This publication consists of two articles. The first is a reprint of the Norwegian chapter in Anthony Ferner & Richard Hyman’s *Changing Industrial Relations in Europe* (Blackwell Publishers 1998). In that article, the basic features of the «Norwegian model» are explained, and its evolution is traced from the early origin up till 1996. The second article is an updated version of a contribution to the ETUI publication *Collective Bargaining in Western Europe 1997–1998* (European Trade Union Institute 1998). Focusing on the bargaining rounds in 1997 and 1998 and the prospects for 1999, it also reviews the level and structure of industrial conflict in Norway. Together, these articles should provide a thorough and up to date picture of industrial relations developments in Norway.
Torgeir Aarvaag Stokke,
Jon Erik Dølvik and
Kristine Nergaard

Industrial relations in Norway

Fafo
Preface .................................................................................................................. 5

Part 1
Norway: The Revival of Centralized Concertation ........................................ 7
Jon Erik Dølvik and Torgeir Aarvaag Stokke

Introduction ............................................................................................................. 8

Historical Background and Economic-Political Overview ...................... 9

The Norwegian System of Industrial Relations ...................................... 12
Employer Organizations .................................................................................. 12
Trade Unions .................................................................................................. 14
Regulatory Framework of Collective Bargaining ...................................... 16
The Institutional Embeddedness of Collective Bargaining ....................... 17

Collective Bargaining in Transition – Recent Developements ........ 20
From Crisis to Solidarity Pact – The Revival of Concertation ..................... 21
The ‘Solidarity Alternative’ ........................................................................... 22
The EU and European Labour Regulations ................................................. 25
A Changing Industrial Relations Agenda .................................................... 26

Conclusion – Continuity and Change in Norwegian Industrial Relations ................................................. 27

Abbreviations ........................................................................................................ 32
Notes ..................................................................................................................... 32
References and Further Reading ....................................................................... 32
Although most Norwegians understand English and we experience a growing internationalisation of most aspects of modern societies, up to date descriptions and analyses of developments in the Norwegian society are not easily available in English. This counts in particular for the field of industrial relations, which has never been established as a separate discipline at Norwegian universities. Studies of industrial relations have thus been marked by the varying approaches of more traditional disