if the retail sector produced the wage norm, and disagreements about the importance of low pay or gender pots emerged” (Baccaro and Howell 2017: 158). Employers in the export industry – hit hard by trade collapse following the 2008 crisis – conversely called for “increased competitiveness through prolongation of the crisis agreement in 2010 – entailing a central wage freeze and local pay negotiations only – but they had to back off and accept restrictions on their hiring of agency workers replacing laid-off staff” (Dølvik and Marginson, 2018a: 28). The crisis agreement also included a clause enabling local reduction in pay and hours adopted in industry. According to some authors this represented derogation and concession bargaining along German lines (e.g. Svalund et al., 2013), but the agreement ended up being temporary. In 2010, when metal employers demanded prolongation of the crisis agreement, they were forced to back down by *IF Metall* (Dølvik and Marginson, 2018b: 416).

In the aftermath of the difficult 2010 round, the largest sectoral federation, Association of Swedish Engineering Industries (*Teknikföretagen*, TF), and the textile/fashion employers (*Teko*), announced their exit from the IA-S. They complained that IA-S had been re-institutionalised to become a tool for the protected domestic industries’ demands for higher wage increases (Dølvik and Marginson, 2018b). The increasingly real threat of coordination-collapse eventually drew the break-out employers back into an ‘Industrial Agreement 2.0’ the following year. This renewed agreement implied a clarification of bargaining order, with even stronger manufacturing leadership. It also specified “widened mediator prerogatives and a common expiry date for all manufacturing goods” (Dølvik and Marginson 2018a: 28), thus strengthening horizontal coordination. In the 2012 bargaining round, the employers, together with the NMO, pushed harder than ever the position that industry should function as wage leader and no other group should be allowed extra increases (Kjellberg, 2015: 17). In 2016, the IA-S was revised once more. This happened in the aftermath of conflictual round that confirmed the strength of IA-S and the manufacturing cross-class alliance: almost all breakaway unions ended up settling according to *märket* (Dølvik and Marginson, 2018b: 417). The IA-S revision reinforced “the role of the ‘impartial chairpersons’ [*Opartiska ordföranden*, OpOs], a kind of mediation institute within the *Industriavtalet*, introduced from the outset, and contained a revised negotiation procedure” (Kjellberg, 2019b: 600). Such revisions have consolidated manufacturing as pattern-setter, increased the effectiveness of *märket*-coordination and strengthened manufacturing’s control over sheltered sectors.

However, the rebellions indicate strain, and the tightened control may turn out to be a pyrrhic victory for the manufacturing employers if enough low-pay, female-dominated and sheltered sector unions refuse to abide by *märket* coordination. Obviously, this threat has been noted at peak-level, and “the leaders of the peak confederations (LO and SN) jointly recommended a formula for giving certain low-paid groups an extra increment on the lines of the accord settled in retail. A similar approach was followed in the 3-year IA settlements signed in 2017” (Dølvik and Marginson, 2018b: 417). This has not been enough to prevent a 2019 exit of the Paper Worker’s Union (*Pappers*), but more importantly of the largest LO-S union, the Municipal Workers’ Union (*Kommunal*) (Dagens Arbete, 2019a, 2019b). *Kommunal* organises over 500.000, primarily female, employees. In addition, an alliance of five LO-S unions, known as ‘6F’, calls for an alternative model of wage formation attentive to inflation targets and productivity growth in the whole economy (rather than just competitiveness of export-manufacturing), with home-market sectors also influencing *märket* (Thonäng, 2019).

### 5.1.2. Norway

Around 2000, the Norwegian economy was characterised by high wage growth and declining export-industry competitiveness, affected by reverberations of the Asian financial crisis, volatile exchange ratios and falling oil prices. It appeared to both the parties and the state that incomes policy principles laid out in the Solidarity Alternative had eroded, and that there was a need to ‘refurbish’ and clarify the Norwegian model of wage setting (Nergaard et al., 2016: 38). In a familiar, Norwegian corporatist manner, this was sought achieved through government establishment of tripartite public commissions (NOUs). These included a wide array of organisations representing both labour and capital, to ensure broad legitimacy around commission prescriptions and efforts to build stable IR frameworks.

A NOU on incomes policies (NOU 2000: 21, colloquially “Holden I”) signalled all major parties’ allegiance to coordination aimed towards Norwegian wage growth on par with trading partners, with export manufacturing as wage-leader. Although this was a continuation of existing bargaining practices – which principles were known as the ‘Scandinavian theory of inflation’ or *hovedkursteorien* (Aukrust, 1977) – Holden I reemphasised and codified these as the ‘frontrunner industries model’ (*frontfagsmodellen*). Coordination was to be secured through the Industrial Agreement (*Industrioverenskomsten*, IA-N) in export metalworking, that establishes a percentage increase to be achieved by subsequent bargaining in other sectors.

In contrast to the IA-S *cooperation* agreement, IA-N is a concrete *collective* agreement (*tariffavtale*) between the NHO-affiliated Federation of Norwegian Industries (*Norsk Industri*, NI) and the LO-N-affiliated Federation of Trade Unions (*Fellesforbundet*).<sup>13</sup> The current IA-N is the result of widening and mergers of the oldest Norwegian CA, until 2012 known as the ‘Metal Agreement’ (*Verkstedsoverenskomsten*). Throughout the 2000s, as employment in traditional metalworking declined, *Verkstedsoverenskomsten* absorbed other agreements, and in 2012 it merged with several other agreements to form the present IA-N (Marginson and Dølvik, 2020: 8; Stokke et al., 2013: 182). As of 2018, this norm-generating agreement covers only 40% of man-hours in manufacturing, around 34.000 employees. It nevertheless sets the benchmark for increases in all subsequent sectoral bargaining (NOU 2020: 8: 182, table 5.5). However, in contrast to Sweden’s two-tier model, the parties still have access to peak-level bargaining. LO-N chooses the bargaining level. Peak-level bargaining of CAs is usually reserved for bargaining rounds involving broad issues expected to create tension (e.g. social reforms and pension agreements) and is uncommon after 2000.<sup>14</sup> In addition, bargaining rounds biannually alter between ‘main’ and ‘in between’ negotiations. The ‘in between’ rounds exclusively renegotiate wage clauses, not CAs themselves, and are always conducted at peak-level.

The bargaining rounds of 2010-2 produced higher wage growth in Norway compared to trading partners. In 2012, after the public sector and the municipalities had gone on strike, several employer associations called for revisions of bargaining procedures. Yet another tripartite commission (NOU 2013: 3, colloquially “Holden III”) was given the task of evaluating experiences of wage formation in the years following the formal codification of *frontfagsmodellen* in Holden I, and the introduction of new rules of fiscal and monetary policies in the early 2000s (Stokke et al., 2013: 199).<sup>15</sup> The commission, where all main employer associations and union confederations were represented, unanimously recommended continuing export-led bargaining, with only slight revisions.

Holden III recommended that NHO, in understanding with LO-N, at peak-level be given the task of producing a credible estimate or ‘wage frame’ (*ramme*) based on the result of

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<sup>13</sup> Alongside a much smaller parallel agreement with the same name between NI and the YS-associated federation *Parat*. *Parat* often follows *Fellesforbundet* in IA-N bargaining strategies.

<sup>14</sup> But happened as recently as 2018, for the first time in ten years.

<sup>15</sup> These were a budgetary rule limiting the domestic spending of capital gains from oil revenues through the Government Pension Fund, and the central bank’s transition to a monetary regime of inflation-targeting (which effects on wage formation were discussed in NOU 2003:13, “Holden II”).

bargaining outcomes in IA-N (see e.g. NHO and LO-N, 2018). Such an estimate was deemed necessary because of the temporal disjoint inherent in two-tier bargaining, with only *sectoral* results from the pattern-setting IA-N known when other sectoral negotiations start, while the full volume of increases is to be achieved by a combination of bargaining levels, both sectoral and *local*, that can deviate from sectoral estimates.

Another related aspect in Holden III was a renewed commitment to estimate the norm from both blue- and white-collar wages in manufacturing. This had initially been the parties' agreement in the Contact Committee (see table 5.4) dating back to 2003, but not followed through. The issue generated prolonged irritation in the bargaining system, because the IA-N benchmark was based on blue-collar wages exclusively.<sup>16</sup> As manufacturing blue-collar workers achieved smaller increases than white-collar workers over time, a norm based only on blue-collar workers contributed to a wage-lag for other sectors. While white-collar inclusion in the norm was considered necessary to maintain legitimacy of manufacturing-led bargaining among sheltered-sector and public employees, it was feared that these higher paid groups' inclusion would inflate wage frames to levels harmful to Norwegian export competitiveness. This incentivised manufacturing employers to check white-collar increases, and for the NHO to communicate this threat to the local level.

According to Torill Lødemel, NHO representative to TBU (see section 5.3.2), the gap between white- and blue-collar workers has been a major concern for NHO following Holden III, and something the confederation has actively stressed to its member-firms:

If our member-firms give white-collar employees twice as much as blue-collar workers, things would break down somewhere in the future. That means we have to communicate to them in a way that prevents that from happening, so they understand that it's not in their interest to operate like that. That's in fact an area we've evolved in since Holden III.

Firms in NHO are members of both the confederation and a sectoral federation, and sectoral agreements are owned jointly by both confederation and sectoral federation. However, the *local* CAs are based on firm conditions. The independence of local bargaining is stipulated in agreements, and the confederation/sectoral federation is not allowed to interfere in local bargaining to achieve desired results. Considering such challenges, the oil crisis following Holden III may paradoxically have eased tensions within the bargaining model. As pace-setting

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<sup>16</sup> For a historical overview of white-collar agreements in Norwegian industries, see Olberg (2000).

actors settled on little or no increase in the following years, and local negotiation outcomes followed the same pattern, the diverging wage-patterns between white- and blue-collar workers have been arrested for the time being:

How does one achieve this without too much interference at the local level? We can't control local bargaining, but at the same time we're tasked with producing estimates. It's not a straight-forward process. In retrospect it has gone fairly well, and that's partly because the slump in oil prices came at a convenient moment and made it easier to get our members to reduce wage growth according to the wage frame. (Lødemel)

Former head of TBU, Ådne Cappelen, concludes in a similar way:

NHO has been really skilled at following this through among members locally, so that wage growth doesn't swerve out of control. They've kept a close eye on white-collar local bargaining and kept white-collar increases within levels that doesn't threaten the total volume of wage increases (*rammen*). They already had control with blue-collar wages. The first time this new arrangement was effective was in 2014, when the oil crisis occurred, and it's been working fine in these conditions. But now that we're back in a more normal business cycle it gets interesting to see how effective this guideline will be during an upswing.

In the period under investigation in this thesis, NHO's rhetoric on decentralisation and individualisation of wage setting has changed. In 2001, Dølvik and Vartiainen observes, the employers utilised a 'nothing-or-all' rhetoric in the Stabel Commission,<sup>17</sup> arguing for:

either extremely centralised bargaining rounds where the main actors would first come to terms on binding total increases for negotiations calculated from cost increases in the main trading partner countries before any substantial negotiations would start, or radical decentralisation to company level wage negotiation. (Dølvik and Vartiainen, 2002: 84-5)

In the commission's wake, NHO fronted decentralisation in its 2001 employer policy manifesto. Here, NHO argued that wage formation should be local and to largest possible extent individual, with CAs only suggesting a norm, that when needed could be derogated by local actors. However, through its stamp of approval on incomes policies commission reports, NHO has followed a more moderate line in practice. In its policy document on CAs from 2013, NHO acknowledges that in a model of purely local wage formation it would not be possible to have coordinated wage bargaining as in *frontfagsmodellen* (NHO, 2013: 7). At the same time the document stresses that centrally determined increases must be kept at the minimum of what

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<sup>17</sup> Tasked with reviewing the bargaining system and collective agreement framework (NOU 2001: 14).

is necessary to achieve coordination effects, and that local wage formation according to the ‘four criteria’ pertaining to specific firm conditions should dominate (2013: 7).

This moderate stance to coordination and wage formation strategies is echoed both at a central and sectoral level. Rolf Negård, NHO Negotiation Director for Wage and Collective Agreements, assures that

none of our sectoral federations are in opposition or hostile to *frontfagsmodellen*. They acknowledge that it serves the country well, and that if it serves the country well it also serves the sheltered sectors well, as it maintains purchasing power domestically. But obviously many of them also want to see some decentralisation, for example less centrally determined increases, more adapted to the economic situation of each firm. That’s the majority position.

In interviews, representatives of the three largest sectoral federations expressed similar positions, considering it unlikely that the current wage bargaining model would be challenged by employer associations for the foreseeable future.

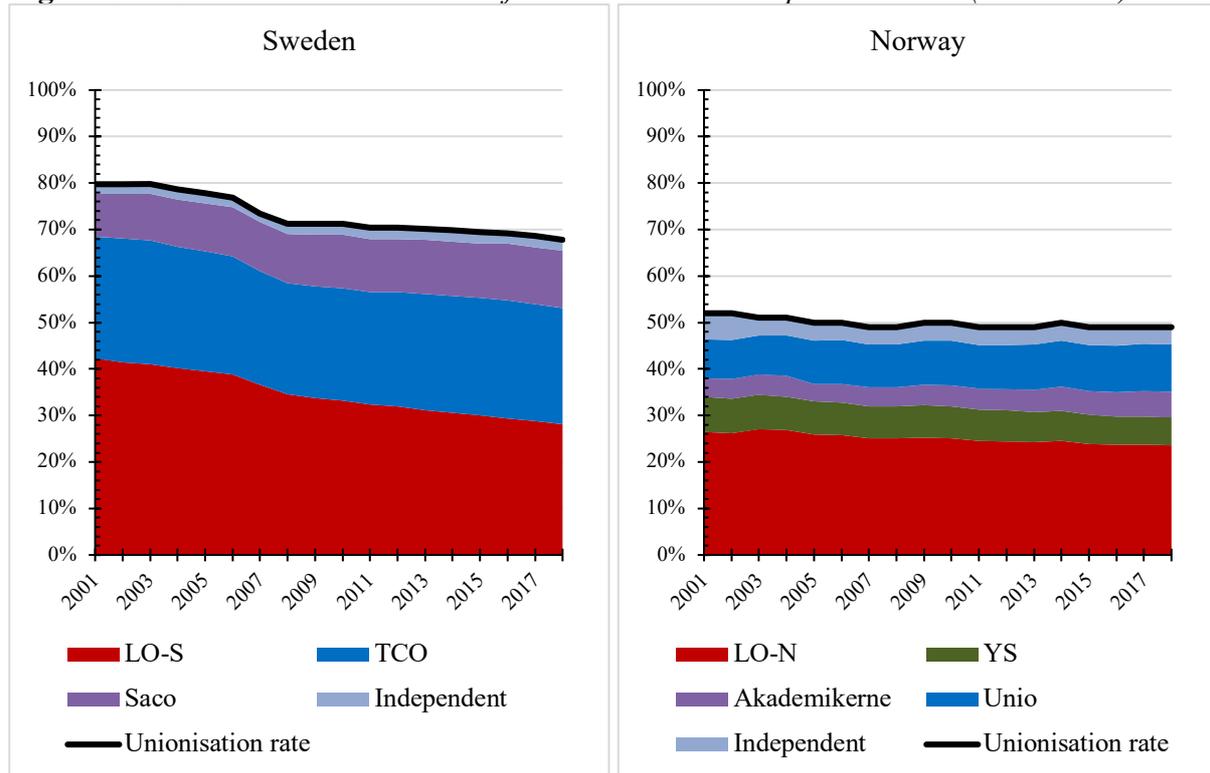
## **5.2. Developments in organisational structure, bargaining coverage, agreement types and employment forms**

I proceed to chart developments in organisational structure, bargaining coverage, CA types and pay-setting. Following a tendency towards ‘organised decentralisation’ of chiefly two-tier bargaining, local influence on bargaining has increased (Traxler et al., 2001), but in both countries sectoral pattern-bargaining continues to form a coordinated framework. In addition, I look at developments in forms of employment relationships/employment contracts, with attention to deviations from the norm of full-time permanent employment.

### **5.2.1. Sweden**

According to Kjellberg (2019b: 583), Sweden has “the most socially segregated union movement in the world, with separate blue-collar and white-collar national unions and confederations”. As seen in chapter 4, white-collar unions gained a prominent position and challenged LO-S’s solo-position in wage leadership in the latter part of the 20<sup>th</sup> century. The decline of LO-S’s position as hegemonic confederation has continued in the 2000s. However,

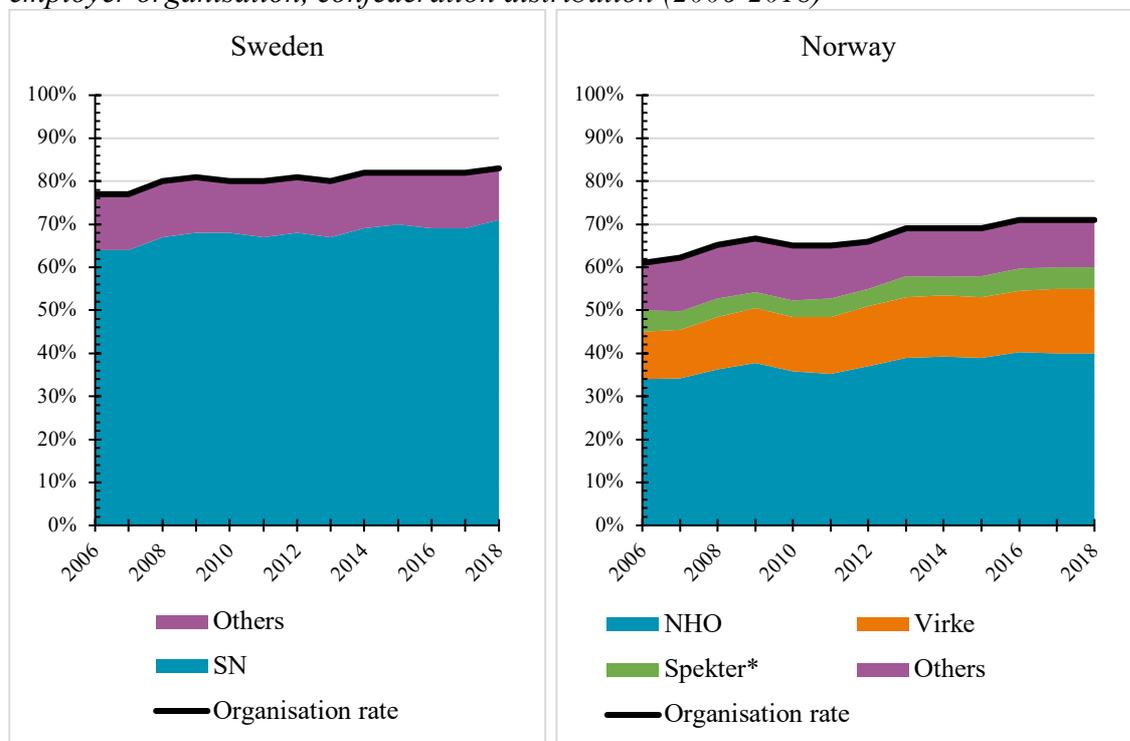
**Figure 5.1: Unionisation rate and confederation membership distribution (2001-2018)\***



Source: Kjellberg (2019a: 132, table A; 141, table 48); Nergaard (2020; 9, table 2.1; 11, table 2.2)

\*Only employment active members (excluding student/retiree members)

**Figure 5.2: Share of private sector employees employed by employers affiliated to an employer organisation, confederation distribution (2006-2018)**



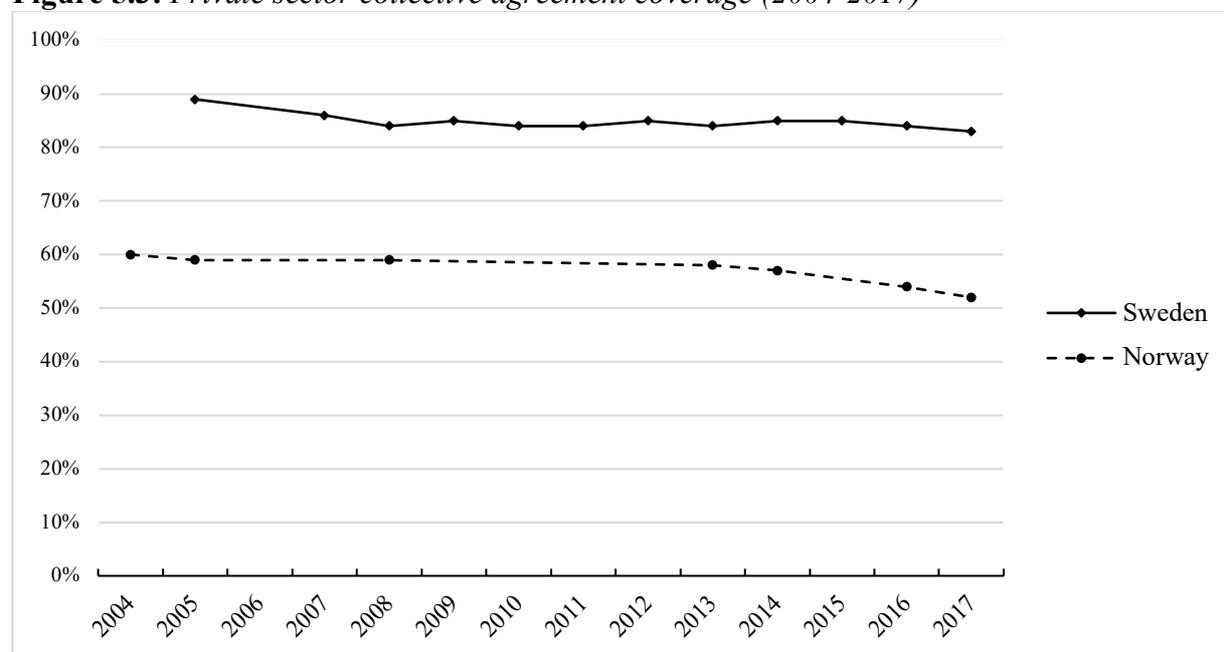
Source: Kjellberg (2019a: 135, table E); Nergaard (2020: 18, table 3.2)

\*Excluding health trusts

as figures 5.1. and 5.2 display, Sweden’s total labour market association membership remains very high, although unionisation rates have dropped drastically the last two decades.<sup>18</sup>

While union density has retracted in the 2000s and 2010s, employer organisation has remained stable and even increased. CA coverage rates are also very high in comparative terms, although a slight tendency towards coverage decline is observable in the 2000s with stability since 2008 (figure 5.3). All public and municipal employees are covered by CAs, and firms without agreements can join substitute agreements (*hängavtal*). Unions can demand CAs – and if denied initiate industrial action – even in firms without local union presence. This right would come into conflict with EU rules and become contested in the ‘*Laval case*’, discussed in 5.4.1.

**Figure 5.3:** *Private sector collective agreement coverage (2004-2017)\**



**Source:** Kjellberg (2019a: 50, table 11); Nergaard (2020: 21, table 4.2)

\* There are different methods for estimating CA coverage. Swedish numbers are reported from labour market parties’ databases, and includes substitute agreements (*hängavtal*) (see Kjellberg (2019a: 50-1) for considerations). Norwegian numbers are reported from Labour Force Surveys (LFS) and probably yield somewhat inflated results. Register data give slightly more stable results, 49-50% CA coverage in recent years (see Nergaard (2018a: 23ff) for considerations).

As peak confederation, the former SAF, now the Confederation of Swedish Enterprise (*Svenskt Näringsliv*, SN), dominates the Swedish private sector organisational landscape. However, SN’s powerful sectoral federations arguably have a more autonomous relation vis-

<sup>18</sup> In 2006, Reinfeldt’s Centre-Right government abolished tax deduction for union fees (25%) and the so-called *A-kasser* (Ghent-system institutions where unions administer unemployment insurance) (40%). Gradually, Sweden has seen an increase in fees and the differentiation of fees to union-specific unemployment. This has no doubt contributed to a declining union density. Union membership has declined in later years, despite a 2014 reduction of *a-kasse* fees to near pre-2007 levels (Kjellberg, 2018: 21).

à-vis the confederation than the sectoral federations of the Norwegian counterpart NHO. As elaborated above, SN does not participate directly in bargaining, but SN-affiliated sectoral federations have a stipulated duty to cooperate with each other in coordinating bargaining (Medlingsinstitutet, 2015: 163).

**Table 5.2: Swedish agreement models by category of workers and sectors (2019)**

<i>Agreement model</i>	<i>Share of employees by sector (%)</i>		
	<i>Private sector</i>	<i>Local and central government</i>	<i>All sectors</i>
<b>1. Local wage formation without nationally determined wage increases ('figureless agreements')</b>	<b>12</b>	<b>52</b>	<b>28</b>
Blue-collar	0	0	0
White-collar: unions of managers, teachers, nurses and so on	29	81	55
<b>2. Local wage formation with a fall-back provision (<i>stupstock</i>) regulating the size of wage increases</b>	<b>14</b>	<b>12</b>	<b>13</b>
Blue-collar	5	2	4
White-collar: graduate engineers/engineering, <i>Unionen</i> /IT, ST, medical doctors	26	18	22
<b>3. Local wage formation with a fall-back provision regulating the size of wage increase and some form of individual guarantee</b>	<b>7</b>	<b>0</b>	<b>4</b>
Blue-collar: <i>IF Metall</i> /chemical industry	3	0	2
White-collar: <i>Finansförbundet</i> (Financial Sectoral Union), <i>Unionen</i> /engineering	11	0	6
<b>4. Local wage frame (wage pot) without an individual guarantee</b>	<b>16</b>	<b>35</b>	<b>24</b>
Blue-collar: <i>Kommunal</i> (LO-S), <i>IF Metall</i> /steel	13	94	38
White-collar: <i>Unionen</i> /motor trade/media	20	0	10
<b>5. Local wage frame with an individual guarantee; alternatively a fall-back provision regulating the individual guarantee</b>	<b>16</b>	<b>0</b>	<b>9</b>
Blue-collar: <i>IF Metall</i> /engineering	17	0	12
White-collar: <i>Unionen</i> /steel/trade/staffing	13	0	7
<b>6. General wage increase and local wage frame</b>	<b>22</b>	<b>0</b>	<b>13</b>
Blue-collar: commercial employees, hotel and restaurant workers and paper workers	38	0	26
White-collar	0	0	0
<b>7. General increase (wage tariffs or piece work)</b>	<b>14</b>	<b>1</b>	<b>9</b>
Blue-collar: building and transport workers, painters	23	0	16
White-collar	1	1	1

**Adopted from:** Kjellberg (2019a: 593, table 28.4); updated 2019 numbers from Medlingsinstitutet (2020a: 190, table 18.2)

The effectiveness of multisectoral coordination hinges on adjacent agreements to the IA-S that secure coverage for employees in other sectors than those part of IA-S. According to

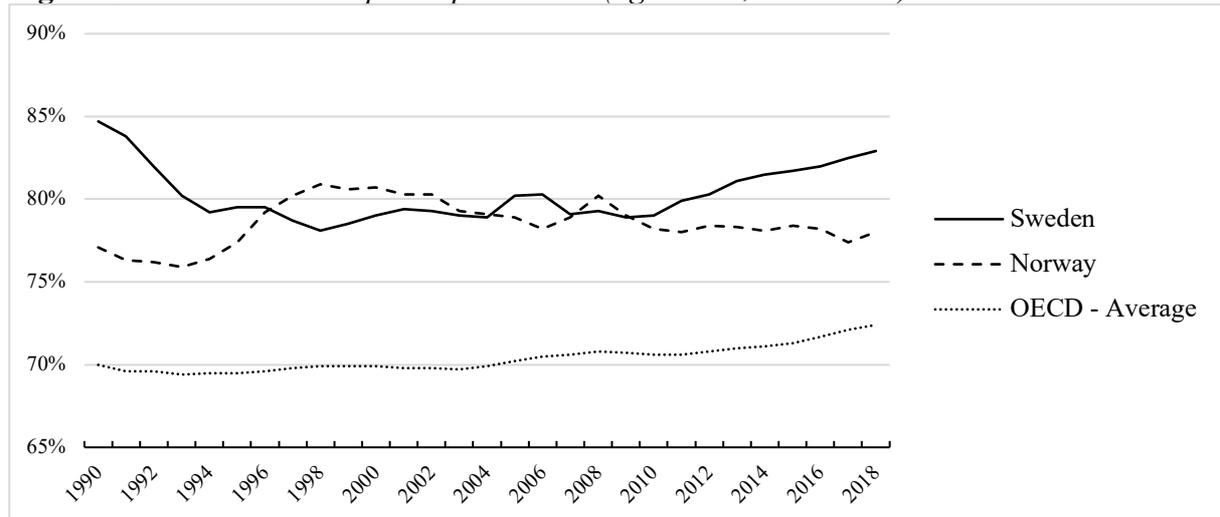
NMO, nearly all employees covered by a collective agreement are also covered by the norm (Medlingsinstitutet, 2015: 164), either through direct bargaining agreements, or indirect through diffusion effects and coordination internal to the parties. However, from 2019 coordination effects have decreased with *Kommunal* and *Pappers* exiting LO-S coordination, as discussed above.

There is an increasing use of CAs with company-level pay-setting only. While such agreements now dominate public-sector white-collars (see table 5.2), “most private sector agreements have some kind of wage negotiation at central level” (Alsos et al., 2019: 354). Formally, such ‘figureless agreements’ represent a high degree of local employer discretion, increased abilities to differentiate pay and to deviate from *märket*. Indeed, as Kjellberg points out, Swedish pattern-bargaining could not function properly if such agreements became dominant in manufacturing, as no industry norm would be possible (2019: 592). However, in a recent case-study of different workplaces using figureless agreements, Eriksson et al. find that *märket* continues to exert strong normative and ‘cultural-cognitive’ influence on both line-managers and employees in individual pay-setting. Although local pay-profiles can deviate from *märket* in individual cases, “the mark generally creates a zero-sum game within the organizations. The overall financial space is not aggregated bottom-up from performances locally but rather aligned with the mark in top-down processes” (2020: 17).

Lastly, I look at forms of employment in Sweden, with particular attention to developments in non-standard work. Swedish labour force participation is higher than the OECD average, and has increased since 2010, contrary to Norway (figure 5.4). Swedish unemployment rose after the 2008 crisis and remains comparatively high – in later years higher than in the OECD area – and markedly higher than Norway’s low unemployment rates (figure 5.5).

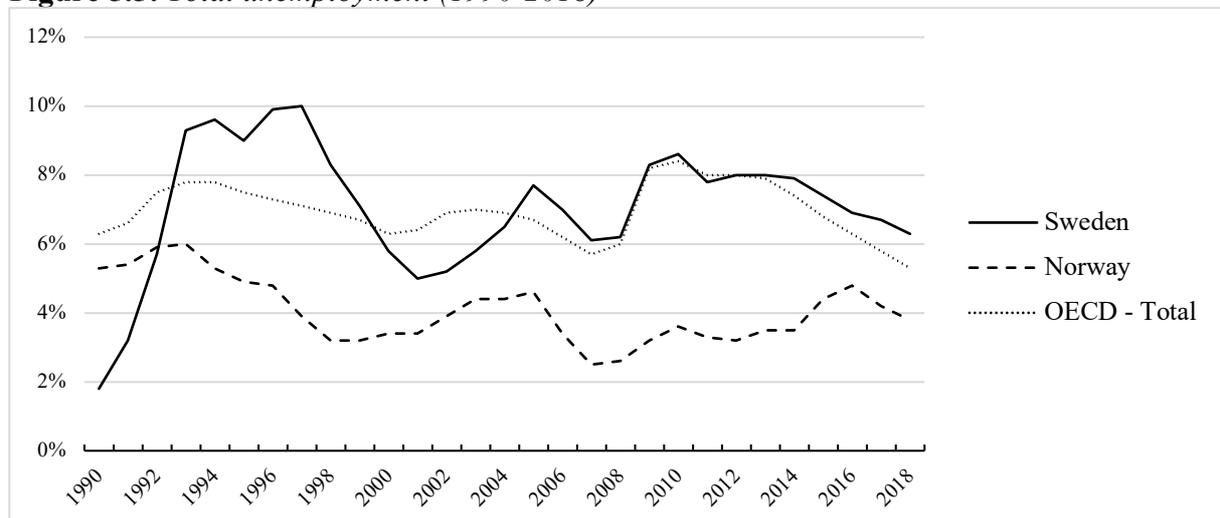
According to Skedinger (2018: 434), fixed-term (‘temporary’) and part-time work are the two most important forms of non-standard work in Sweden: “Since the late 1980s, fixed-term employment has become relatively more prevalent, while the opposite is true for part-time work” (2018: 434). According to the Employment Protection Act, open-ended (‘permanent’) contracts should be the Swedish labour market norm. Nevertheless, successive liberalisations in the legal framework has been made since the 1990s. Temporary employment terms are also regulated in CAs, and they are a contested area of Swedish IR. Unions tend to see them as reducing work and employment security for workers and contributing to a tendency towards precarity. Employers value increased flexibility inherent in such employment and

**Figure 5.4:** Labour market participation rate (age 15-64, 1990-2018)



Source: OECD (2020c)

**Figure 5.5:** Total unemployment (1990-2018)



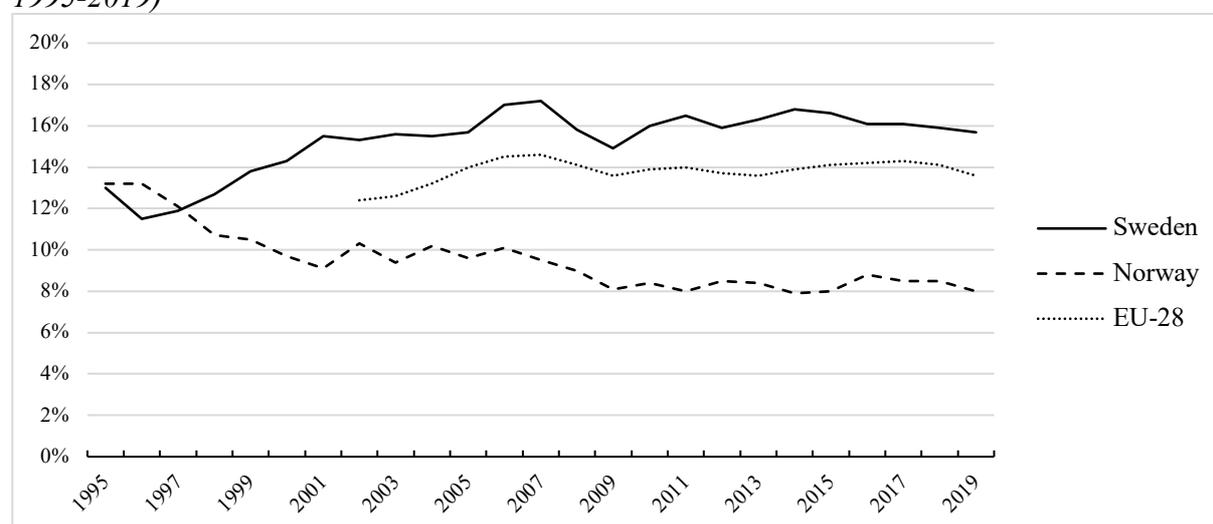
Source: OECD (2020b)

argue that temporary contracts are a stepping-stone to permanent employment.<sup>19</sup> A legal amendment in 2007 gave employers general access to temporary employment, meaning that they do not have to prove any extra-ordinary need before employing temporarily. Employees can be employed in a firm for up to two years total within a frame period of five years (Calmfors et al., 2017: 75). In order to prevent employer abuse of this general access, a complementary rule was amended to the Employment Protection Act in 2016: If less than six months have passed between two employment periods, they shall be considered a continuation of the same employment relation.

<sup>19</sup> See SN and LO-S (2016) for considerations on temporary employment from the parties.

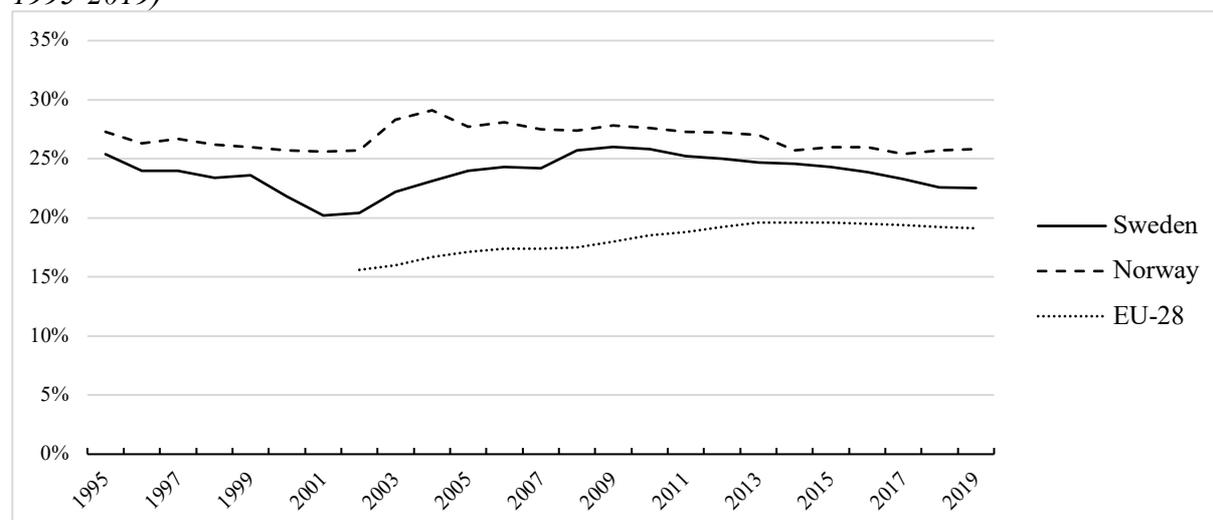
The share of employees on a temporary contract remains higher than the European average and is now almost twice as high as in Norway (see figure 5.6). As Calmfors et al. point out, the young, foreign-born, and those with low education and proficiency levels are overrepresented in part-time employment (2017: 86ff). Particularly young people (aged 15-24) are overrepresented, with temporary employment fluctuating between ca. 55-65% of all employees in that age group in 2006-2015 (2017: 89, figure 3.4(b)). Calmfors et al. (2017: 96) further argue that low wage dispersion and high wage-floors in Sweden can promote employers' use of temporary contracts for employees they consider 'wild cards', as a compensation for not being able to adjust wages downwards.

**Figure 5.6:** *Temporary employees as percentage of total number of employees (age 15-64, 1995-2019)*



Source: Eurostat (2020b)

**Figure 5.7:** *Part-time employees as percentage of total number of employees (age 15-64, 1995-2019)*



Source: Eurostat(2020a)

Prevalence of part-time employment must be evaluated in connection to development in temporary employment. As Skedinger (2018: 436) observes, there is a weak correlation between them, and “[p]art-time employment decreased in tandem with the increase in fixed-term employment up to the early noughties and has since then remained at a stable level of around 20%”. Up until 2001 the prevalence of part-time work decreased while temporary employment increased. In the following period part-time work has increased again, remaining fairly stable and decreasing slightly in the period after 2010 (figure 5.7). Temporary employment levels remained fairly stable from 2001-2019 (figure 5.6).

### 5.2.2. Norway

As figure 5.1 indicates, Norway has comparatively low union density,<sup>20</sup> but with a gentler drop than in Sweden. LO-N remains the undisputed largest union confederation, although other confederations’ influence is now reflected in the tripartite infrastructure discussed in 5.3.2 (see table 5.4). LO-N retains a privileged coordinating role, i.a. through serving on different decision-making bodies and co-creating the *frontfag* benchmark. This mirrors developments on the employer side, where NHO remains dominant in private sector organising. Nevertheless, NHO’s relative position has been somewhat weakened, not only numerically but also institutionally (see figure 5.2 and table 5.4). The Confederation of Norwegian Enterprise (*Virke*) organises mainly retail and service industries, while *Spekter* primarily organises firms that are partially or formerly publicly owned. *Virke* and *Spekter*, together with the municipal sector Norwegian Association of Local and Regional Authorities (KS) was included in tripartite corporative organs and incomes policy cooperation in the late 1990s and early 2000s. Still, NHO membership has increased in absolute numbers and in contrast to the unionisation rate, employer organisation in total is on the rise.<sup>21</sup>

The increasing number of private sector employees working in organised firms has not been followed by parallel developments in CA coverage (figure 5.3). In fact, labour force surveys (LFSs) indicate that CA coverage has dropped, although register data show a gentler

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<sup>20</sup> This can partly be explained by Norway not having a Ghent-system of unemployment insurance (Dølvik and Vartiainen, 2002: 75).

<sup>21</sup> Although some of this increase must be attributed to changing routines for producing numbers and estimates probably being somewhat exaggerated due to methodological errors of the statistics (e.g. certain employees working multiple jobs being counted more than once) (Nergaard, 2020: 17-18).

decline, with 52% of private sector employees covered in 2001 and 49% in 2013 (Nergaard, 2018a: 32, table 3.6). However one chooses to measure, CA coverage in Norway is significantly lower than in Sweden. Some employers join associations without joining/establishing a CA. Nergaard shows that this has particularly been the case for employers joining *Virke* (2020: 23, figure 4.1). As in Sweden, all public and municipal sector employees have some sort of CA. Rules regulating when private sector employees can demand establishment of CAs varies, but in the NHO/LO-N area 10% of employees in a workplace must be a union member if the firm has more than 25 employees (Alsos and Nergaard, 2015: 48). As of 2017, private sector coverage is lower in services (51%) than production (56%), although this gap has shrunk from 13 to only 5 percentage points since 1998 (Nergaard, 2020: 21, table 4.2). The low coverage rate raises concern over increasing divergence between regulated and unregulated parts of the labour market, a dualisation that in the long run could influence wage formation in ways undermining the current model's coordination ability (Stokke et al., 2013: 235). I return to this problematic when considering issues related to temporary agency work regulation and statutory extensions of CA terms in section 5.4.2.

Unfortunately for my comparative ambitions, and contrary to Sweden, detailed statistics on agreement models and pay-systems are not published in Norway. However, Nergaard et al. (2016) discuss which pay-systems dominate different areas of the labour market, without quantifying prevalence (table 5.3). The growth of 'figureless agreements' has been noted as a novel trend by scholars of Swedish IR. In Norway, a majority of white-collars in the private sector have always had such individual pay agreements (Alsos and Nergaard, 2018: 11). In the public sector, the white-collar Federation of Norwegian Professional Associations (*Akademikerne*) has throughout the 2000s pushed for increased local and individual wage formation, and "in the 2016 wage settlement, the government agreed with *Akademikerne* [...] to start a process of decentralization. The three other confederations strongly opposed this agreement" (Hansen and Seip, 2018: 78). *Akademikerne* supports the *frontfag* norm, but stresses that it should function as a flexible guideline, and neither as a floor nor ceiling on other sectors' wage results (NOU 2020: 8: 124). Growing discrepancy in pay-setting strategies between *Akademikerne* and the other union confederations, together with employer dissatisfaction with the degree of centralisation in public sector bargaining, could possibly enable stronger strategic alliances of groups seeking to decentralise wage bargaining further in the future (Stokke et al., 2013: 236).

**Table 5.3: Different pay-systems in Norwegian collective agreements**

<i>Pay system</i>	<i>Private sector</i>	<i>Public sector</i>
<b>Agreement with specified minimum wage (<i>minstelønn</i>):</b>	Common in manufacturing and construction	Municipal sector (KS)
<b>Agreements with fixed wage specifications (<i>normallønn</i>):</b>	Parts of transport, cleaning, security and electric industries	
<b>Blue-collar agreements without specified wage rates ('figureless agreements'):</b>	Not in use	
<b>White-collar agreements with specified wage rates:</b>	Standard agreement (LO-N/HK and NHO); LO-N and YS agreements in aviation, media and petroleum; Minimum and wage guarantee specifications	
<b>White-collar agreements without specified wage rates:</b>	Dominant agreement type for white-collars except LO-N	Leaders and academic professions in KS-area
<b>Agreements based on wage regulative (<i>lønnsregulativ</i>):</b>	Used in corporations with previous public ownership or with public sector ties	The state and Municipality of Oslo

**Adopted from:** Nergaard et al. (2016: 46, table 4.2)

Lastly, I look at forms of employment in the 2000s, with particular attention to development in non-standard employment. Norwegian labour market participation is high, but since 2010 it is lower than in Sweden (figure 5.4). Unemployment rose after the 2008 crisis, and then again after 2014 in the oil crisis, but remains quite stable and comparatively very low (figure 5.5).

As in Sweden, the norm in the Norwegian labour market is permanent full-time employment. Temporary employment has remained stable after 2000. Norwegian regulations of temporary employment were for a long time the strictest in Scandinavia (Calmfors et al., 2017). In 2015, the Conservative government revised the Working Environment Act, granting employers a general right to utilise temporary employment for up to one year without the need for justification (Nergaard 2018b: 15). However, as figure 5.6 displays, this has not yet resulted in any noticeable increase in temporary employment prevalence approaching Swedish levels. In an interview study covering several sectors, Øistad et al. (2019) find that a number of factors plausibly contribute to this stability: Employers felt they had enough flexibility within the

limits of the pre-2015 legal framework; strict conditions/sanctions and strong opposition among unions, politicians and experts made the option unattractive to employers; and cyclical economic conditions contributed to weaker labour demand after the reform than in Sweden.

Svalund and Berglund (2018) compare Swedish and Norwegian fixed-term employment, and “combine the Labour Force Surveys (LFS) for the period 2000–2008 with detailed register data about employment and income components 2 years before and 5 years after LFS participation” (2018: 263), i.e. before Norwegian liberalisation. They find that temporary employees in both countries had significantly higher risk for being long-term marginalised (i.e. low income, unemployed, receiving social benefits) compared to permanent employees, but lower risk than unemployed. In addition, they find that Swedish temporary employees in this period had significantly higher risk for being unemployed five years after temporary employment than Norwegian temporaries (Svalund and Berglund 2018: 269, table 1). Part-time employment is somewhat higher in Norway than in Sweden. If one applies the argument of Calmfors et al. (2017) and Skedinger (2018) laid out for Swedish part-time above, there might exist some connection between the lower temporary employment numbers in Norway on the one hand, and higher part-time work on the other.

### **5.3. Corporatist institutions, mediation and state-intervention**

In this subchapter, I look at organs and institutions that play a supplementary role in the stability and functioning of IR complexes and bargaining models. This includes advisory organs, statistics bodies and mediation institutions. Although IR regulation in Sweden and Norway is mainly regulated through CAs and autonomous bargaining by the labour market parties, a range of institutions outside CAs are important to coordination and stability of the bargaining models. Some of these also tie the labour market parties to the state, although this varies much between the countries. As noted in the introduction, Katzenstein (1985) argued that small, open economies tend to develop ‘democratic corporatist’ governance structures in response to fluctuations in international markets. In chapter 4, I outlined how labour market parties’ concertation with the state was crucial in establishing encompassing social programs and stable IR that could serve as a buffer from external volatilities.

In a comparative perspective, Sweden and Norway are still encompassing social-democratic welfare states in Esping-Andersen's famous typology (1990).<sup>22</sup> As such, there is a large role for the state and public sector in both economy and society. Nevertheless, Sweden and Norway followed very different trajectories with regard to state-intervention and corporatist regulation of IR in the 20<sup>th</sup> century, as chapter 4 outlined. The Swedish state largely left IR regulation to the parties themselves, before social-democrats (in tandem with LO-S) intervened heavily in the 1970s. This prompted organised employers' exit from the post-war bargaining order. Norway was characterised by heavier state and legal involvement in IR regulation throughout most of the 20<sup>th</sup> century, but with a much gentler departure from the 'historic compromise' in IR regulation the 1970s. Consequently, many features of tripartite concertation and capacity for state regulation and legal intervention in IR survived into the 21<sup>st</sup> century.

### 5.3.1. Sweden

'Voluntary' incomes policies are seen a virtue of Swedish IR, and "[s]ocial scientists consider the absence of compulsory (legislative) incomes policy as a unique Swedish feature even in a Nordic perspective" (Erixon, 2011: 227). Further, following the 'employer offensive' against centralised bargaining in the 1980s, Swedish IR have become 'de-corporatised' (Berglund and Esser, 2014: 57). Labour market parties are therefore seldom represented in state-affiliated and corporatist organs.

As seen, labour market parties were able to regain initiative and eventually evade heavy state regulation when coordination broke down in the 1990s. Nevertheless, while tripartism and formal corporatism is weak, the state still provides infrastructure contributing to IR stability. Decentralisation to sectoral, rather than peak-level, bargaining under the IA-S generated a need for stabilising institutions providing both information and dispute resolution mechanisms. Most prominent is the National Mediation Office, established in 2000. While there is still no compulsory *arbitration*, NMO-appointed mediators can impose compulsory *mediation* for parties that do not have their own negotiation agreements (Ibsen, 2016). This includes a mandatory 'cooling-off' period before industrial action is allowed. Also, "[t]he new objective for NMO was explicitly stated by law to 'ensure sound wage developments' by

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<sup>22</sup> Although some authors argue that serious erosion is occurring (e.g. Therborn, 2018; Wahl, 2011).

bringing wage developments in line with the exposed industry” (2016: 297). Ibsen (2016) argues that comprehensive institutional procedures of the IA-S and NMO-mediators in and of themselves produce powerful institutional dynamics that can prevent actors from defecting from pattern-bargaining, even when it is in their material interest to do so.

In Sweden, there is no unitary and corporatist calculation body for wage statistics under the auspices of the state parallel to Norway’s TBU. The creation and maintenance of consensus on economic realities is pursued through various other means. NMO produces wage statistics, and the National Institute of Economic Research (*Konjunkturinstitutet*, NIER) provides reports on wage formation ahead of bargaining (Nergaard et al., 2016: 55; see also Mjøset, 2011: 404-7). NIER is an expert institution under the authority of the Finance Department and has no representation from the labour market parties. Some tasks related to assessing the economic situation that in Norway are done by TBU, are in Sweden done by an independent Council for Industry (*Industrins Ekonomiska Råd*). This is an internal institution to the IA-S signatory parties and consists of four independent academic economists appointed by the IA-S’s Industry Committee (*Industrirådet*). Although the Council for Industry does not specify a figure for increases, Baccaro and Howell (2017: 155) argue that it nevertheless provides strong technocratic guidance in establishing the wage-norm.

In addition to these institutions, cautious attempts at tripartite economic cooperation were formed on the basis of experiences from the tumultuous bargaining rounds following the 2009 crisis agreement. The government implemented a program of state-financed support for manufacturing enterprises’ short-time scheme work along the lines of the German *Kurzarbeit* programme in 2014. This programme is to be activated in the event of an economic crisis: “Redressing the institutional disadvantage of Swedish manufacturing employers compared to most of their European competitors in retaining company-specific skills and competitiveness during a crisis, this instance of tripartite change was a novelty in Sweden” (Müller et al., 2018: 365).

### **5.3.2. Norway**

A tightknit corporatist infrastructure has remained a Norwegian IR feature in the 2000s, and is largely composed of advisory as well as ruling organs with parties’ representation (see table 5.4). Traditionally, NHO and LO-N were the only peak-organisations represented in such organs. As Solidarity Alternative guidelines for incomes policy eroded towards the end of the

**Table 5.4:** *Selected tripartite corporatist institutions in Norwegian industrial relations*

<i>Tripartite institution</i>	<i>Primary function</i>	<i>Current members</i>
<b>Contact Committee (Regjeringens kontaktutvalg for inntektsoppgjørene):</b>	Informal discussion between parties and government ahead of bargaining rounds; Channel for communication between parties and government	<b>Unions:</b> LO-N; YS; <i>Unio</i> ; <i>Akademikerne</i> <b>Employer associations:</b> NHO; <i>Virke</i> ; <i>Spekter</i> ; KS <b>State, government and legal institutions:</b> Prime minister; Varying other ministers and government representatives <b>Other organisation/representatives:</b> Norwegian Agrarian Association; Norwegian Farmers and Smallholders Union; Norwegian Fishermen's Association
<b>National Wages Board (Rikslønnsnemnda):</b>	Voluntary arbitration (on initiative from involved parties); Compulsory arbitration (on initiative from parliament motion)	<b>Unions:</b> LO-N <b>Employer associations:</b> NHO <b>State, government and legal institutions:</b> Court judge; Ministry of Local Government and Modernisation <b>Other organisation/representatives:</b> One party representative each of dispute in question; Social-economic academic expertise; Law academic expertise
<b>TBU (Det tekniske beregningsutvalget for inntektsoppgjørene):</b>	Produce price prognoses and analyse wage statistics; Promote statistics transparency and common outlook on economic situation ahead of bargaining rounds	<b>Unions:</b> LO-N; YS; <i>Unio</i> ; <i>Akademikerne</i> <b>Employer associations:</b> NHO; <i>Virke</i> ; <i>Spekter</i> ; KS <b>State, government and legal institutions:</b> SSB; Ministry of Finance; Ministry of Labour and Social Affairs; Ministry of Local Government and Modernisation
<b>Tariff Board (Tariffnemnda):</b>	Process petitions to compulsorily extend terms of CAs to entire agreement areas	<b>Unions:</b> LO-N <b>Employer associations:</b> NHO <b>State, government and legal institutions:</b> Court judge <b>Other organisation/representatives:</b> Social-economic academic expertise; Law academic expertise
<b>Commissions and reports on incomes policy (e.g. 'Holden' NOUs):</b>	Evaluate tripartite incomes policy results and connection to economic policy and performance; Suggest revisions in bargaining procedures and incomes policy	<b>Unions:</b> LO-N; YS; <i>Unio</i> ; <i>Akademikerne</i> <b>Employer associations:</b> NHO; <i>Virke</i> ; <i>Spekter</i> ; KS <b>State, government and legal institutions:</b> SSB; Ministry of Finance; Ministry of Labour and Social Affairs <b>Other organisation/representatives:</b> Social-economic academic expertise

Sources: (Arbeids- og sosialdepartementet, 2017a, 2017b, 2018a, 2018b; NOU 2013: 3)

1990s, it was considered necessary to widen representation to maintain corporatist legitimacy (Cappelen, 2018: 10). Nevertheless, as table 5.4 indicates, NHO and LO-N retain institutional primacy even in the era of corporatist plurality, with wider representation (and often also numerically greater representation, i.a. in the TBU) than other associations. Moreover, a novel feature of intervention is the Tariff Board, which can extend basic terms of CAs, in order to combat social dumping following the large influx of Central- and Eastern-European workers in the Norwegian labour market in the 2000s. I deal more thoroughly with extensions and the employer disputes it has generated in section 5.4.2.

The Technical Calculation Committee (TBU), under the authority of Statistics Norway (*Statistisk Sentralbyrå*, SSB), retains its prominent role in coordination. TBU “includes experts, administrators and representatives of the labour market parties. Agreement is reached round the experts’ calculations (on the basis of varieties of the Scandinavian inflation model) of the ‘wage corridor’ as limiting the scope for wage increases” (Mjøset and Cappelen, 2011: 171; see also Thomassen and Øksendal, 2017). TBU is tasked with assessing the economic situation, and to coordinate the parties’ expectations of inflation in the form of a consumer price index growth forecast. This is an important basis for wage demands (Holden, 2019: 5; see also Bjørnstad and Nymoene, 2015). In addition, TBU collects and produces statistics *post-bargaining*, monitoring the relationship between estimated and actual wage growth. All the major employer and union confederations are represented here, and TBU thus delivers important normative and legitimising inputs to coordination. These inputs stem both from expert/technocrat knowledge and, according to one of HNO’s TBU representatives, Lødemel, in creating transparency between organisations and a common outlook on economic realities ahead of bargaining.

Norway’s mediator (*Riksmekleren*) is appointed by the state and is formally independent from both the parties and the state. In contrast to Sweden’s mediator, the mandate of the Norwegian mediator is only to preserve industrial peace, and no formal rules command the mediator to promote ‘economically sustainable’ results. However, in reality it is difficult to achieve results that deviates substantially from the number produced by the *frontfag* through mediation, just like Sweden’s mediator doesn’t present results that deviate from *märket* (Nergaard et al., 2016: 44, see also Dalseide, 2016)

Discussion regarding parties’ representation in different organs occur, and may point to alternative routes or strategies by certain actors to make the manufacturing-norm more flexible. In the autumn of 2019, the organisations discussed who should be represented in the

National Wages Board, an organ that rules in arbitration.<sup>23</sup> According to NHO's Lødemel, *Unio* and the nurses argued that NHO and LO-N should not be represented here, but this was opposed by NHO:

NHO and LO-N are represented to highlight the *frontfag* in the National Wages Board, and it would be kind of odd if the board didn't get first-hand inputs from the *frontfag*. If the board frequently ends up with results that are totally different from the norm, then of course everyone would want to get their case presented there, and not achieve results through bargaining or mediation.

#### **5.4. Industrial relations in the era of European integration**

Integration into the European single market has created new (and exacerbated existing) IR challenges. Dølvik et al. (2018) identify three intra-European drivers of change in wage regulation in Northern European countries following single market entry: *south-north contagion*, whereby northern countries must engage in cost competition with southern producers with lower labour costs and enhanced post-crisis flexibility; *north-north competition* between northern countries operating in the same product-market of advanced, high-value added goods, where changes in one countries' costs (including wage regulation) could prompt change in other northern countries; and *east-north destabilisation* following EU's 2004 eastern enlargement, with an eastward flow of production investment and labour and services in the opposite direction.

The above-mentioned article is the introductory article to a special issue of *European Journal of Industrial Relations* where authors map developments in wage-floor regulation in different sectors across Northern European countries. Appendix F summarises main developments in four sectors authors in this issue consider to be affected in different ways by north-north and east-north drivers of change. South-north contagion is considered to be of limited direct influence on bargaining systems and wage regulation. All articles include case treatment of Norway, but not always Sweden. Where articles do not include Sweden (construction and industrial cleaning), I utilise other articles covering Swedish developments. While these intensified *competitive* pressures have prompted changes in national IR regulation, EU and EEA membership in Sweden and Norway has also spurred *regulative* pressures and

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<sup>23</sup> See Seip (2013) for a review of compulsory arbitration in the 1990-2012 period.

conflict between national and European levels of labour market regulation. In some cases, these have turned out to be incongruent with each other, resulting in conflicts.

#### 5.4.1. Sweden

Sweden became an EU member in 1995, but the country is still able to run its own monetary policies, as it has not joined the Eurozone (Kjellberg, 2019b: 583). As Appendix F indicates, strains on bargaining and wage regulation has been less severe than in Norway. Sweden has received fewer migrant workers than Norway following the 2004 EU eastern enlargement, and autonomous labour market parties have largely managed to respond to changes in competitive pressures in ways compatible with the existing national IR framework.

However, one particular conflict became emblematic of Swedish IR tensions spurred by EU membership: In 2004, Swedish unions initiated a blockade against a construction site where the Latvian company *Laval un Partneri* posted Latvian workers covered by a Latvian CA. The LO-S-affiliated Swedish Building Workers' Union (*Byggnads*) demanded that *Laval* joined an existing *Swedish* CA. *Laval* rejected this demand, pointing to the *Latvian* agreement already in place (Sjöberg, 2015: 73). The dispute was made possible by the fact that EU rules stipulate that temporary posted workers be paid statutory minimum wages (or extended minimum wages in CAs). However, such minimum wages contradict a core principle of labour market parties' autonomy in the *Saltsjöbaden* agreement (Erixon, 2011: 301), where sectoral wage-floors are regulated through collective bargaining and minimum agreements. The European Court of Justice (ECJ) ruled that *Byggnads*' actions violated EU rules for posted workers, specifically rules concerning discrimination on the grounds on nationality and freedom of movement of goods/services within EU (Sjöberg, 2015: 73). The verdict thus effectively privileged the right of free movement over that of industrial action (Dølvik and Visser, 2009: 492). This gave rise to the so-called *Lex Laval*, stating that unions could not initiate industrial action to secure CAs with a foreign company, if that company could prove their employees already received minimum provisions from a CA in the posting country. Unions complained that this was impossible to confirm, and that they in practice could not take action even if it turned out that an employer actually provided provisions of lesser quality (Nordic Labour Journal, 2017).

In 2017, however, the Swedish parliament repealed *Lex Laval*. Unions could again take action to secure Swedish CAs with national minimum terms, regardless of employee CA and

terms in the positing country. Industrial action to secure more comprehensive non-wage terms is nevertheless still illegal, in accordance with the EU Posted Workers Directive (Arbetet, 2017). Expectedly, LO-S favoured the repeal and saw it as contributing to maintenance of the Swedish IR model. In contrast, SN “expressed concerns that fewer foreign enterprises would choose to operate in Sweden, leading to reduced competition” (Danielsson and Gustafsson, 2017). SN had provided financial and legal support to *Laval*, applauded by the engineering employers in TF, who wanted to see even further restrictions on industrial action against foreign firms. The employers were “arguing that the freedom to hire international subcontractors on lower wages is one of the major advantages of the single market” (Müller et al., 2018: 367). However, employer unity was shattered, as the Swedish Construction Federation (*Sveriges Byggindustrier*, BI) signalled a change in stance, from opposition to cautious support for the repeal. Vice chair of BI, Mats Åkerlind, explained that BI had recently come to terms with *Byggnads* on minimum wages and interpretation of the sectoral CA. Therefore, BI saw the repeal as “an opportunity for better transparency and improved chances of skills supply” (Byggindustrin, 2017; Danielsson and Gustafsson, 2017).

In the aftermath of the *Laval* case, the engineering employers have called for introduction of statutory minimum wages in order to enjoy freer access to services (Dølvik and Marginson, 2018b: 421). Nevertheless, there is still overwhelming opposition to such a drastic move, which peak-level organisations on both sides see as detrimental to core elements of the Swedish bargaining model (DN Debatt, 2019). In contrast to Norway’s General Application Act, Sweden does not have an extension mechanism that can make minimum terms in CAs applicable to all employees in a sector by law. The leading employer organisation in the transport sector (*Transportgruppen*) opened up a joint initiative with their union counterpart to examine the possibility of an extension mechanism (Transportarbetaren, 2014). In general, however, Swedish employers has “remained strictly opposed to state intervention in wage determination” (Dølvik and Marginson, 2018b: 413).

#### **5.4.2. Norway**

Norwegian political authorities have twice sought EU membership, but not gained the popular mandate in referenda considered necessary to legitimise membership. However, by joining the European Economic Area (EEA) in 1994, Norway became integrated into the single market and its adjoining legal framework (exempting fishing and agriculture). The primary

development affecting IR in the 2000s and 2010s has been the large influx of Eastern-European labour. While posing possibilities of profits through cheap and flexible labour, labour immigration has also intensified conflicts between labour and capital, as well as infighting among the parties. This has had destabilising effects on the national IR complex and bargaining model. According to Jørgen Leegaard, representative of the Federation of Norwegian Construction Employers (*Byggenæringens Landsforening*, BNL) EU's 2004 eastern enlargement is the major watershed for transformation of the Norwegian labour market and IR the last decades: "Above everything else. Nearly everything we've since worked with is related to it: Problems of hiring and temporary agencies, social dumping, criminal networks".

In contrast to Sweden, Norway established a legal mechanism to deal explicitly with problems of integrating foreign labour power and regulating their wage-floors. In 1994, before joining EEA – and to the dismay of employers (Dølvik and Marginson, 2018b: 420) – Norway enacted a General Application Act. Its mandate was to "ensure foreign employees terms of wages and employment which are equivalent to those of Norwegian employees, and to prevent distortion of competition detrimental to the Norwegian labour market" (Arbeids- og sosialdepartementet, 2009: 1). This included the Tariff Board (table 5.4), tasked with processing petitions for statutory extension of CA minimum terms in sectors with low pay, high use of foreign labour and low CA coverage. After remaining dormant for many years due to unions' reluctance to use legal routes to regulate wage-floors, the first call to implement extensions in petroleum facilities on land were voiced by LO-N in 2003. The first decision to extend minimum terms for a whole sector on a national scale was made in construction in 2006 (FriFagbevegelse, 2015).

Extensions were tolerated by employers in construction and agriculture, but "the 2008 extension in shipyards met fierce employer opposition" (Dølvik and Marginson, 2018b: 420). This led to an internal conflict in NHO where incongruity between European rules and Norwegian state-intervention in IR enabled the conflict. At the heart of the matter was the inclusion of travel, board and lodging (TBL) costs in extended terms for posted workers. This was unacceptable for the exposed metalworking employers in NI, whose members in shipyards hired posted workers, especially during peak seasons. Seeking to block the extension of TBL coverage in extended terms for posted workers, NHO and NI initiated a court case against the government and unions for breach of EU/EEA law and Posted Workers Directive rules. Against NHO and NI, the NHO-affiliated BNL opposed the move to block TBL coverage, as the construction sector would also be affected by the case's verdict. BNL deemed compulsory extension of TBL coverage to all employees in construction vital for their members' ability to

compete on equal terms in construction. This was because construction is a ‘traveling industry’ and is marred by problems heightened by the EU enlargement. Problems includes high employee turnover, atypical forms of employment and subcontracting, social dumping and unlawful practices such as payback of wages when posted workers returned to their home-countries (Riksrevisjonen, 2016).

According to BNL’s Leegaard, the TBL case was the most difficult internal NHO issue in many years. BNL were not particularly happy about NI and NHO’s decision to legally pursue the TBL extension all the way to the EFTA Surveillance Authority (ESA): “Suddenly we were pulled into a case which we didn’t have anything to do with”. That NHO centrally chose to pursue the case in joint with NI created “a lot of disagreement in the NHO house”, according to Leegaard. When the Norwegian supreme court verdict was appealed to ESA, NHO and the sectoral federations did not manage to produce a joint statement to a government letter addressed to ESA. This disunity was publicly commented (FriFagbevegelse, 2017). On question of how NHO decided on its position to support NI, BNL’s Leegaard answers that “it’s because [NI] is the largest sectoral federation” and that “historically, manufacturing has constituted the core of the NHO community”.

In 2018, a revision was made in the Posted Workers Directive, and at the same time ESA concluded that the Norwegian Tariff Board had made sufficient changes to its motion. The case was dropped. The practice became that home country rules apply, and that only travels conducted domestically, within Norwegian borders, are subject to extended TBL coverage (Eilertsen, 2019; NHO, 2018). ESA has recently opened another review of Norwegian practices in labour market regulation. This time ESA is evaluating if municipal construction rules, which includes an upper limit on two chain links of subcontractors in public tendering, is in conflict with Norway’s EEA obligations (Klassekampen, 2020).

In many ways the TBL case ran along a classical sheltered/exposed sector axis, at least according to NI representative Tore Sellæg. When asked why he thinks the TBL case became so delicate and troublesome, he answers the following:

Many of our firms are ‘footloose’, meaning that they could be located anywhere. And that’s especially true within shipping and offshore, where competition with low-cost countries is merciless. As such, you’re forced to cut in every area you can. [...] It’s obvious that parts of the construction sector aren’t as exposed to international competition as our member-firms. It’s possible that some of them think it’s OK if things become a bit more expensive. Obviously, they’ll have to answer this themselves, but at least it’s conceivable that a firm which operates solely in the home-market doesn’t have as big an issue with wage increases as we do.

BNL's Leegaard objects any clear-cut exposed/sheltered dynamic where home-market businesses can pass on costs to home-market consumers, at least in the era after the EU enlargement:

I think that's mostly incorrect. On the contrary, many believe that the large inflow of labour power from Europe – who can work for minimum wage, significantly less than what a majority pay – has made wage increases in construction lower than it would otherwise have been. Simply because if there had actually existed a pure home-market, the wage pressures would be even greater than they already are. There is a shortage of labour and many tasks to fill. And that results in wage or price increases. I don't think our firms experience a reality where they can just pass on costs. [...] They don't experience that there are any areas where they can get any extras. On the contrary, you have to be very frugal to make it.

As of today, minimum terms are extended in nine areas: Passenger transport by tour bus; construction; electrical work; fish industries; agriculture; hotels, restaurants and catering; cleaning; shipyards; and road transport of goods (Tariffnemnda, 2020). The precise extent as a percentage of employees is unknown, but Dølvik and Marginson (2018b: 423) tentatively estimate that around 10% of Norwegian minimum wage determination is governed by extended terms. According to Petter Furulund, former head of the Norwegian Federation of Service Industries and Retail Trade (*NHO Service og Handel*, NHOSH), there has been opposition to extensions both within unions and employer federations. Furulund headed a sectoral federation where many employers actually wished to see extensions and take wages out of competition. Furulund stated that “the board's decision marked a happy day for all those fighting for better conditions in the cleaning industry” (Alsos, 2011), when terms were extended in the cleaning sector. Although Furulund says some sporadic employers have begun flirting with the idea of a national minimum wage to combat bad reputation due to instances of social dumping, the general climate among employers is that extensions are a better solution. Nevertheless, he argues that extension represents a weakening of CA regulation of wages and working conditions, not least when providing services:

Previously, customers who were a bit serious demanded that [the service provider] had a CA. But now everyone is flagging “we pay according to law” etc. And that implies significantly lower wages. The customer says “sure, you follow the law, it's extended, so that's OK”. In that sense, you now get a comparative advantage by following the law in pay-setting instead of CAs.

Another case of employer strife that surfaced to public attention, and that illustrates contrasts in Swedish and Norwegian labour market regulation in the EU era, is the handling of

temporary agency work (TAW). There was a general ban on temporary agency hiring in Sweden and Norway until 1993 and 2000, respectively. The Swedish parties concluded separate CAs for the TAW sector even before liberalisation (1988 for white-collars and 2000 for blue collars), where employees were entitled to pay between assignments and a guaranteed wage based on average-earnings from the last three months. Thus, Alsos and Evans argue, “the Swedish TAW industry demonstrates coherence with the national model” (2018: 396). In a typical Swedish fashion, the parties dodged government regulation, “with agencies and hiring employers accepting the ‘beneficial constraints’ of extending the extant institutional framework and the unions softening their opposition to TAW” (2018: 402).

The Norwegian experience of TAW regulation, by contrast, has been more tumultuous and disorganised. After first being affiliated with *Virke*’s predecessor HSH, the agency employers switched to NHOSH in 1998. This was a strategy by agency employers to avoid a recently established agreement that included equal treatment provisions, struck between HSH and the Norwegian Union of Commerce and Office Employees (*Handel og Kontor*, HK). EU’s eastern enlargement, and subsequently transitional measures to the 2008 EU TAW Directive, “made posting (including via TAWs) with no minimum wage regulation more attractive for hiring firms than regular labour migrants entitled to full-time jobs and collectively agreed pay” (Alsos and Evans, 2018: 398). Expansion was particularly rapid in construction and shipbuilding.

The 2008 EU TAW Directive “established an equal treatment principle alongside mechanisms for derogation, whereby workers on permanent contracts with [pay between assignments] can be exempted from the equal treatment principle on pay” (Alsos and Evans 2018: 400). This posed new challenges to the Norwegian TAW sector, with minimal bargaining coverage and no equal treatment principle. To address the coming changes, LO-N and NHOSH signed a 2010 interim agreement “stipulating that wages must be based on the relevant hiring industry collective agreement” (2018: 400). They also signalled their intention to draw up a comprehensive post-implementation agreement. However, this process was arrested in 2012, when NI and *Fellesforbundet* (bargaining before other sectors through the IA-N) amended their agreements to include TAW hired employees, with subsequent sectors following suit. The interim agreement was terminated, and NI

gained control of the cost level for their hiring industry members, consequently blocking NHO Service from entering into agreements for TAW industry members. The decision of NHO Service to avoid collective bargaining in the formative phase had thus backfired. (Alsos and Evans 2018: 401)

Commenting the decision of NI and *Fellesforbundet* at the time, NHOSH's Furulund called it "very unfortunate and for me quite incomprehensible" (NRK 2012). Furulund complained that it broke with premises that NHO and LO-N together should establish a common CA for TAW, adapted to this sector's particularities (NRK, 2012, my translation). Instead, he feared that every CA area would now include its own determinations on TAW, implying "loads of practical problems" (NRK, 2012, my translation). In aftermath, when interviewed, Furulund says that this non-institutionalisation of the TAW sector was a willed development from Norwegian employers. He cites that "colleagues on the employer side in Sweden say that [multi-sector CAs for the TAW industry] has been incredibly difficult to manage" and that such an institutionalisation "was never something NHOSH wanted. We were recommended by the Swedes not to".

The 2015 amendments to the Working Environment Act granted employers general access to temporary hire of employees in a period of up to 12 months, also affecting agencies' practices (Øistad et al., 2019: 124: see also 5.2.2). In addition, a regulation amendment the same year allowed agencies bound by a CA signed by nationwide organisations to derogate from equal treatment principles (Alsos and Evans, 2018: 401; Arbeids- og sosialdepartementet, 2015). In 2018, however, new rules for hiring were decided, effectively banning 'zero hours' contracts and only allowing firms with nationwide CAs access to TAW hire.<sup>24</sup> This legislative move by parliament was secured by the defection of the Christian Democratic Party, and was labelled as the government's hitherto biggest defeat by the Conservative prime minister Solberg (NRK, 2018). All in all, in the absence of initiative and ability of the labour market parties to establish frameworks coherent with the national model, TAW regulation has become subject to the oscillations of parliamentary politics.

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<sup>24</sup> As of yet, the new rules (effective from 01.01.2019) seem to have a modest effect on the volume of TAW employment. Statistics show that TAW employment has decreased somewhat in 2019 compared to 2018, but are still higher than in the period 2013-7 (SSB, 2020b).

## 6. Comparative analysis and conclusion

In chapter 4 and 5, I developed an extensive oversight over the cases by mapping IR complexes and bargaining model properties in Sweden and Norway. In this last chapter, I evaluate these properties in conjuncture with the conceptual framework developed in chapter 3. This constitutes a comparative analysis of Swedish and Norwegian IR and bargaining models, whereby I address my research questions:

1. Are Swedish and Norwegian industrial relations and collective bargaining models displaying converging or diverging trajectories in the two first decades of the 21<sup>st</sup> century?
2. What roles have organised employers in different sectors played in industrial relations and bargaining model change in Sweden and Norway since 2000, and can properties in the countries' organised actors explain outcomes in IR and bargaining model change?
3. Does change in one or both countries' industrial relations and bargaining models conform to a description of 'neoliberal' transformations or trajectories in industrial relations, or is this concept unfit to describe the overall trajectory of Swedish and/or Norwegian industrial relations and bargaining models since 2000?

### 6.1. Divergence or convergence in Swedish and Norwegian industrial relations and bargaining models

I address the first research question by looking at trajectories of core features of IR and bargaining models. In both the Swedish and Norwegian bargaining model, manufacturing-leadership in intersectoral coordination has been reaffirmed. Swedish manufacturing-leadership has been strengthened in the aftermath of turbulent bargaining rounds and domestic sector groups' attempts at breaking out of *märket*-coordination. Both the 2010 and 2016 round in Sweden ended up revising and strengthening procedures in the IA-S, emphasising that manufacturing shall set the pace. In 2010, the export-manufacturing employers in TF exited the IA-S. As IA-S's largest owner, the threat of coordination breakdown in the wake of TF's withdrawal proved deterrent enough to make IA-S parties renegotiate the agreement and strengthen procedures for manufacturing-leadership.

In Norway, affirmation and calibration of the *frontfag* bargaining-norm has mainly been achieved in peak-level and tripartite concertation. Since 2013, NHO has, together with LO-N,

a direct role in producing increase estimates (*rammen*). This is based on the bargaining result in IA-N, between the NHO-affiliated NI and the LO-N-affiliated *Fellesforbundet*. Broadening of tripartite incomes policy commissions and corporatist concertation contribute to overall broad legitimacy for the model also outside NHO/LO-N, making other organisations co-responsible for incomes policy goals and bargaining procedures.

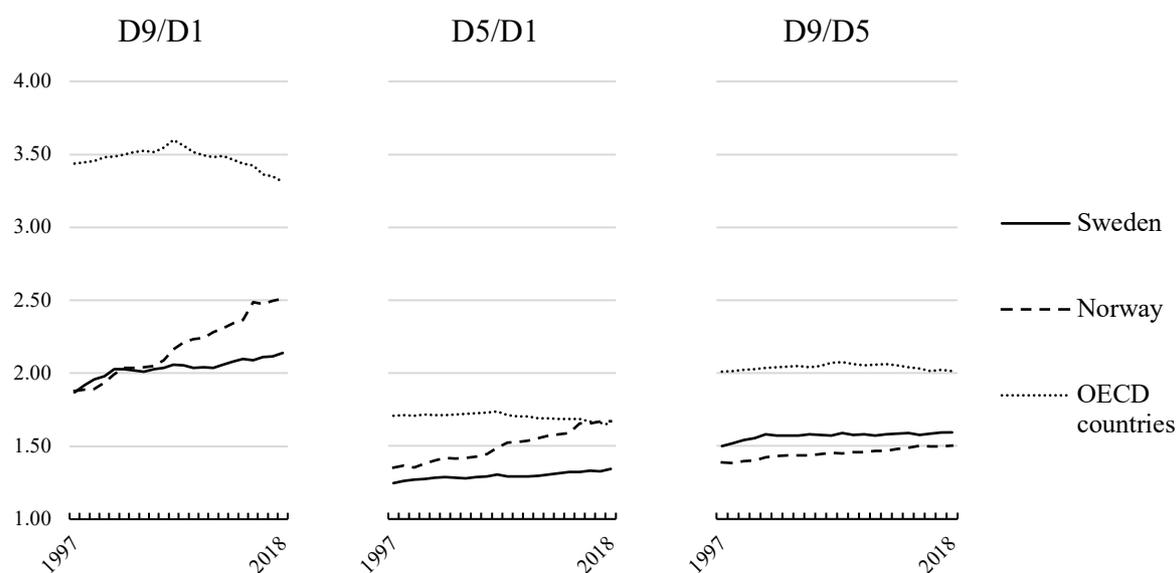
Vartiainen (2011) argues that Nordic countries are moving in converging direction in regard to state-involvement in wage setting after 2000. He claims all Nordic countries are becoming more like Sweden. Vartiainen points to the increased role for the NMO in Swedish mediation as “cautious steps towards more state involvement in wage bargaining” (2011: 346). To evaluate claims of *Nordic* convergence is outside the scope of this thesis, but from a perspective of *Swedish-Norwegian comparison* I argue that it is more accurate to say that Sweden is approximating Norway regarding state-involvement in mediation and wage bargaining. This includes enhanced roles for state-appointed mediators in the NMO, impartial chairpersons (‘OpOs’) intervening and regulating bargaining for the IA-S parties, and technocratic civil-servants in NIER influencing conceptions of preconditions for increases. However, the nature of intervention still differs: The institutionalised participatory corporatist influence and porous borders between *regulators* and *regulated* remains a distinctly Norwegian feature. As displayed in 5.3.2 and table 5.4, Norwegian labour market parties are broadly represented on both advisory and decision-making IR organs. This is in stark contrast to the ‘de-corporatised’ nature of Swedish IR and incomes policy making. While Swedish labour market parties may be more autonomous from the state, the Norwegian parties have a stronger influence on – and direct participation in – the state’s regulation of IR.

Responses to downward pressure on wages following European single market entry and increased labour migration differ in Sweden and Norway. This contributes to the impression of diverging trajectories of state-involvement in wage setting. The Norwegian state-appointed Tariff Board begun using its long-dormant extension mechanism to regulate wage-floors in the mid-2000, following a call from unions. The Swedish state never opted for such legal strategies in wage regulation. It was not sought-after by employers and unions either (until by the transport sector recently), who saw it as a threat to CA regulation. Instead, Swedish unions fought for, lost, and then regained their right to use industrial action to enforce wage terms by Swedish CAs for migrant workers.

The different approaches to wage-floor regulation can partly be explained by long-term cultural/traditional differences: Legitimacy of legal state-involvement in wage-setting has – as seen in previous chapters – historically been weaker in Sweden than in Norway. However,

three more tangible factors can also explain why Norwegian labour market parties and state were prompted to adopt extension measures while the Swedes were not: First, Norway received significantly more labour immigrants relative to population than Sweden following the 2004 eastern enlargement of EU, as economic conjunctures made labour demand higher in the 2000s, especially in construction (Arnholtz et al., 2018: 347). Second, Norwegian union density and private sector CA coverage have been radically lower than in Sweden (see figure 5.1, 5.3). This is particularly true in sectors associated with marginal employment, low pay and large inflow of foreign labour (Nergaard, 2018a: 22, table 2.11). Third, rules stipulating when unions can demand CAs are different. In Norway, in the LO-N/NHO-area, 10% local union presence is required before unions can demand a CA. In Sweden, by contrast, unions can act to enforce CAs without local union presence – although this was challenged by the ECJ in the Laval case.

**Figure 6.1:** Trends in wage inequality (1997-2018)



Source: OECD.stat (2020a)

Because many of Norway’s partly extended CAs are minimum agreements, the statutory minimum pay that many migrant workers receive are often significantly lower than what’s considered going rates in these sectors. The comparatively low CA coverage in Norway’s private sector also implies that many workers’ wages are not regulated by CAs at all. Low CA coverage, in combination with regulation of wage-floors through extensions of low-pay minimum terms, may therefore contribute to a tendency towards *dualisation* in the Norwegian labour market (see section 3.2.3 and Appendix E for a general description of ‘dualisation’). This is in contrast to a Swedish labour market characterised by very high and stable CA coverage. A look at income distribution reveals that wage inequalities are rising

much faster in Norway than in Sweden. Figure 6.1 seems to indicate that this is because the bottom is falling out, not because the top is skyrocketing. In contrast, the lowest paid in Sweden have much closer wage trajectories compared to those at the top. In a broader comparative perspective income inequality is low in both countries, but figure 6.1 displays that the gap between median and low-paid groups are now as high in Norway as the OECD average.

Table 6.1 sums up the trajectories of IR/bargaining features. Considering these properties, no *general* conclusion regarding convergence/divergence of IR can be made. There is *convergence* in the position of manufacturing as pacesetter in wage formation across cases. There is a *continued divergent pattern* of the degree and nature of state-involvement in wage-setting, especially in response to the supply-side pressure on wage-floors following European single market entry. CA coverage and organisation rates also differ (except in rising organisation rates for employers in both countries). In terms of wage dispersion outcomes, Sweden and Norway are following different trajectories in the early 21<sup>st</sup> century.

**Table 6.1:** *Trajectories of bargaining model/IR features*

	<i>Sweden</i>	<i>Norway</i>
<b>Bargaining coordination:</b>	Reaffirmation/consolidation of manufacturing-norm	Reaffirmation/consolidation of manufacturing-norm
<b>State-involvement in wage-setting/coordination:</b>	‘De-corporatised’ overall, but NMO represents some increased state-influence in mediation	Extensive corporatist infrastructure (see table 5.4); Arbitration; Mediation
<b>Measures for regulating wage-floors:</b>	No extension mechanism, Repeal of <i>Lex Laval</i> reaffirmed legality of union action to ensure CAs for wage terms	Extension mechanism (extended in nine agreement areas/ca. 10% of employees)
<b>Organisation trajectories:</b>	High employer organisation (rising); Continued high employee organisation (but sharp decline)	High employer organisation (rising); Medium employee organisation (stable)
<b>Private sector CA coverage:</b>	Very high (ca. 80-90%)	Medium (ca. 50%)
<b>Income inequality trajectories:</b>	Some minor increase, stability	Increased gap (especially at lower end of distribution)

## 6.2. Roles of organised employers in industrial relations and bargaining model trajectories

In this subchapter, I address the question of organised employers' roles in IR and bargaining model change. Bargaining models and IR institutional complexes continue to centre around manufacturing-led coordination in both countries. This indicates that manufacturing cross-class alliances are still able to exert coordination leadership in Sweden and Norway. However, dynamics and institutional bases underlying such alliances – as well as their opponents – have changed. I analyse these changes by considering organised labour and capital separately.

I look at unions first. In Sweden, all three union confederations have member-unions belonging to the IA-S and the cartel-like cooperation forum 'Unions in manufacturing' (*Facket inom industrin*). This might help disseminate some acceptance for *märket*-coordination across all organised employees. At the same time, LO-S's marginalisation from a previous position of strength may point towards a narrower LO-S emphasis on low-wage groups' demands, rather than playing the role of national coordinator. Such 'shrinking pains' are visible in LO-S's difficulty in coordinating its unions in bargaining. The largest LO-S union (*Kommunal*) exited confederative coordination in 2019, and an alliance of home-market unions ('6F') is advocating for a retirement or major revision of the export-norm, to be replaced by a coordinated bargaining model that includes home-market sectors in benchmark-setting. As a display of LO-S's actual marginalisation – and/or a desire of engineering employers to portray LO-S's strength as waning – TF's bargaining chief Anders Wiehe recently assured that *märket*-coordinated bargaining would survive *Kommunal*'s exit and a breakdown in LO-S coordination (Arbetet, 2019). According to Erixon, the "marginalisation of LO in the 1990s and 2000s has actually no parallels in other Scandinavian countries" (2011: 289; see also figure 5.1). The TCO-affiliated IA-S member *Unionen* has surpassed LO-S's *Kommunal* as the largest Swedish union, both in absolute numbers and in active union members (Arbetet, 2020). The institutional basis underlying the Swedish manufacturing cross-class alliance on the labour side has thus shifted, with a strengthening of IA-S sectoral unions across confederations and their cooperation, and with a weakening of the LO-S confederative level.

Commenting on Norway, in contrast, Erixon argues that LO-N "actually strengthened its position through these decades" (2011: 289). LO-N participates directly in bargaining in 'in between' (*mellomoppgjør*) or coordinated (*samordna*) peak-level bargaining rounds, and LO-N influence on coordination is strong, both internal and external to the organisation. *Internally*,

LO-N can to some degree marshal sheltered and public sector unions into *frontfag* consent. It is also LO-N's representatives at the confederative level, *not* the sectoral level, that are represented in tripartite organs. *Externally*, the LO-N-affiliated *Fellesforbundet* remains the sole party to the benchmark-generating agreement in the Norwegian bargaining model, if one disregards the much smaller parallel agreement to the IA-N between the YS-affiliated *Parat* and NI. Therefore, in contrast to Sweden's segmented unions, no unions outside LO-N-area participates in generating the wage-norm. Also, LO-N is codifying the *frontfag* norm (*rammen*) in cooperation with NHO. In addition, *frontfag* confederations (LO-N/NHO) are represented in decision-making organs like the Tariff Board and National Wages Board.

Norwegian public sector groups' increases have exceeded *rammen* somewhat following 2015 (NOU 2020: 8: 9, table 1.1), to manufacturing employers' and unions' vocal dismay and accusations of 'public sector wage festivals' (e.g. Dagens Næringsliv, 2019, 2020). *Fagforbundet*, the largest LO-S union organising predominantly female public/municipal sector employees, has sometimes engaged in public quarrels with *frontfag*-union *Fellesforbundet* over such accusations (e.g. VG, 2019). *Akademikerne* (of which a majority are public sector white-collars) also barks back at the *frontfag* parties from time to time. *Akademikerne* argues that the norm is supposed to be a flexible guideline, not a law-like figure (Akademikerne, 2020). These instances have hardly taken on the nature of rebellions against manufacturing's leading role. Rather, they display different groups' disagreement over procedure and the suitable degree of flexibility in norm-interpretation. While low-wage, female-dominated and domestic groups are sometimes unhappy with the norm, to be sure, no open challenge to *frontfagsmodellen* itself is mounted from the Norwegian labour movement.

Moving to the employer side, manufacturing employers' actions in the early 21<sup>st</sup> century point towards two aims, both related to keeping production costs in the exposed sector as low as possible. These aims have been fairly similar in Sweden and Norway: First, manufacturing employers wanted to retain control over the pace of national wage increases. They have worked towards that aim by demanding that other sectors (especially the public sector) submit to strong coordination under manufacturing-leadership, enabled by their leading positions in employer confederations. Second, manufacturing employers have sought to avoid and fight off comprehensive (re-)regulation that limits local flexibility, including the ability to buy cheap domestic services and hire labour to respond to fluctuations and shifting demand. While the latter of these aims is a point of contestation from unions, manufacturing employers could rely on sectoral union counterparts' support in efforts to consolidate wage leadership. This is especially prominent vis-à-vis the public sector, as seen above.

In Sweden, there is no confederation competition among employers, and SN dominates. As illustrated in the *Laval* case, SN is often aligned with the engineering employers, and aided the involved foreign company financially in court, to the appraisal of TF. Employer unity in organisation and around bargaining model principles is practically total, and there is no detectable public employer opposition to IA-S coordination. Kjellberg (2019b: 602) claims that Swedish service employers (in the largest service sector federation, *Almega*) have called the industry-norm into question. However, in a recent interview, *Almega*'s economic policy director, Stefan Koskinen, says that employer unity in Sweden has never been greater, and that *Almega* does not seek to challenge manufacturing leadership:

We want to emphasise that the benchmark set by manufacturing is good. It has been good for enterprise, for Sweden and for wage-earners who have experienced amazing real wage developments. We have no other model that could function as a common norm for the whole labour market in the way that *märket* has done. (Kollega, 2019, my translation)

In the same interview, Koskinen rejects any *Almega* ambitions to participate in *märket*-formation, as it would be paradoxical and come into conflict with *Almega*'s promotion of figureless agreements and ambitions to decentralise its bargaining further.

Norway's manufacturing employers likewise continue to exert leadership, and interviews and other material indicate that the manufacturing employers in NI still enjoy a privileged role within the NHO community. NHO, on its part, has a privileged role as confederation, mirroring LO-N's position on the labour side (e.g. in corporatist influence and representation). As mentioned in chapter 2, I was not able to interview representatives of the private sector confederations outside the NHO-area, *Virke* and *Spekter*. However, the most prominent *intra*-employer conflicts (or at least those surfacing to public scrutiny) have been *internal* to NHO, not between confederations. NI was able to get NHO centrally to take up the fight against determinations in the extended CAs in shipyards, despite another sectoral federation's explicit objections. Through their primacy in bargaining, the IA-N parties (*Fellesforbundet* and NI) were also able to override an intentional agreement between NHO/LO-N to establish a separate TAW agreement, and prompt employers in other sectors to gain user-company control over hired employee wages in the 2012 bargaining round.

Despite continued manufacturing-leadership in both Sweden and Norway, private sector home-market employers have opposed exposed sector strategies, sometimes successfully. In Sweden, construction employers cautiously warmed up to the *Lex Laval* repeal,

considering the ability of social partners to regulate wage-floors for posted workers through Swedish CA terms as beneficial. In addition, the transport employers have become interested in extension mechanisms. In Norway, regulation of wage-floors in the context of EU pressures would become the basis of the largest intra-employer strife after 2000, between construction and manufacturing employers. NHOSH, also representing Norwegian home-market service employers, has welcomed statutory regulation of wage-floors in e.g. cleaning.

In the context of increased internationalisation of Swedish and Norwegian labour markets and opening of the domestic (previously sheltered) sectors, something of an ‘inversive shift’ of cross-class alliances or sectoral interests seems to be underway. Employers in the export sectors, traditionally the backbone of coordination, oppose re-regulation. With increased international competition in home-markets following single market entry, “why should manufacturing employers engage in burdensome coordination when the market forces press down wages in domestic services anyhow?” (Dølvik, 2016: 41). However, while the home-market incentive for engaging in coordination has been weakened, manufacturing employers “still have stakes in keeping wage growth in the large, skill-intensive public sector in check. That is hard to achieve without cross-sectoral coordination” (Dølvik, 2016: 42).

Meanwhile, support for comprehensive regulatory frameworks governing *all* employers (including non-organised, foreign and posting employers) has become a feature of home-market employer organisations in both countries. A substantial part of the recruitment basis for home-market employer associations in the era of the single market is to secure national employers equal terms of competition with companies hiring/posting labour from low-pay countries. Through demands of ‘seriousness’ and regulation covering all employers in sectors with labour-migration challenges, such employer associations aim to take pay and working conditions out of a competition Norway and Sweden’s high-pay employers would otherwise lose. As Marginson and Dølvik (2020: 15) argue, it is somewhat surprisingly in the territorially anchored sectors which are most threatened (e.g. construction), or with low organisation and bargaining coverage (e.g. cleaning, TAW) that the revival of collective action and coalition building has been strongest in northern European countries, with resistance from manufacturing employers.

In the 1980s-90s, organised employers in Sweden and Norway could be contrasted with each other in characteristics such as confidence, discipline and autonomy from the state. Swedish employers had been radicalised and prepared for an offensive against centralised bargaining by the wage-earner funds proposal and other invasive measures by the labour movement/social-democrats in the 1970s. When NAF chose to confront LO-N in the 1986

**Table 6.2: Alliances, unity and conflicts**

	<i>Sweden</i>	<i>Norway</i>
<b>Manufacturing cross-class alliance retains coordination leadership:</b>	Yes, through IA-S/ <i>märket</i>	Yes, through IA-N/ <i>frontfaget</i>
<b>Classical confederations retain primary position:</b>	Employers: SN sole confederation, although fairly autonomous sectoral federations Unions: Marginalisation of LO-S, strengthening of sectoral unions from other confederations, especially <i>Unionen</i> (TCO)	Yes, despite ‘corporatist pluralism’ NHO/LO-N retains privileged position both numerically and in influence/coordination primacy
<b>Union unity around bargaining model principles:</b>	No; Opposition within LO-S: <i>Kommunal</i> rejects coordination; ‘6F’ alliance proposal of alternative model with domestic sector influence on wage-norm	Yes; Minor turbulence (over procedure and flexibility) in domestic/public sector; No significant challenge to overall model principles
<b>Employer unity around bargaining model principles:</b>	Yes	Yes
<b>Internal conflict dynamics for employers:</b>	Exposed/sheltered sector-axis: Manufacturing employers want access to flexible/cheap provision of labour and services and check public sector wages; Home-market employers want re-regulation to take wages/working condition out of competition	Same as in Sweden, but conflicts often revolving around extension mechanism and more intense pressure from EU labour migration

lockout, it ended up being a catastrophic failure rather than a successful emulation of SAF’s strategies. It was also a conflict a majority of NAF members probably wanted to avoid, according to Bowman (1998). In the aftermath, “‘lockout’ became somewhat of a forbidden word in this house, and still is”, according to one of my NHO informants. Today, the Swedish private sector employers – under the confederative umbrella of SN – appear to be quite comfortable inside IA-S coordination, and even service sector employers praise the model. Likewise, Norway’s private sector employers mostly find that *frontfag* coordination is agreeable. Despite incidents displaying the continued relevance of sheltered/exposed sector conflict lines surfacing to public attention, I have spotted no indications of budding employer challenges to manufacturing employers’ leadership and the bargaining model itself in Norway. With apparent employer unity on the main principles of the models – together with increasing employer organisation density – the two countries’ organised employers’ institutional characteristics are more similar now than they were in the period preceding 2000. Table 6.2

summarises the properties of the shifting organisation landscape, alliances and conflicts dealt with in this subchapter.

### **6.3. But is it neoliberalism?**

In section 3.3.4, I outlined Baccaro and Howell's argument that European IR are converging along a neoliberal trajectory. They are inspired by regulation theory and Baccaro and Pontusson's attempts at challenging the VoC paradigm in CPE (Baccaro and Pontusson 2016, 2019). Followingly, Baccaro and Howell conceptualise capitalist change as supranational epochal transformations in 'growth models' or 'accumulation regimes'. It is beyond the scope of this thesis to assess explanatory merits of concepts revolving epochal shifts in in capitalism. These are at a different abstraction level and scale than national IR complexes and bargaining models discussed in preceding chapters. However, one must be aware of limitations inherent in methodological nationalism, and of missing the 'forest' of a supranational capitalist system for the 'trees' of national institutional complexes. Data about social phenomena are not in any straightforward sense 'nature', and they are not received in objective form prior to interpretation.

Consequently, I am open to the possibility that the level of analysis *itself* colours the conclusions reached, and that formal stability in national bargaining procedures and IR institutions does not necessarily entail stability in supranational outcomes and power relations between labour and capital. Still, if a concept like 'neoliberalism' is not to remain a postulated, transcendental or 'social-philosophical' concept ungrounded from any substantive and empirical data, one must expect to be able to find indicators for it across levels of abstraction. This includes the national level of wage setting, CA frameworks and other IR phenomena. In this sense, Baccaro and Howell's concept of 'increased employer discretion' as an indicator of neoliberalisation of IR is laudable for its simplicity and concreteness. In the following, I look at developments in employer discretion in pay-setting, employment and TAW hire. I also consider the possible 'institutional conversion' of bargaining models towards neoliberal functioning, and the possible neoliberalisation of Swedish and Norwegian IR following European single market entry.

Discretion in pay-setting is only partly addressed by focusing on IR at the national and sectoral level, as I have primarily done. While aggregated sectoral wage levels are supposed to conform to benchmarks over time in both countries, intra-sectoral and local distribution might

not be as even and subject to other mechanisms. Discussions have often revolved around both employers' and unions' internal differences with regard to the sectoral 'profile' of the wage frame, i.e. how the determined sectoral increases are to be distributed intra-sector (e.g. NOU 2013: 13: 140). At the local level, the Swedish increase of figureless agreements has enhanced employers' discretion in setting wages, but usually within clear limits (Kjellberg, 2019b: 600). Baccaro and Howell consider the growth of figureless agreements a neoliberal development of Swedish bargaining. They claim that decentralisation, flexibilisation and individualisation of wage bargaining, with a growing number of minimalist framework agreements, represent "transformed class relations and expanded scope of employer discretion at the firm level" (Baccaro and Howell, 2017: 161).

In Sweden, it is the public sector white-collars who have adopted such agreements to the largest extent (see table 5.2). Norwegian private sector white-collars have always had such agreements, but in the public sector it is the white-collar union confederation *Akademikerne* who has pushed for decentralisation/individualisation. Here, one must be careful before rushing to any clear conclusion about what *formally* increased scope for local wage formation entails in *outcomes*. Eriksson et al. (2020) found that *märket* still weighs heavily on the 'cultural-cognitive' and normative expectations in pay-setting in Swedish local and individualised pay-setting. To my knowledge, no similar study has been conducted in Norway. However, one might infer some parallel expectations from informants' arguments about stressing the importance of following *rammen* at the local level to firms in the IA-N. In an interview study on the implementation of variable pay systems in Norwegian blue-collar machinery production firms and white-collar banking services, Dølvik and Nergaard (2012) found that such systems had little impact on bargaining for blue-collars in machine production, but entailed significant individualisation for banking white-collars. In addition – and "[c]ontrary to the expectation that strong trade unions and collective bargaining institutions will tend to obstruct development of individual performance-based pay systems" (2012: 278) – local unions were often as strong driver as management, with company unions in both machine production and banking claiming to be initiators of implementation of variable pay systems.

There are thus several challenges to any straight-forward claim of neoliberalisation of pay-setting in either of the countries. *Formal* increase in local employer discretion over pay does not automatically translate into changed *outcomes*, if local pay-setting is still ruled by expectations influenced by sectoral benchmarks. In addition, unions and employees often seem to be as eager as management and employers in adapting such pay-systems. If one sees

neoliberalism as a conscious ‘class project’ on the part of capital, this complicates an argument about neoliberalisation of pay-setting. However, one might argue that figureless agreements, individualisation and variable pay systems represent an *institutional potential* for neoliberalisation of pay-setting: The scale of power balances may for a variety of reasons tip in the favour of capital and employers, the normative regulation emanating from a national benchmark can decrease, and the legitimacy of employers’ considerations on incentivising or performance-enhancing pay-setting can increase. In such conditions, a minimalist framework agreement with few specifications for pay and other terms arguably represents a weaker obstacle to increased employer discretion and market forces’ influence on wage formation, in comparison to what agreements with more comprehensive and specified terms/figures represent.

Swedish employers gained access to temporary hire in 1993, with general access since 2007. Norwegian employers had access to temporary hire since 1999, and general temporary hire rules in 2015. Swedish temporary employment is nearly twice as common as in Norway (figure 5.6), with a significant over-risk for young, foreign-born, and those with low education and proficiency (Calmfors, 2017: 86ff). In Norway, the prevalence has decreased in the late 1990s/early 2000s. The total volume of temporary employment has been quite stable in both countries since the early 2000s, in Norway even after the 2015 liberalisation. Temporary employment is often associated with greater risks and precarity for workers and greater flexibility for employers. Moreover, as Svalund and Berglund (2018) demonstrate, temporary employment seems to have different effect on long-term marginalisation in the two countries. Swedish temporary employees in the 2000-2008 period had significantly higher risk for being unemployed and receiving low pay five years after temporary employment, compared to Norwegian temporaries. Consequently, it appears reasonable to label the development trajectory of Swedish legal regulations of employment as neoliberal, as Baccaro and Howell uses the term. The same cannot be said for Norway, where prevalence of temporary employment decreased in the late 1990s/early 2000s, and long-term marginalisation effects of such employment was weaker.

However, parallel to the argument about *potential* neoliberalisation in pay-setting due to minimalist agreements and fewer formal obstacles, one can argue that the Norwegian 2015 changes in Working Environment Act (affecting temporary employment regulation) represent an institutional potential for neoliberal trajectories of employment. Øistad et al. (2019) identify several explanations to post-liberalisation stability: Employers felt they had enough flexibility within the limits of the pre-2015 legal framework; strict conditions/sanctions in combination

with strong opposition among unions, politicians and experts made temporary employment unattractive to employers; and the timing of liberalisation in relation to cyclical economic conditions contributed to weaker labour demand than in Sweden. Should normative or economic conditions change, the liberalised rules arguably represent a weakening of obstacles to employer discretion in employment in Norway, compared to pre-liberalisation rules.

Neither development trajectories for agency hire regulation, while diverging in the two cases, can reasonably be said to be neoliberal. Swedish developments indicate successful adaptation of CA regulation from the parties themselves. This has institutionalised this sector, making it compatible with the national model and ensured substantial terms of employment for TAW employees. Norwegian developments have, as seen, been more turbulent. For a period in the 2000s and 2010s, TAW represented an unregulated sector without equal treatment principles, that doubtlessly increased hiring employers' power and discretion over areas such as pay, working hours and employment forms, in many cases to employees' detriment (with some cases becoming highly visible and debated in public). State-intervention through legal regulation aimed to depress the use of agencies, increase employment protection and make employment terms stricter and more comprehensive. After an unregulated period (especially before an equal treatment principle was amended in 2013)<sup>25</sup> re-regulation was applied to a sector that by public opinion (and ultimately a parliament majority) were considered too out of line with national IR standards. These developments make neoliberalism a hyperbole term for describing current Norwegian IR conditions in relation to TAW.

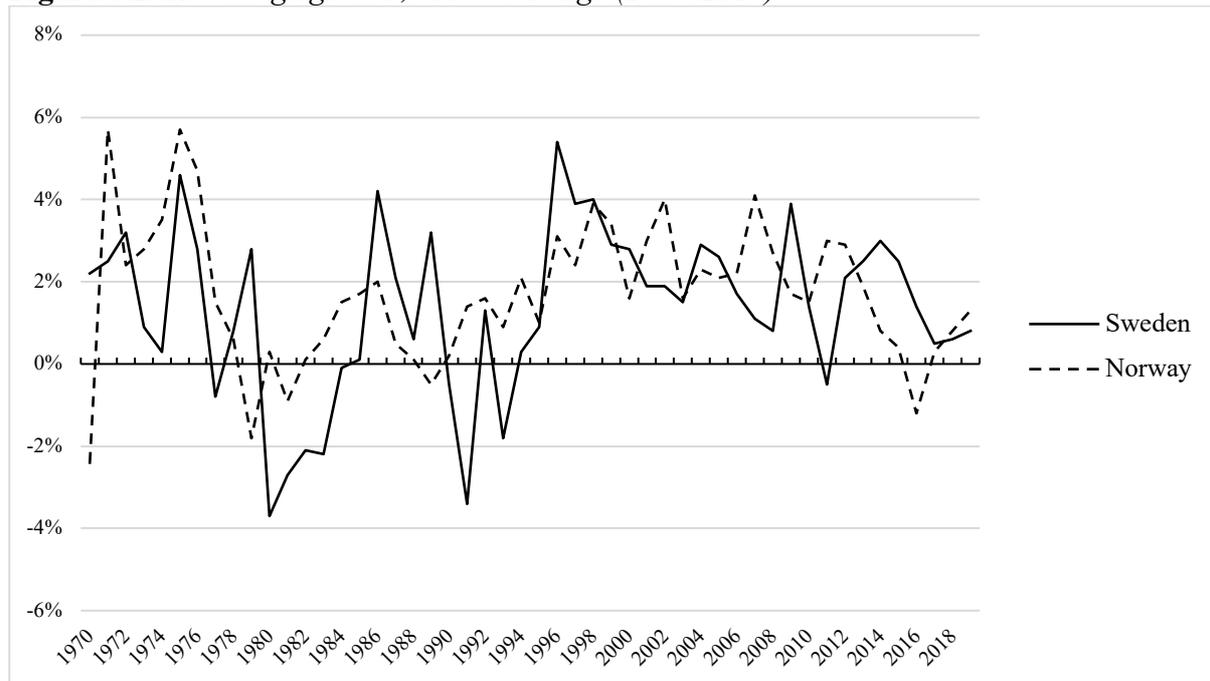
According to Baccaro and Howell (2017: 177), the 2009 Crisis Agreement represented increased employer discretion and a move towards German-style concession bargaining with 'opening clauses' in Sweden, whereby sectoral agreements could be derogated with reduction in hours and pay at the local level, and with an increased scope for concession bargaining. However, as Dølvik and Marginson (2018b) point out, a continuation of this agreement, though desired by manufacturing employers, were rejected by *IF Metall* already the following year. Dølvik and Marginson argue that this is a flaw in Baccaro and Howell's argument, as they are "mistaken in suggesting that 'opening clauses' have become commonplace in Sweden, that option was closed off for blue-collar workers" (Dølvik and Marginson, 2018b: 416). In Norway, as in Sweden, local bargaining in the aftermath of sectoral bargaining evaluates local scope for increases. However, this is within the flexible scope of sectoral agreements, and does

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<sup>25</sup> See Alsos et al. (2016) for a review of the 2013 implementation of equal treatment principles in TAW in Norway.

not represent opening clauses along the lines of e.g. German concession bargaining. Following immediately in the aftermath of the great recession in Norway, there was “a one-off opening clause in most private sector agreements provided local negotiators with the option not to implement the sector increase agreed for 2009” (Visser, 2016: 21). Still, opening clauses or concession bargaining are not common or permanent features of Norwegian bargaining.

**Figure 6.2:** Real wage growth, annual change (1970-2019)



**Source:** Medlingsinstituttet (2020c), SSB (2020a)

Baccaro and Howell (2017: 19) see centralised bargaining as a possible area of ‘institutional conversion’ of traditional institutions to neoliberal ends, with wage increases systematically trailing productivity and growth. At a glance, some features of the manufacturing-coordinated sectoral bargaining models of the 21<sup>st</sup> century may seem to confirm such conversion: In the centralised post-war models of Sweden and Norway, solidaristic wage bargaining lifted all workers’ wages and secured large increases. Today, ‘depoliticised’ benchmarks are heavily influenced by social-economic technocrats, and central actors (particularly in manufacturing) police wage developments and shame low-wage groups that try to achieve extra increases. However, if one looks at real wage developments, this might be a tougher sell. Though *nominal* wages have been overall lower in the 2000s than in preceding decades, so has inflation, and *real* wage increases have been greater (and more stable) in Norway and Sweden in the era of the reconstructed bargaining models, as figure 6.3 shows. The trend of ‘decoupling’ of productivity from real wage increases since the 1970s has been

noted as a neoliberal feature particularly in the US political economy, with a stagnation in purchasing power growth for the great mass of wage earners (e.g. Duménil and Lévy, 2011). In Sweden and Norway, by contrast,

labor productivity growth and wage growth track each other much more closely. [...] Norway, in particular, experienced an extraordinary improvement in terms of trade, allowing their citizens to enjoy large improvements in living standards that exceed those implied by the increases in labor productivity. (Kügler et al., 2018: 6)

Streeck (2014: 103) argues that the EU is a ‘liberalization machine’ of “‘negative’ without ‘positive’ integration, in which cross-border markets and market freedoms increasingly overlay and suspended the legal systems, political power structures and democratic processes of the national states” (2014: 105).<sup>26</sup> The main reason for this predominantly negative, rather than positive, integration is that “in a federation of nation states, the variety of interests is greater while the sense of common identity will be weaker than it is in the individual countries” (2014: 99). In contrast, nation-states’

[s]tructural homogeneity resulting from small size, as well as common national traditions and identities, makes possible deep interventions in social and economic life that would not be accepted in larger (and therefore more heterogeneous) political entities. Thus, *federation inevitably entails liberalization*. (2014: 100, emphasis in original)

As seen in subchapter 5.4, EU directives and labour market rules have come into conflict with national IR frameworks in both countries, and new competitive pressures – especially the supply-side labour shock – have strained national IR systems. If only one area of Swedish and Norwegian IR in the 21<sup>st</sup> century is to be labelled neoliberal in the sense of increased employer discretion, that area is undoubtedly EU single market integration and its effect on national labour markets and IR regulation. The regulation conflicts spurred by such integration has been outlined in previous sections. However, states and labour market parties have not been passive spectators to federative neoliberal pressures on national models, but often sought to re-regulate

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<sup>26</sup> Streeck (2014: 97ff) emphasises the connection between European interstate federalism and neoliberalism by reading Hayek’s article ‘The Economic Conditions of Interstate Federalism’ (1939) as a blueprint for the contemporary EU.

**Table 6.3: Liberalisation trajectories**

	<i>Sweden</i>	<i>Norway</i>
<b>Pay-setting</b>		
<b>Individualisation/ Local discretion:</b>	Increase of ‘figureless agreements’, particularly for white-collars in public sector; Increased scope for individualisation; Formal local employer discretion increase, but <i>märket</i> very influential in local/individualised pay-setting	‘Figureless agreements’ always common for private white-collars, 2016 decentralisation in pay-setting for public sector white-collars in <i>Akademikerne</i> ; Not enough information to conclude about norms in local pay-setting; Some documented employee support for variable pay systems
<b>Neoliberal trajectory in pay-setting?:</b>	No; ‘Institutional potential’ for neoliberalisation?	No; ‘Institutional potential’ for neoliberalisation?
<b>Employment forms</b>		
<b>Temporary employment:</b>	Liberalisation of temporary employment (general access since 2007); Some indicators of marginalisation of long-term marginalisation of temporaries	Liberalisation of temporary employment (general access since 2015); Indicators of less marginalisation of long-term marginalisation of temporaries than in Sweden
<b>Temporary agency work:</b>	Early labour market party regulation through CAs, compatible with national model and employment norms	Turbulent process of regulation; Equal treatment principle since 2013; Parliament decision on terms of employment, effective 2019
<b>Neoliberal trajectory in employment forms?:</b>	Yes: Extensive use of temporary employment, increased employer discretion and some indicators of employee marginalisation; However, TAW well-regulated through CA	No: Limited use of temporary employment even after liberalisation; Possible ‘institutional potential’ for neoliberalism’ following 2015 changes?; TAW represented neoliberalisation, but not after reregulation in 2013/2019
<b>Functioning of bargaining model</b>		
<b>Opening clauses/ concession bargaining:</b>	No: Crisis agreement in 2009; Employer proposal to make opening clauses permanent was rejected by unions	No, but one-off opening clause opportunity in private sector in 2009
<b>Wage development:</b>	Nominal increases have been lower than in previous decades, but real wage increases have been higher	Similar as in Sweden
<b>Neoliberal trajectory in bargaining model function?:</b>	No	No

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<b>EU/single market</b>		
<b>Neoliberal pressures on national IR/bargaining models</b>	Increased labour migration, Strain on national mode of regulation through EU rules/directives	Increased labour migration (more than in Sweden), strain on national mode of regulation through EU rules/directives
<b>Response from national actors</b>	<i>Laval</i> case, SN/TF aid to foreign company, <i>Lex Laval</i> ultimately repealed	Re-regulation of wage-floors; Extension mechanism applied to target social dumping of CEE labour, has created intra-employer conflict; More comprehensive employment regulation for hire
<b>Neoliberalisation of IR following single market entry?:</b>	Mostly no: Repeal of <i>Lex Laval</i> , high CA coverage maintained; Income dispersion stable	Some: Re-regulation through extensions and TAW regulation; Labour market <i>dualisation</i> tendencies; Income inequality increase

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wage-floors. This has, as argued in subchapter 6.2, often been supported by home-market employer associations, who see the opening of previously sheltered domestic labour markets as detrimental to their member-firms ability to compete, unless regulations on pay-setting, employment terms and working conditions are made mandatory to all.

Table 6.3 sums up liberalisation trajectories dealt with in this subchapter. It is difficult to find support for the argument that Swedish or Norwegian IR and bargaining models have developed along a *common overall neoliberal trajectory* in the first two decades of the 21<sup>st</sup> century. Liberalising tendencies and pressures exist, to be sure, but they appear to affect the two Nordic countries considered here somewhat differently. Pressures have spurred alliances seeking to re-regulate wage-floors in order to preserve some degree of social solidarity in areas that have traditionally been characterised by poor organisation and low bargaining coverage. Consequently, Thelen's (2014) argument of *varied liberalisation* entailing *flexible liberalisation* seems a more apt description when comparing liberalisation trajectories in Sweden and Norway than Baccaro and Howell's (2017) claim of a common neoliberal IR trajectory. However, it is important to note the different trends in outcomes, particularly CA coverage and income dispersion. Norwegian IR are displaying quite significant signs of *dualisation*, with a comparatively large part of the labour market not regulated by CAs, and a rather dramatic move away from egalitarian ideals in income inequality outcomes.

To argue that Swedish and Norwegian IR have not developed along a common overall neoliberal trajectory is *not* a claim about whether or not the broader totality of the Swedish and/or Norwegian political economies are developing in neoliberal direction. It may very well be that other parts of this totality make 'neoliberalism' a suitable label for the political

economies' overall development trajectories in one or both countries. It may also be the case that properties of the IR complexes and bargaining models work in conjuncture with other components/spheres of political economies (e.g. welfare reform or macroeconomic policies) to produce political-economical outcomes one could adequately label neoliberal. However, assessing such claims requires other specifications and attention to different contexts than the ones this thesis has focused on. It also requires other definitions of neoliberalism. Considering IR and bargaining models *in isolation*, as I have done, makes neoliberalism an ill-suited term for describing and understanding IR developments in Sweden and Norway in the early 21<sup>st</sup> century.

#### **6.4. Further research and concluding remarks**

This study has paid attention to IR mainly on the national and sectoral level. A closer inspection of local/firm-level dynamics might yield different results than national and sectoral analysis. Although I have ended up arguing against Baccaro and Howell's claim of neoliberal convergence, I am sympathetic to their more general claim that institutional stability can mask functional conversion. One can imagine that this logic also applies between bargaining levels, with apparent stability at the national/sectoral level masking firm-level change. Further research on stability or change in IR and bargaining – including the question of neoliberalisation – should devote attention to workplace practices, power dynamics, derogation, bargaining procedures and employer discretion at the local level, and link them to phenomena and dynamics at higher (sectoral, national, supranational) levels. Some research exploring such themes and considering dynamics across levels already exist. For the Swedish case, the already mentioned study by Eriksson et al. (2020) provide an example of documentation of practices related to local bargaining and individualised pay-setting. Here, the authors are attentive to Baccaro and Howell's claims of conversion and neoliberalisation, and investigate dynamics at the local level across workplaces spanning sectoral divides. They find that local pay-setting largely conforms to *märket*. In Norway, Isak Lekve (2020) explores local power dynamics and strategies pursued by both labour and capital in a 2017 industrial conflict in a Norwegian fish processing plant, demonstrating how employers can use creative company constructions to evade CA regulation and increase their discretion over employment in an internationalised labour market.

Conversely, studies should also be attentive to how IR is only one component within political economies, that can work in conjuncture with other spheres to produce outcomes not possible to detect when considering political-economic spheres in isolation. An example of research attentive to multiple political-economic components' conjunctural production of outcomes is Tranøy et al. (2020), who describe a paradoxical outcome of 'equality as a driver of inequality' in the conjuncture between Nordic universalistic welfare, generalised creditworthiness and asset-price inflation in financialised housing markets. In addition, studies examining IR trajectories should be more attentive to the effects of new forms of work and changes in labour law (see e.g. Hotvedt et al., 2020 for existing research). Such research should examine legal changes' effects on IR institutional complexes and bargaining models, and how this works in conjuncture with IR and bargaining model phenomena to produce (possibly neoliberal) outcomes. This can also extend to exploring political-economic coalitions and dynamics between the IR sphere and the parliamentary-political sphere, as e.g. Bamable (2017) and Baccaro and Pontusson (2019) has done, promoting to conceptualise such constellations as 'social blocs' that embraces a broader set of actors than the concepts of 'producer-coalitions' and 'cross-class alliances' do.

My comparison of Swedish and Norwegian IR and bargaining has revealed a great deal of nuanced variance within two countries often considered together as a Nordic type of coordinated market economies. In studies with broader analytic frames, this nuanced variance might be overshadowed by the large number of similarities the countries after all share in the political-economic domain. Through mapping of properties and comparative analysis I have found that the Swedish and Norwegian bargaining models since around the turn of the millennium have converged in consolidating manufacturing's role as pattern-setter in sectoral coordination. Meanwhile, the surrounding IR institutions supporting such coordination differ significantly, with a comprehensive corporatist infrastructure – including extension mechanisms – to regulate wage-floors in Norway, while the 'de-corporatised' Swedish labour market is characterised by regulation through continued high organisation and bargaining coverage rates. While Swedish levels of income inequality have been fairly stable since 2000, Norwegian levels have risen significantly.

In both countries, coalitions in manufacturing are still able to shape and dominate coordination. In Sweden, union structure is segmented, with a parcellation between three confederations. The traditional, dominant blue-collar confederation LO-S has been marginalised from its post-war position of strength, and all three confederations have members

belonging to the pattern-setting IA-S cooperation agreement. In Norway, LO-N has retained its principal position – both through its size relative to other confederations, through LO-N union *Fellesforbundet*'s position in the pattern-setting IA-N, and LO-N's prominent position in the corporatist infrastructure. Meanwhile, employer unity around bargaining model principles in both countries is near total. Nevertheless, tensions between different employer groups exist, and are similar in the two countries. The manufacturing employers want to reign in and control public-sector wage increases, while they oppose re-regulation of wage-floors and limits on flexibility following in particular from the flow of goods, services and labour after EU/EEA membership and the 2004 EU Eastern enlargement. Home-market employer associations, in contrast, have been more receptive and even supportive of re-regulation that protects their member-firms' equal terms in previously sheltered sectors that are increasingly exposed to international competition.

There is a tendency towards decentralisation and individualisation of wage-setting in both Sweden and Norway, but mechanisms ensuring wage formation through collective bargaining – rather than market wages – are intact in both countries. Sweden's legal deregulation of employment terms is a neoliberal element in the Swedish IR complex, but temporary employment has been quite stable in the 2000s. Norwegian temporary employment is stable at a low level, even in the aftermath of a 2015 deregulation of employment rules. Real wage growth in the two countries has been stable and higher in the two decades after 2000 than the two preceding decades. *An overall and common neoliberal trajectory* of Swedish and Norwegian IR in the 21<sup>st</sup> century is thus not detectable at the national and sectoral level of analysis. The responses of national actors to liberalising pressures conform more closely to Thelen's (2014) *varied liberalisation* argument, and particularly her description of *flexible liberalisation*. Much of the social solidarity that the Nordic models are known for is still intact. Nevertheless, signs of *dualisation* outcomes are hard to overlook in Norwegian IR in the era of the European single market, where CA coverage is lower, wage inequality is rising, and where actors have eventually been forced to rely on legal means to regulate wage-floors for vulnerable parts of the labour market.

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All sources used in this thesis have been referenced above.

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## Appendix

### Appendix A: List of abbreviations

<b>BI:</b>	<i>Sveriges Byggindustrier/Byggföretagen</i> (Swedish Construction Federation)
<b>BNL:</b>	<i>Byggenæringens landsforening</i> (Federation of Norwegian Construction Industries)
<b>CA:</b>	<i>Collective agreement</i>
<b>CCA:</b>	<i>Cross-class alliance</i>
<b>CEE:</b>	<i>Central- and Eastern-European</i>
<b>CPE:</b>	<i>Comparative political economy</i>
<b>EU:</b>	<i>European Union</i>
<b>EEA:</b>	<i>European Economic Area</i>
<b>ESA:</b>	<i>EFTA Surveillance Authority</i>
<b>ECJ:</b>	<i>European Court of Justice</i>
<b>GS:</b>	<i>GS Facket för skogs-, trä- och grafisk bransch</i> (Swedish Union of Forestry, Wood and Graphical workers)
<b>IA-N:</b>	<i>Industrioverenskomsten</i> (Norwegian Industrial Agreement)
<b>IA-S:</b>	<i>Industriavtalet</i> (Swedish Industrial Agreement)
<b>IF Metall:</b>	<i>Industrifacket Metall</i> (Industrial and Metal Workers' Union)
<b>IKEM:</b>	<i>Innovations- och kemiindustrierna i Sverige</i> (Innovation and Chemical Industries in Sweden)
<b>IR:</b>	<i>Industrial relations</i>
<b>KS:</b>	<i>Kommunesektorens Organisasjon</i> (Norwegian Association of Local and Regional Authorities)
<b>LIVS:</b>	<i>Livsmedelsarbetareförbundet</i> (Swedish Food Workers' Union)
<b>LO-N:</b>	<i>Landsorganisasjonen i Norge</i> (Norwegian Confederation of Trade Unions)
<b>LO-S:</b>	<i>Landsorganisationen i Sverige</i> (Swedish Confederation of Trade Unions)
<b>NAF:</b>	<i>Norsk Arbeidsgiverforening</i> (Norwegian Employers' Confederation)

<b>NHO:</b>	<i>Næringslivets Hovedorganisasjon</i> (Confederation of Norwegian Enterprise)
<b>NHOSH:</b>	<i>NHO Service og Handel</i> (Norwegian Federation of Service Industries and Retail Trade)
<b>NI:</b>	<i>Norsk Industri</i> (Federation of Norwegian Industries)
<b>NIER:</b>	<i>Konjunkturinstitutet</i> (Swedish National Institute of Economic Research)
<b>NMO:</b>	<i>Medlingsinstitutet</i> (Swedish National Mediation Office)
<b>NOU:</b>	<i>Norges Offentlige Utredninger</i> (Official Norwegian Reports)
<b>OpO:</b>	<i>Opørtiske Ordforanden</i> (Impartial chairpersons)
<b>PRA:</b>	<i>Power-resource approach</i>
<b>SAF:</b>	<i>Svenska Arbetsgivareforeningen</i> (Swedish Employers Association)
<b>SAP:</b>	<i>Sveriges Socialdemokratiska Arbetareparti</i> (Swedish Social Democratic Party)
<b>SN:</b>	<i>Svenskt Næringsliv</i> (Confederation of Swedish Enterprise)
<b>SSB:</b>	<i>Statistisk Sentralbyrå</i> (Statistics Norway)
<b>TAW:</b>	<i>Temporary agency work</i>
<b>TBL:</b>	<i>Travel, board and lodging</i>
<b>TBU:</b>	<i>Det tekniske beregningsutvalget for inntektsoppgjørene</i> (Norwegian Technical Calculation Committee for Wage Settlements)
<b>TEKO:</b>	<i>Sveriges Textil- &amp; Modeforetag</i> (Swedish Textile & Clothing Industries' Association)
<b>TF:</b>	<i>Teknikforetagen</i> (Association of Swedish Engineering Industries)
<b>TMF:</b>	<i>Træ- och Möbelforetagen</i> (Swedish Federation of Wood and Furniture Industry)
<b>VF:</b>	<i>Verkstadforeningen</i> (Swedish Association of Engineering Employers)
<b>VoC:</b>	<i>Varieties of Capitalism</i>
<b>YS:</b>	<i>Yrkesorganisjonenes Sentralforbund</i> (Norwegian Confederation of Vocational Unions)

## **Appendix B: Invitation to participate in study**

### **Vil du delta i forskingsprosjektet «Interessefellesskap og interessemotsetningar blant organiserte arbeidsgjevarar»?**

Dette er eit spørsmål til deg om å ta del i eit forskingsprosjekt der føremålet er å undersøke relasjonar blant organiserte arbeidsgjevarar, i ein komparativ studie av partsrelasjonar i arbeidslivet i Noreg og Sverige. Dette skrivet inneheld informasjon om føremålet med prosjektet og kva deltaking vil innebere for deg.

#### **Føremål:**

Prosjektet vil undersøke organiserte arbeidsgjevarar gjennom å sjå på interne og eksterne relasjonar i Næringslivets Hovedorganisasjon (NHO). Eg vil kartlegge tilhøvet mellom landsforeiningar internt i NHO, og mellom NHO og andre institusjonar i den norske arbeidslivsmodellen og økonomien, som til dømes andre arbeidsgjevarforeiningar, fagforeiningar, offentlege utval der partane i arbeidslivet møtast, samt tilhøvet til staten. På bakgrunn av denne kartlegginga vil eg prøve å identifisere interessefellesskap og -motsetningar mellom organiserte arbeidsgjevarar, med fokus på kollektive partstilhøve, reguleringa av arbeidsliv og påverknad på makroøkonomisk politikk. Motivasjonen for å undersøke relasjonar hos organiserte arbeidsgjevarar i Noreg er ei samanlikning med kva utvikling ein har sett på same område i Sverige dei siste tiåra. Tilsynelatande har organiserte norske arbeidsgjevarar, innanfor rammene av eit trepartssamarbeid med tung statleg involvering, hatt ei større evne til å opptre koordinert og solidarisk overfor kvarandre enn tilsvarande aktørar i Sverige, gjennom ein periode med omstruktureringar i landas økonomiar og arbeidslivsinstitusjonar frå og med omkring 1980. Eg vil undersøke om det er mogleg å identifisere ulike alliansar, konfliktliner og spenningar blant dei organiserte arbeidsgjevarane, og korleis dette har vore med på å forme trepartssamarbeidet og andre trekk ved den norske politisk-økonomiske modellen, og omvendt korleis strukturelle og institusjonelle høve ved den norske politiske økonomien har vore med på å forme dei organiserte arbeidsgjevarane og deira strategiar og handlingsval. Intervjua er del av ei masteroppgåve i sosiologi.

#### **Kven er ansvarleg for forskingsprosjektet?**

Institutt for sosiologi og samfunnsgeografi (ISS) ved Universitetet i Oslo er ansvarleg for prosjektet.

Rettleiar for oppgåva er Lars Mjøset, professor i sosiologi ved ISS.

#### **Kvifor får du spørsmål om å delta?**

Det empiriske grunnlaget for studien er dokumentanalyse og intervju med sentrale personar som enten er i, eller har omfattande kunnskap om, Næringslivets Hovedorganisasjon og/eller utval og arenaar der NHO er representert (som t.d. Kontaktutvalet eller det Tekniske beregningsutvalget for inntektsoppgjørene) eller som NHO forhandlar med/står i ei binding til (som t.d. fagforeiningssamanslutningar som LO, eller andre arbeidsgjevarforeiningar som Virke). Eg vil intervju deg på bakgrunn av din tilknytning til NHO og/eller kjennskap om

norske organiserte arbeidsgjevarar og rammeverket dei er ein del av. Eg vil gjennomføre om lag ti intervju med forskjellige personar som har bindingar til landsforeiningar i NHO, Kontaktutvalet eller TBU, forhandlingspartar som LO og andre arbeidsgjevarorganisasjonar som t.d. Virke.

### **Kva inneber det for deg å delta?**

Om du vel å delta i studien, inneber det å delta i eit personleg intervju som tek om lag 45-60 minutt. Intervjuet vil innehalde spørsmål om dine erfaringar og oppfatningar om interne og eksterne relasjonar i NHO, NHO si rolle i å oppretthalde og utvikle trepartssamarbeidet med staten og fagrørsla, og korleis NHO opptre eksternt ovanfor motpartar og andre foreiningar, og i offentlege utval for koordinering og kontakt. Eg vil nytte meg av bandopptakar i gjennomføringa av intervjuet, og deretter transkribere lydopptak.

### **Det er frivillig å delta**

Det er frivillig å delta i dette prosjektet. Om du vel å delta, kan du når som helst trekke samtykke attende utan å oppgje nokon grunn. Alle opplysingar om deg vil då bli anonymisert. Det vil ikkje ha nokre negative konsekvensar for deg om du ikkje vil delta eller seinare vel å trekke deg.

### **Ditt personvern – korleis me oppbevarer og brukar dine opplysingar**

Me vil berre bruke opplysingane om deg til føremåla me har fortalt om i dette skrivet. Me handsamar opplysingane konfidensielt og i samsvar med personvernregelverket.

Utanom student Tord Flatland, vil berre rettleiar Lars Mjøset ved ISS vil ha tilgang til transkribert intervju. Ettersom di sentrale rolle og posisjon i NHO er eit viktig grunnlag for intervjuet, vil me helst nytte namnet ditt i forbindelse med sitat som vert nytta frå intervjuet.

Dersom du ikkje ynskjer at ditt namn eller annan informasjon som kan identifisere deg blir tilgjengeleg i publisert materiale, har me høve til å anonymisere slik informasjon om deg.

Opplysingar om deg vil bli lagra på passordbeskytta maskinvare tilhøyrande UiO, på ein sikker langringsplass kor berre underteiknande og rettleiar Lars Mjøset har tilgang (dette krev passord). Lydopptak vil bli sletta etter transkripsjon av intervju, og informasjon som kan identifisere deg vil bli oppbevart passordbeskytta og avskilt frå transkriberte intervju. Alt materiale vil bli sletta etter prosjektslutt.

### **Kva skjer med opplysingane dine når me avsluttar forskingsprosjektet?**

Prosjektet skal etter planen avsluttast 25. mai 2020. Innan prosjektslutt vil transkriberte intervju, lydopptak og alt øvrig datamateriale og personopplysingar om deg bli sletta.

### **Dine rettar:**

Så lenge du kan identifiserast i datamaterialet, har du rett til:

- innsyn i kva personopplysingar som er registrert om deg,
- å få retta personopplysingar om deg,
- å få sletta personopplysingar om deg,

- å få utlevert ein kopi av dine personopplysingar (dataportabilitet), og
- å sende klage til personvernombodet eller Datatilsynet om handsaminga av dine personopplysingar.

### **Kva gir oss rett til å handsame personopplysingar om deg?**

Me handsamar personopplysingar om deg basert på ditt samtykke.

På oppdrag frå Institutt for Sosiologi og samfunnsgeografi ved Universitetet i Oslo har NSD – Norsk senter for forskningsdata AS vurdert at handsaminga av personopplysingar i dette prosjektet er i samsvar med personvernregelverket.

### **Kor kan eg finne ut meir?**

Om du har spørsmål til studien eller ynskjer å nytte deg av dine rettar, ta kontakt med:

- Student Tord Flatland, Institutt for Sosiologi og Samfunnsgeografi ved Universitetet i Oslo,  
[tordflatland@gmail.com](mailto:tordflatland@gmail.com)  
eller telefon: 47 41 84 80.
- Institutt for Sosiologi og Samfunnsgeografi ved Universitetet i Oslo, ved Lars Mjøset,  
[lars.mjoeset@sosgeo.uio.no](mailto:lars.mjoeset@sosgeo.uio.no)
- Vårt personvernombod: Roger Markgraf-Bye,  
[personvernombud@uio.no](mailto:personvernombud@uio.no)
- NSD – Norsk senter for forskningsdata AS, på e-post ([personverntjenester@nsd.no](mailto:personverntjenester@nsd.no))  
eller telefon: 55 58 21 17.

Med venleg helsing

Lars Mjøset  
Rettleiar

Tord Flatland  
Student

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## Samtykkeerklæring

Eg har motteke og forstått informasjonen om prosjektet «Interessefellesskap og interesse motsetnader blant organiserte arbeidsgjevarar», og har fått høve til å stille spørsmål. Eg samtykker til (kryss av på dei punkta du samtykker til):

- å delta i intervju
- at opplysingar om meg publiserast slik at eg kan kjennast att ut i frå mitt namn og min posisjon

Eg samtykker til at mine opplysingar handsamast fram til prosjektet er avslutta, rundt 25.05.2020

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(Signert av prosjektdeltakar, dato)

## **Appendix C: List of informants**

**Ådne Cappelen:** Former head of the Norwegian Technical Calculation Committee for Wage Settlements, Statistics Norway (*Det tekniske beregningsutvalget for inntektsoppgjørene, Statistisk Sentralbyrå, TBU/SSB*)

**Petter Furulund:** Former leader of the Norwegian Federation of Service Industries and Retail Trade (*NHO Service og Handel, NHOSH*)

**Jørgen Leegaard:** Director of Social Policy, Federation of Norwegian Construction Industries (*Byggenæringens Landsforening, BNL*)

**Torill Lødemel:** Senior Economic Advisor and Representative to the TBU, Confederation of Norwegian Enterprise (*Næringslivets Hovedorganisasjon, NHO*)

**Rolf A. Negård:** Negotiation Director for Wage and Collective Agreements, Confederation of Norwegian Enterprise (*Næringslivets Hovedorganisasjon, NHO*)

**Tore M. Sellæg:** Project Director and Attorney-at-Law, Federation of Norwegian Industries (*Norsk Industri, NI*)

## Appendix D: List of unions and employer associations in Sweden and Norway<sup>27</sup>

### Sweden:<sup>28</sup>

#### Swedish unions:

##### Landsorganisationen i Sverige (LO-S)

Members: 1.410.606\*

##### Unions:

###### **Kommunalarbetareförbundet (Kommunal)**

Main branch: Municipalities, regional municipalities

Members: 502.899\*

###### **Handelsanställdas förbund (Handels)**

Main branch: Retail, warehouses, commerce

Members: 154.388\*

###### **Seko, Service- och kommunikationsfacket**

Main branch: Wide range of employees in public administration, energy, postal services, energy etc.

Members: 103.046\*

###### **GS Facket**

Main branch: Forestry, wood industry

Members: 46.292\*

###### **Fastighetsanställdas Förbund (Fastighets)**

Main branch: Building maintenance

Members: 28.814\*

###### **Elektrikerförbundet**

Main branch: Electric work

Members: 23.292\*

###### **Svenska Pappersindustriarbetareförbundet (Pappers)**

Main branch: Pulp and paper industry

Members: 13.494\*

###### **IF Metall**

Main branch: Metalworks, manufacturing

Members: 305.904\*

###### **Byggnadsarbetareförbundet (Byggnads)**

Main branch: Construction

Members: 104.283\*

###### **Transportarbetareförbundet (Transport)**

Main branch: Transport industry, cleaning, surveillance/security

Members: 55.866\*

###### **Hotell- och Restaurangfacket**

Main branch: Hotels, 'horeca'

Members: 29.112\*

###### **Livsmedelarbetareförbundet (LIVS)**

Main branch: Food industries

Members: 26.916\*

###### **Svenska Målareförbundet (Målarna)**

Main branch: House painters

Members: 13.859\*

###### **Musikerförbundet**

Main branch: Musicians, audio artists

Members: 2.441\*

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<sup>27</sup> Listed descending according to membership (unions) and employees (employer associations), alphabetically if membership/employees numbers are not available.

<sup>28</sup> \* Numbers from organisations' own reports/webpages.

\*\* Kjellberg (2019a: 56, table 14).

\*\*\* Numbers from Medlingsinstitutet.

\*\*\*\* Not complete list of others/independent, informed by Medlingsinstitutet.

## **TCO**

**Members: ca. 1.400.000\***

### **Unions:**

#### **Unionen**

Main branch: General union for white-collars in private sector

Members: 675.506\*

#### **Vision**

Main branch: White-collars in municipalities, country councils and churches

Members: ca. 199.000\*

#### **Fackförbundet ST**

Main branch: Civil servants

Members: ca. 95.000\*

#### **Polisförbundet**

Main branch: Police

Members: ca. 24.400\*

#### **Forena**

Main branch: Insurance

Members: ca. 14.000\*

#### **Försvarsförbundet**

Main branch: Armed forces employees

Members: ca. 4.000\*

#### **TULL-KUST**

Main branch: Customs and costal guard

Members: ca. 1.800\*

#### **Läraryrket**

Main branch: Teachers and school employees in kinder gardens, primary and secondary education

Members: ca. 234.000\*

#### **Vårdförbundet**

Main branch: Nurses

Members: ca. 114.000\*

#### **Finansförbundet**

Main branch: Bank, finance

Members: ca. 25.000\*

#### **Journalistförbundet**

Main branch: Journalists

Members: ca. 15.000

#### **Teaterförbundet**

Main branch: Employees in theatre, film, radio TV

Members: 8.458\*

#### **Sveriges Yrkesmusikerförbund (SYMF)**

Main branch: Musicians, audio artists

Members: ca. 2.000\*

## **Saco**

**Members: ca. 700.000\***

### **Unions:**

#### **Sveriges Ingenjörer**

Main branch: Engineers

Members: ca. 156.500\*

#### **Sveriges läkarförbund**

Main branch: Medical doctors

Members: ca. 55.000\*

#### **Sveriges Universitetslärare och forskare (SULF)**

Main branch: University teachers and researchers

Members: ca. 21.000\*

#### **DIK**

Main branch: Employees with higher education in culture and communication

Members: ca. 20.000\*

#### **Sveriges Arkitekter**

Main branch: Architects

Members: ca. 13.000\*

#### **Sveriges Psykologförbund**

Main branch: Psychologists

Members: ca. 12.000\*

#### **Sveriges Tandläkarförbund**

Main branch: Dentists

Members: ca. 7.500\*

#### **Sveriges Farmaceuter**

Main branch: Pharmacists

Members: ca. 7.100\*

#### **Sjöbefalsföreningen**

Main branch: Leaders in maritime sector

Members: ca. 6.000\*

#### **Reservofficerarna**

Main branch: Reserve officers in armed forces

Members: ca. 3.250\*

#### **Akavia**

Main branch: Employees with higher education in law, social science, IT, HR etc.

Members: 130.000\*

#### **Naturveterna:**

Main branch: Employees with higher education in science

Members: ca. 32.500

#### **SRAT**

Main branch: Academically trained employees in health, communication and management etc.

Members: ca. 20.800\*

#### **Officersförbundet**

Main branch: Armed forces employees

Members: ca. 13.500\*

#### **Fysioterapeuterna**

Main branch: Physical therapy

Members: ca. 12.600\*

#### **Sveriges Arbetsterapeuter**

Main branch: Occupational therapy

Members: ca. 10.000\*

#### **Sveriges Skolledarförbund**

Main branch: Leaders/managers in education

Members: ca. 7.400\*

#### **Kyrkans Akademikerförbund**

Main branch: Priests, white-collars in churches

Members: ca. 6.600\*

#### **Sveriges Veterinärförbund**

Main branch: Veterinarians

Members: ca. 3.300\*

## **Others/independent unions\*\*\*\***

### **Ledarna**

Main branch: Leaders/managers in a wide range of sectors  
Members: ca. 94.000\*

### **Sveriges Arbetares Centralorganisation – SAC**

Main branch: Syndicalist general union  
Members: ca. 3.000 (2017)\*

### **Svenska Hamnarbetarförbundet**

Main branch: Dockworkers  
Members: ca. 1.300\*

### **Brandmännens Riksförbund**

Main branch: Firefighters  
Members: ca. 8.800\*

### **Svensk Pilotförening**

Main branch: Civil aircraft pilots  
Members: ca. 1.700\*

## Swedish employer associations:

### Svenskt Näringsliv (SN)

Firms: 50.900\*\*

Employees: 2.123.700\*\*

### Sectoral federations:

#### Almega

Main branch: Services

Firms: ca. 11.000\*

Employees: ca. 550.000\*

#### Svensk Handel

Main branch: Retail, commerce

Firms: 9.221\*

Employees: 249.672\*

#### Byggföretagen (Until 2020 Svergies Byggindustrier, BI)

Main branch: Construction

Firms: ca. 3.700\*

Employees: ca. 110.000\*

#### Innovations- och kemiindustrierna i Sverige (IKEM)

Main branch: Chemical, plastics and material industry

Firms: ca. 1.400\*

Employees: ca. 70.000\*

#### Installatörsföretagen

Main branch: Installation/construction in heating, ventilation, electric works etc.

Firms: ca. 3.600\*

Employees: ca. 50.000\*

#### TMF – Trä- och möbelföretagen

Main branch: Wood and furniture industries

Firms: ca. 700\*

Employees: ca. 30.000\*

#### Energiföretagens Arbetsgivareförening

Main branch: Energy

Firms: ca. 140\*

Employees: ca. 18.000\*

#### Grafiska Företagen

Main branch: Graphical industries

Firms: ca. 150\*

Employees: ca. 14.000\*

#### Måleriföretagen i Sverige

Main branch: House painting

Firms: ca. 1.200\*

Employees: ca. 12.000\*

#### Teknikföretagen

Main branch: Engineering and industrial manufacturing

Firms: ca. 4.200\*

Employees: ca. 300.000\*

#### Transportföretagen

Main branch: Transport

Firms: ca. 9.700\*

Employees: ca. 221.000\*

#### Industriarbetsgivarna

Main branch: Manufacturing, steel, metalworks, pulp/paper, mining etc.

Firms: ca. 1.000\*

Employees: ca. 90.000\*

#### Livsmedelföretagen

Main branch: Food industries

Firms: ca. 800\*

Employees: ca. 50.000\*

#### Gröna Arbetsgivare

Main branch: Agriculture, forestry, gardening etc.

Firms: ca. 4.000\*

Employees: ca. 30.000\*

#### Maskinentreprenörerna

Main branch: Machine contractors

Firms: ca. 4.000\*

Employees: ca. 20.000\*

#### FAO - Försäkringsbranschens Arbetsgivareorganisation

Main branch: Insurance

Firms: ca. 130\*

Employees: ca. 16.000\*

#### SveMin

Main branch: Mining, minerals, metal production

Firms: ca. 40\*

Employees: ca. 13.000\*

#### Plåt & Ventföreningen

Main branch: Roofing and ventilation

Firms: ca. 950\*

Employees: ca. 8.000\*

**TEKO – Sveriges Textil- & Modeföretag**

Main branch: Textile, clothes and fashion

Firms: ca. 210\*

Employees: ca. 6.000\*

**Glasbranschföreningen**

Main branch: Construction and installation of glass and facades

Firms: ca. 570\*

Employees: ca. 5.000\*

**Bil Sweden**

Main branch: Automotive industry and automobile retail

Firms: N.A.

Employees: N.A.

**Lif - De forskande läkmedelföretagen**

Main branch: Pharmaceuticals and pharmaceutical research

Firms: N.A.

Employees: N.A.

**Svensk Betong**

Main branch: Cement

Firms: ca. 50\*

Employees: N.A.

**Visita**

Main branch: Hotel, 'horeca'

Firms: ca. 5.400\*

Employees: N.A.

**Återvinningsindustrierna**

Main branch: Recycling, waste management

Firms: ca. 60\*

Employees: ca. 6.000\*

**TeknikGrossisternas Arbetsgivareförening**

Main branch: Wholesale of engineering products

Firms: 12\*

Employees: ca. 2.300\*

**Kemisk-Tekniska Leverantörförbundet**

Main branch: Production and imports of chemical products

Firms: N.A.

Employees: N.A.

**Sveriges Bergmaterialindustri**

Main branch: Mining industries

Firms: N.A.

Employees: N.A.

**Svensk Sjöfart**

Main branch: Shipping

Firms: N.A.

Employees: N.A.

## **Others/independent employer associations\*\*\*\***

### **Sveriges Kommuner och Regioner**

Main branch: Municipalities and regional municipalities

Firms: 310\*\*\*

Employees: ca. 1.200.000\*\*\*

### **Arbetsgivarföreningen KFO**

Main branch: co-operatives, 'third sector'

Firms: ca. 4.000\*

Employees: ca. 135.000

### **Bankinstitutens Arbetsgivareorganisation**

Main branch: Banking

Firms: ca. 150\*

Employees: ca. 47.000\*

### **Svenska kyrkans arbetsgivarorganisation**

Main branch: The Swedish Church

Firms: N.A.

Employees: ca. 20.500\*\*\*

### **Idea – Arbetsgivarförbundet för ideella organisationer**

Main branch: 'Third sector'

Firms: ca. 1.300\*\*\*

Employees: ca. 13.000\*\*\*

### **Frisörföretagarna**

Main branch: Hairdressers

Firms: ca. 4.700\*\*\*

Employees: 3.600\*\*\*

### **Sveriges Skorstensfejaremästares**

#### **Riksförbund**

Main branch: Chimney sweeping

Firms: 160\*

Employees: N.A.

### **Arbetsgivarverket**

Main branch: Enterprises with public ownership or connection to the public sector

Firms: 250

Employees: ca. 250.000\*\*\*

### **Sobona**

Main branch: Municipal enterprises

Firms: ca. 1.100\*

Employees: ca. 100.000\*

### **Arbetsgivaralliansen**

Main branch: 'Third sector'

Firms: ca. 3.400\*

Employees: ca. 38.000\*

### **Fastigo**

Main branch: Private, municipal and cooperative real estate

Firms: ca. 1.200\*

Employees: ca. 20.000\*

### **Svensk Scenkonst**

Main branch: Performing arts

Firms: ca. 100\*\*\*

Employees: ca. 12.000\*\*\*

### **Arbetarrörelsens förhandlingsorganisation**

Main branch: Unions and labour movement employees

Firms: N.A.

Employees: N.A.

### **Teatercentrum**

Main branch: Theatres

Firms: ca. 100\*

Employees: N.A.

## Norway:<sup>29</sup>

### Norwegian unions:

#### Landsorganisasjonen i Norge (LO-N):

**Members: 952.394**

#### Unions:

##### **Fagforbundet**

Main branch: Wide range of municipal, regional, state employees, hospitals and health enterprises

Members: 374.428

##### **Handel og Kontor i Norge**

Main branch: Wide range of employees in administration, retail, clerical work, media, finance

Members: 74.050

##### **Norsk Tjenestemannslag**

Main branch: Wide range of state and public sector work, janitors, cleaning, research and university, administration

Members: 52.046

##### **Norsk Arbeidsmandsforbund**

Main branch: Maintenance, security, construction, cleaning, asphalt

Members: 34.072

##### **Norsk Nærings- og Nytelsesmiddelarbeiderforbund**

Main branch: Food industries

Members: 28.254

##### **Norsk Post- og Kommunikasjonsforbund (from 2020 part of Fagforbundet)**

Main branch: Postal services

Members: 16.756

##### **Creo**

Main branch: Art

Members: 9.025

##### **Skolenes landsforbund**

Main branch: Education, teachers, kindergarten teachers

Members: 6.948

##### **Fellesforbundet**

Main branch: Wide range of private sector industries, e.g. manufacturing, construction, 'horeca', transport, automotive industry

Members: 164.521

##### **Industri Energi**

Main branch: Industry, resource-based industries, offshore

Members: 57.000

##### **El og IT Forbundet**

Main branch: ICT, electric work, el installation

Members: 39.403

##### **Fellesorganisasjonen**

Main branch: Child protection services, pedagogy, social workers

Members: 30.077

##### **Forbundet for Ledelse og Teknikk**

Main branch: Technical white-collars, engineers, team leaders

Members: 21.266

##### **Norsk Sjømannsforbund**

Main branch: Maritime work, deep sea fishing

Members: 10.499

##### **Norges offisers- og spesialistforbund**

Main branch: Armed forces

Members: 8.135

##### **Norsk Sjøoffisersforbund**

Main branch: Leaders in maritime work

Members: 6.899

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<sup>29</sup> All numbers are from 2019 and collected from Statistics Norway (SSB), unless otherwise indicated.

\* Numbers not available from SSB, collected from organisations' own websites/publications.

\*\* 2017 SSB numbers.

**Norges Fængsels- og Friomsorgsforbund**

Main branch: Prisons, penal care

Members: ca. 3.500\*

**Norske Idrettsutøveres Sentralorganisasjon**

Main branch: Professional athletes

Members: ca. 1.350\*

**Arbeiderbevegelsens Presseforbund:**

Main branch: Media

Members: ca. 700\*

**Forfatterforbundet**

Main branch: Literature, authors

Members: ca. 410\*

**Norske Dramatikeres Forbund**

Main branch: Writers in theatre, film, radio and TV

Members: N.A.

**Norsk Lokomotivmandsforbund**

Main branch: Rail

Members: ca. 1700\*

**Norsk Flygerforbund**

Main branch: Aviation

Members: ca. 1000\*

**Kabinansattes forbund**

Main branch: Aviation

Members: 631

**Norsk Manuellterapeutforening**

Main branch: Physical therapy

Members: N.A.

## **Unio**

**Members: 375.181**

### **Unions:**

#### **Utdanningsforbundet**

Main branch: Education, pedagogical workers

Members: 181.751

#### **Forskerforbundet**

Main branch: Academia, research

Members: 23.257

#### **Norsk fysioterapiforbund**

Main branch: Physical therapy

Members: 9.982

#### **Akademikerforbundet**

Main branch: University-educated employees in administration, HR, ICT, clerical work etc.

Members: 5.086

#### **Norsk Radiografforbund**

Main branch: Radiographs

Members: 3.235

#### **Bibliotekarforbundet**

Main branch: Librarians

Members: 1.784

#### **Det Norske Diakonforbund**

Main branch: Diaconal-related work

Members: 475

#### **Norsk Sykepleierforbund**

Main branch: Nurses

Members: 118.846

#### **Politiets Fellesforbund**

Main branch: Police

Members: 17.475

#### **Det norske maskinistforbund**

Main branch: Machine managers and officers

Members: 6.272

#### **Norsk Ergoterapiforbund**

Main branch: Occupational therapy

Members: 4.325

#### **Presteforeningen**

Main branch: Priests

Members: 2.199

#### **Skatterevisorenes Forening**

Main branch: Accountants in the Norwegian

Tax Administration

Members: 530

## **YS**

**Members: 225.794**

### **Unions:**

#### **Delta**

Main branch: Public sector service provision  
Members: 83.786

#### **Finansforbundet**

Main branch: Finance, accounting, bank work, insurance  
Members: 32.887

#### **Yrkestrafikkforbundet**

Main branch: Transport/passenger drivers  
Members: 11.913

#### **SAFE**

Main branch: Oil, gas and energy  
Members: 9.782

#### **STAFO**

Main branch: State and private sector enterprises  
Members: 2.000

#### **Norsk Tollerforbund**

Main branch: Customs  
Members: ca. 1.900\*

#### **Parat**

Main branch: Wide range of employees in all sectors  
Members: 40.569

#### **Negotia**

Main branch: Wide range of employees in private sector, retail, clerical work, ICT, accounting etc.  
Members: 21.099

#### **Befalets Fellesorganisasjon**

Main branch: Armed forces employees  
Members: 10.320

#### **Skolelederforbundet**

Main branch: Leaders in primary and secondary education  
Members: 3.998

#### **Kriminalomsorgens Yrkesforbund**

Main branch: Penal care  
Members: ca. 2.000\*

#### **Skatteetatens Landsforbund**

Main branch: Employees in the Norwegian Tax Administration  
Members: ca. 1.500\*

**Akademikerne**  
**Members: 220.005**  
**Unions:**

**Tekna**

Main branch: Engineers, employees with science degrees  
Members: 81.742

**Econa**

Main branch: Professional and graduates in business and economics  
Members: 23.582

**Samfunnsviterne**

Main branch: Employees with higher education in social science and humanities  
Members: 14.495

**Norsk Lektorlag:**

Main branch: Lectors/readers  
Members: 7.839

**Den norske tannlegeforening**

Main branch: Dentists  
Members: 6.638

**Den norske veterinærforening**

Main branch: Veterinarians  
Members: 3.418

**Krigsskoleutdannede offiserers landsforening**

Main branch: Academically educated armed forces personnel  
Members: ca. 2.200\*

**Den norske legeforening**

Main branch: Medical doctors  
Members: 37.468

**Juristforbundet**

Main branch: Lawyers  
Members: 20.091

**Norsk psykologforening**

Main branch: Psychologists  
Members: 9.843

**Naturviterne**

Main branch: Employees with scientific education  
Members: 6.791

**Arkitektenes fagforbund**

Main branch: Architecture and design  
Members: ca. 5.000\*

**Samfunnsøkonomene**

Main branch: Social economists  
Members: ca. 2.800

## **Others/independent unions**

**Members: 130.991**

### **NITO**

Main branch: Engineers and technical education  
Members: 91.139

### **Norsk Journalistlag**

Main branch: Journalists  
Members: 8.353

### **Den Norske Jordmorforening:**

Main branch: Midwives  
Member: 2.330

### **Norsk Skuespillerforbund**

Main branch: Actors  
Members: 1.530

### **Norske Dansekunstnere**

Main branch: Dancers  
Members: 932

### **Folkeshøgskoleforbundet**

Main branch: Folk high school employees  
Members: 556

### **Norges Kristelige Folkehøgskulelag**

Main branch: Religious folk high school employees  
Members: 535

### **Norsk Sceneinstruktørforening**

Main branch: Scenography  
Members: 196

### **Lederne**

Main branch: Leaders/managers in a wide range of sectors  
Members: 17.727

### **Norges Farmaceutiske Forening**

Main branch: Pharmacists  
Members: 4.332

### **Krifa**

Main branch: Christian general union  
Members: ca. 2.000\*

### **Norsk Filmforbund**

Main branch: Film, video and TV production  
Members: 1.200

### **Norsk Flygelederforening**

Main branch: Air traffic controllers  
Members: 911

### **Norsk Helikopteransattes Forbund**

Main branch:  
Mechanics/technicians/administration employees in helicopter service  
Members: 642

### **Junit**

Main branch: Aviation and travel services  
Members: 463

### **Norsk Flytekniker Organisasjon**

Main branch: Aviation technicians  
Members: 145

## Norwegian employer associations:

### Næringslivets hovedorganisasjon (NHO)

**Firms: 27.620**

**Employees: 674.411**

#### NHO Sectoral federations:

##### **Norsk Industri**

Main branch: Industry, manufacturing

Firms: 2.899

Employees: 131.845

##### **Byggenæringens Landsforening**

Main branch: Construction

Firms: 4.114

Employees: 78.271

##### **NHO Mat og Drikke**

Main branch: Food industries

Firms: 1.790

Employees: 57.391

##### **NELFO**

Main branch: Electrical industries, elevator installation

Firms: 1.623\*\*

Employees: 37.076\*\*

##### **Norsk Bilbransjeforbund**

Main branch: Car retail, car workshops

Firms: 1.666

Employees: 24.550

##### **Energi Norge**

Main branch: Production, distribution and trading of electricity

Firms: 655

Employees: 13.629

##### **Mediebedriftenes Landsforening**

Main branch: Media

Firms: 410\*\*

Employees: 12.922\*\*

##### **NHO Logistikk og Transport**

Main branch: Logistics, transport, freight

Firms: ca. 450\*

Employees: ca. 10.000\*

##### **NHO Service og Handel**

Main branch: Wide range of retail and services

Firms: 6.781

Employees: 116.421

##### **NHO Reiseliv**

Main branch: Travel industries, hospitality and tourism

Firms: 3.279

Employees: 65.577

##### **Abelia**

Main branch: Knowledge and technology enterprises

Firms: 2.402

Employees: 51.769

##### **Norsk Olje og Gass**

Main branch: Oil, gas, supplier industry

Firms: 237

Employees: 35.112

##### **Sjømat Norge**

Main branch: Seafood industries, aquaculture

Firms: 686

Employees: 15.030

##### **NHO Transport**

Main branch: Passenger transport

Firms: 273

Employees: 13.428

##### **NHO Luftfart**

Main branch: Aviation

Firms: ca. 50\*

Employees: ca. 12.000\*

##### **NHO Sjøfart**

Main branch: Shipping

Firms: 62\*\*

Employees: 6.977\*\*

## Others/independent employer associations:

### **KS**

Main branch: Municipalities and regional municipalities  
Firms: 439  
Employees: 478.800

### **Arbeidsgiverforeningen Spekter**

Main branch: Enterprises with public affiliation or previous public ownership  
Firms: 263  
Employees: 220.275

### **Private Barnehagers Landsforbund**

Main branch: Private sector kindergartens  
Firms: 1.915  
Employees: 32.198

### **SAMFO (from 2020 member of Virke)**

Main branch: Co-operatives  
Firms: 197  
Employees: 26.500

### **KS Bedrift/Samfunnsbedriftene**

Main branch: Municipal enterprises, foundations  
Firms: 538  
Employees: 14.028

### **Arbeidssamvirkenes Landsforening ASV**

Main branch: Employers engaged in employee rehabilitation and work training programs  
Firms: 211  
Employees: 8.542

### **Arkitektbedriftene i Norge**

Main branch: Architecture  
Firms: 591\*\*  
Employees: 4.812\*\*

### **Kystrederiene**

Main branch: Maritime transport and shipping  
Firms: 387  
Members: 3.100

### **Arbeiderbevegelsens Arbeidsgiverforening**

Main branch: Union and labour movement employees  
Firms: 120  
Employees: 2.222

### **Hurtigbåtenes Rederiforbund:**

Main branch: Maritime passenger transport  
Firms: N.A.  
Employees: N.A.

### **Hovedorganisasjonen Virke**

Main branches: Wide range of retail and services  
Firms: 22.328  
Employees: 254.491

### **Finans Norge**

Main branch: Finance, bank, insurance  
Firms: 244  
Employees: 40.000

### **Maskinentrepreneørenes Forbund**

Main branch: Machine contractors  
Firms: 2.189  
Employees: 31.000

### **Norsk Rederiforbund**

Main branch: Shipping  
Firms: 2.189  
Employees: 21.000

### **Norges Taxiforbund**

Main branch: Taxi, passenger transport  
Firms: 3.750\*\*  
Employees: 12.000\*\*

### **Arbeidsgiverorganisasjonen for kirkelige virksomheter**

Main branch: Religious organisations  
Firms: 511\*\*  
Employees: 7.600\*\*

### **Norges Latebileier-Forbund**

Main branch: Goods transport by road  
Firms: 2.890  
Employees: 4.000

### **Glass- og fasadeforeningen**

Main branch: Construction and installation of glass and facades  
Firms: 200\*\*  
Employees: 2400\*\*

### **Fiskebåt**

Main branch: Employers in the Norwegian fishing fleet  
Firms: 174  
Employees: N.A.

## **Appendix E: List of technical terms used in the text**

### **Agreement coverage:**

Extent of employees in a specified sector/area who are subject to regulation of working conditions/terms of employment through collective agreements.

### **Arbitration:**

Mechanism for dispute resolution where one or several adjudicators make a decision that is binding on the involved dispute parties.

### **Bargaining centralisation/centralised bargaining:**

The degree of control and influence central organisations/confederations have over bargaining and bargaining procedure. In centralised bargaining, peak-level organisations/confederations are directly involved in negotiating collective agreements.

### **Bargaining decentralisation/decentralised bargaining:**

The movement away from centralised bargaining and direct role/control of peak-level organisations/confederations in collective agreement bargaining, either to the sectoral level or to the local (company/workplace) level.

### **Bargaining round:**

In bargaining systems/models where (a majority of) collective agreements' duration periods are synchronised temporally, negotiations/revisions of all or a majority of collective agreements occur within a limited time span. This is normally labelled 'bargaining round', and typically occur at a specified time of the year.

### **Blue-collar:**

Person who are engaged in manual labour. The blue-/white-collar dichotomy is relevant in the traditional classification and parcellation of collective agreement types in Swedish and Norwegian industrial relations.

### **Collective agreement:**

An agreement between a union and employer/employer organisation, that regulates wages, working conditions and other work-related matters for a number of employees.

### **Concertation:**

The processes and mechanisms involved in facilitating co-decision, information exchange, agreement and cooperation between different parties.

**Concession bargaining:**

Bargaining where unions surrender improvements gained in previous bargaining, usually in the context of economic contraction/crisis to promote firm competitiveness and secure employment.

**Confederation (union/employer):**

An association/organisation constituted by several unions/employer associations in cooperation. The highest organisational level in Swedish and Norwegian industrial relations. Notable examples are the LOs and SN/NHO.

**Cooperation agreement:**

An agreement stipulating parties' obligations to cooperate towards a goal or in a process (in this context in contrast to a collective agreement). Relevant to understanding the difference between the Swedish and Norwegian 'Industrial Agreements' (*Industriavtalet/Industrioverenskomsten*), where only the Swedish *Industriavtalet* is a cooperation agreement.

**Corporatism:**

Interest-groups or relevant parties' influence and co-decision in public policy- and decision-making, typically in the form of advisory/decision organs with representation from parties affected by such organs' activities.

**Dualisation:**

A labour market process/tendency characterised by increasing gap of wages, employment terms, working conditions etc. for different groups. Dualisation is characterised by (the tendency towards) a split between stability, employment security and well-regulated working conditions on the one hand, and precariousness, employment insecurity and absent/ineffective regulation on the other.

**Export-led bargaining/manufacturing-led bargaining:**

Mechanisms and procedures for bargaining cooperation/coordination, whereby export-industry parties bargain before other sectors, creating a precedent/norm in subsequent bargaining. In Sweden and Norway this has traditionally been the metalworks/manufacturing actors, where sectoral bargaining in these sectors are conducted before others.

**'Exposed' sector/ export sector:**

Sectors of the economy where economic actors are subject to international competition and/or orient their production/economic activities towards an international market. As such, they compete for market shares with economic actors in other countries that are operating in the same market. Prices for products/services are typically 'exogenous', i.e. formed in international competition/world markets, not at a national level.

**Extension/extension mechanism:**

Making specified minimum terms in collective agreements applicable to all employees in a collective agreement area by law.

**Figureless agreement:**

Collective agreement with no specified wage standards, leaving wage determination to the local (company/workplace) or individual (single employee) level.

**Fixed-term employment/temporary employment:**

Employment for a specified limited period, in opposition to the Swedish/Norwegian norm of temporally open-ended ('permanent') employment.

**Framework agreement:**

An agreement specifying some terms and procedure at a general level, but without the detailed specifications typically negotiated in subsequent detailed agreements.

**Hire:**

A company/employer practice whereby a worker from a company performs work for (is hired out to) another company ('user company').

**Horizontal coordination/inter-sectoral coordination:**

Processes, institutions and mechanisms involved in coordinating collective agreement bargaining (and especially wage increases) between different economic sectors.

**Impartial chairpersons (*Opartiska ordföranden, OpOs*):**

Persons who acts as chairs and mediators for negotiations in the *Industriavtalet*-area in Swedish bargaining. These chairs lead negotiations, make sure that procedures and timetables are followed and propose agreements to the bargaining parties. OpOs also have authority to postpone industrial action by some days.

**Local agreement:**

Collective agreement at the local level (company/workplace) between a union club/organisation and an employer. The scope for local agreements and their contents are often specified in agreements at higher bargaining levels (sectoral agreements and 'main' agreements).

**Local bargaining:**

Collective agreement bargaining taking place at the local (company/workplace) level. In Sweden and Norway local bargaining that happen for employers/employees that are part of a higher level (sectoral) agreement is bound by peace obligations, i.e. without access to industrial action.

**Lockout:**

Industrial action where employers refuse employees to work (and therefore also to pay wages).

**‘Main’ agreements:**

Main agreements are the most general collective agreements at the highest bargaining level, typically between confederations. These do not specify concrete terms and figures, but rather determine ‘the rules of the game’, i.e. procedures, duties and scope for bargaining, conflict and cooperation between parties. As such, they form the basis for subsequent bargaining of concrete terms in collective agreements.

**Mark (*märket*):**

A national intersectoral norm of wage increases in Swedish wage formation, whereby the ‘exposed’ sectors (in practice, the unions/employer associations belonging to *Industriavtalet*, IA-S) negotiate sectoral collective agreements before other unions/sectoral federations. This generates a figure that functions as a guideline and starting point for subsequent collective agreement bargaining, exerting normative pressure on wage formation outside the IA-S-area in Swedish manufacturing-led pattern-bargaining.

**Mediation:**

A dispute resolution mechanism where a third-party interacts with involved parties to solve the dispute in question. In contrast to arbitration, mediation is advisory and the third-party cannot act as adjudicator that imposes a result on involved parties against their will.

**Minimum agreement:**

Collective agreement that specifies the lowest allowed wage level (wage-floor) an employee covered in the collective agreement can receive. Specifications of wage-floors in these agreements are typically significantly lower than the pay that most employees receive through subsequent increases.

**Minimum wage:**

A law regulation of the lowest legal wage level an employer can pay an employee. Typically decided on a national level for all employees.

**Nominal wage increase:**

Wage increases disregarding inflation, ‘money wage’. If inflation is higher than nominal wage increases the wage recipient loses purchasing power (the amount of goods and services that can be bought with a unit of currency) regardless of whether or not she/he receives a nominal wage increase.

**Opening clause:**

Determinations in higher level collective agreements that allows some local derogation of collectively agreed standards, even if it implies worse terms for employees locally than what is negotiated sectorally.

**Pattern-bargaining/pattern sector-bargaining:**

Processes and mechanisms where bargaining and bargaining outcome of one collective agreement/group of collective agreements are used to influence bargaining of other collective agreements. Such pattern-bargaining can occur across sectors, whereby one or several sectoral agreements are concluded before other sectoral agreements, thereby creating a norm/setting a precedent. In Sweden and Norway, export-manufacturing bargaining normally function as pattern-setting. In Sweden, this is most often achieved through the agreements of the parties belonging to the IA-S cooperation agreement. In Norway, it is the IA-N collective agreement that typically functions as pattern-setting agreement.

**Part-time work:**

Employment where employees work fewer hours than what is considered standard in the Swedish/Norwegian norm of full-time employment. In contrast to fixed-term/temporary employees, part-time employees can be employed on an open-ended/permanent employment contract despite not working full-time.

**Peak-level:**

Industrial relations phenomena relating to the confederative level, i.e. union/employer confederations.

**Posting (of workers):**

Posting involves an employee being sent by her/his employer to perform work in another country.

**Real wage increase:**

Wage increase adjusted for inflation (inflation typically measured in a specified basket of goods/services as a 'consumer price index'). If nominal wage increases are greater than inflation for a given employee, she/he experiences real wage growth and their purchasing power increases (the quantity of goods/services the employee can buy with their wage).

**Sectoral agreement:**

Collective agreement covering all employees in a specified 'sectoral' agreement area, typically struck between an employer association/sectoral federation and a union. Such agreement often contains the scope for subsequent bargaining of local collective agreements (at the company/workplace level) that are congruent with and complementary to the sectoral agreement.

**Sectoral federation:**

An employer association belonging to/associated with an employer confederation.

**‘Sheltered’/domestic/home-market sector:**

Sectors of the economy where economic actors are less subject to international competition than ‘exposed’ sectors, orienting their production/economic activities primarily towards a national home-market. Sheltered sector economic actors compete less with foreign producers/economic actors than exposed sector producers. Price-formation for products/services are to a larger degree endogenous in the sheltered sectors, i.e. formed in national markets.

**‘Social dumping’:**

Processes involving employees receiving substantially lower pay and/or are subject to worse working conditions than what is normal/legal in a labour market. In Swedish and Norwegian context especially common and relevant for labour migrants following the eastern enlargement of EU.

**Strike:**

Industrial action where employees refuses to work and stop work.

**Substitute agreement:**

A collective agreement with an employer that is not member of an employer association, and that copies the specifications in a relevant collective agreement.

**Synchronisation (of collective agreements):**

The temporal synchronisation of collective agreements’ duration, i.e. the period agreement is active. Synchronisation of agreement periods are relevant to coordination.

**Temporary agency work (TAW):**

Work where an employee employed in an agency is hired out to perform work in another company (user company) on a temporary basis.

**Three-level bargaining:**

Collective agreement bargaining where both central (confederative), sectoral and local bargaining levels are involved, where higher level agreements define issues and determines the scope for lower levels.

**Tripartism:**

Procedures, mechanisms and cultures of cooperation, concertation and corporatism between the labour market parties (organised labour and organised capital) and the state.

**Two-tier bargaining:**

Collective agreement bargaining where the sectoral and local levels are involved. Sectoral collective agreements are struck first, followed by complementary local bargaining of local agreements, within the scopes set by sectoral agreements.

**Union (*förbund/forbund*):**

An organisation of workers to achieve common goals, most typically collective agreements specifying i.a. wages, working times and working conditions. Concerning the different levels of industrial relations dealt with in this thesis, 'union' is also the 'mid-level' organisations mirroring sectoral federations on the employer side. As such, 'unions' as understood here typically have local branches or union clubs at a lower level and can belong to a union confederation at a higher level. These unions often – but by no means always – follow sectoral/economic activity divides.

**Union ballots:**

The procedures of union members voting on whether or not to accept a collective agreement proposal, following from bargaining results negotiated on their behalf by union representatives.

**Union cartel:**

Formal or informal association and cooperation of unions towards some common goals or pursuit of interest.

**Union club/local branch:**

The local branch or unit belonging to a union.

**Vertical coordination ('articulation'):**

How procedures and mechanisms for collective agreements and their bargaining interrelate and interact at different levels, e.g. between the sectoral and local level, and sectoral collective agreements and local collective agreements.

**Voluntary incomes policy:**

When development and trajectories of national aggregated wage increases are determined by labour market parties in bipartite action and negotiation, without interference from state institutions.

**Wage drift:**

Difference between negotiated wages in a collective agreement and actual wages, typically achieved through local increases and various forms of local compensation.

**Wage-floor:**

The lowest allowed wage level for a worker in a specific sector/workplace. Can be regulated through collective agreements, statutory extension of minimum terms in collective agreements or through minimum wages determined by law. Neither Sweden nor Norway have minimum wages, but Norway has a mechanism for extending minimum terms in collective agreements.

**Wage frame (*ramme*):**

Normative estimate of the total volume of increases to be achieved through bargaining in the Norwegian *frontfagsmodellen*. *Rammen* follows from NHO, in understanding with LO-N, interpreting and codifying the bargaining results from *Industrioverenskomsten* (IA-N). This frame functions as a guideline and starting point for subsequent collective agreement bargaining in other sectors, exerting normative pressure on wage formation in Norwegian manufacturing-led pattern-bargaining.

**Wage norm/ Wage benchmark:**

See 'Mark (*märket*)' and 'Wage frame (*ramme*)' above.

**Wage regulative:**

Pay system in public sector agreements, where wage specifications for different types of employees are listed in salary steps.

**White-collar:**

Person who are engaged in professional, clerical, administrative and office labour. The blue-/white-collar dichotomy is relevant in the traditional classification and parcellation of collective agreement types in Swedish and Norwegian industrial relations.

## Appendix F: Wage-floor regulation in four sectors following European single market entry

<i>Sector</i>	<i>Sweden</i>	<i>Norway</i>
<b>Construction*</b>		
<b>Competitive pressures:</b>		East-north
<b>Challenges for wage regulation:</b>	CEE labour posted by foreign subcontractors or recruited by agencies; ‘Social dumping’; Incongruity between national and European wage-floor regulation (absence of statutory minimum wage/extension mechanism, EU Posted Workers Directive rules)	CEE labour posted by foreign subcontractors or recruited by agencies; Declining union density; Declining CA coverage; ‘Social dumping’
<b>Response to pressure:</b>	Union blockade against site using posted labour demanding equal treatment; <i>Lex Laval</i> and subsequent repeal; SN provision of financial and legal aid to foreign company in <i>Laval</i> case	Statutory extension of minimum terms in CA; Chain liability to subcontractors; Strengthening of Labour Inspectorate; Implementation of identity cards; Subcontractor limit in public tendering
<b>Wage regulation outcome:</b>	Displacement, followed by layering: <i>Lex Laval</i> ultimately repealed, but EU Posted Workers Directive still influential	Layering: Intensification of state-involvement; Drift: On-the-ground erosion
<b>Manufacturing/ Metalworking**</b>		
<b>Competitive pressures:</b>		North-north; East-north
<b>Challenges for wage regulation:</b>	Cost competition; CEE labour posted by foreign subcontractors or recruited by agencies	Cost competition; Volatile ‘petro-currency’ spurring large fluctuations in relative unit labour cost; CEE labour posted by foreign subcontractors or recruited by agencies
<b>Response to pressure:</b>	Employer push for stronger horizontal coordination with other sectors; temporary company-level concessions following crisis; Cautious tripartite cooperation in crisis agreement	Broadening and relabelling of the IA-N, Inclusion of white-collars in norm; Tripartite public commissions to affirm encompassing loyalty to manufacturing norm; Extension of CA terms in shipyards (NI and NHO resistance to extension of TBL in shipyards)
<b>Wage regulation outcome:</b>	Recalibration: Affirmation and strengthening of manufacturing norm; (Temporary) increased scope for concession bargaining	Recalibration: Affirmation and strengthening of manufacturing norm; Layering: Intensification of state-involvement in limited areas of sector

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## Industrial cleaning\*\*\*

### Competitive pressures:

East-north; North-north

### Challenges for wage regulation:

Cost competition; Inflow of CEE and migrant labour (although significantly lower CEE inflow than Norway); ‘Social dumping’, many small companies not covered by CA; Low union density

Cost competition; Inflow of CEE and migrant labour; Atypical employment; Sectoral CA not norm-setting for non-organised firms; Instances of unlawful deviations from contracts; ‘Social dumping’; Declining union density; Declining CA coverage

### Response to pressure:

Wage subsidies for employers who hire unemployed and newly arrived immigrants; Changes in tax rules; Decline in non-EU work permits issued

Attempts at ‘soft’ regulation through campaigns; Extension of CA minimum terms (supported by employers); Public approval required by all cleaning providers; Strengthening of Labour Inspectorate; Implementation of identity cards

### Wage regulation outcome:

Recalibration: Some minor adaptations in framework

Layering: Intensification of state-involvement; Re-regulation and tripartite cooperation

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## TAW\*\*\*\*

### Competitive pressures:

North-north; East-north

### Challenges for wage regulation:

Triangular relationship between agency and employee and hiring company

Triangular relationship between agency, employee and hiring, Low union density, Hiring of CEE labour posted through TAW attractive for hiring firms following 2008 EU TAW Directive

### Response to pressure:

Sectoral CA with high coverage and principles of equal treatment and pay between assignments prior to 2004 EU enlargement

Attempts to create sectoral CA for TAW blocked by manufacturing employers in order to gain control of cost level for hiring firms; Extension of CA minimum terms in many sectors with frequent TAW use; Government introduced derogation of equal treatment for agencies in 2015, but 2018 parliament legislation severely limited scope for TAW hire and specified comprehensive employment terms

### Wage regulation outcome:

Stability: Parties secured integration into national framework; Employers accepted ‘beneficial constraints’

Displacement, followed by drift, ending in layering; Employer strategy of evading regulation backfired; State-involvement in regulation

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**Sources:** \*Sweden: (Dølvik and Marginson, 2018b; Sjöberg, 2015); Norway: (Arnholtz et al., 2018); \*\* (Müller et al., 2018); \*\*\*Sweden: (Frödin and Kjellberg, 2018; Refslund and Thörnquist, 2016); Norway: (Trygstad et al., 2018); \*\*\*\*(Alsos and Evans, 2018)



# Firm hand on the tiller

This master's thesis surveys and compares changes in industrial relations and collective bargaining models in Sweden and Norway following the turn of the millennium, with specific attention to organised employers' roles in change. The comparative case-study outlines relevant developments and characteristics in industrial relations in these countries over the last two decades. The thesis relates to ongoing debates within the research fields of comparative political economy and industrial relations studies, revolving around 'liberalisation trajectories' of Western industrial relations. Through comparison, it is assessed which competing arguments within these debates best describes and explain Swedish and Norwegian development trajectories.



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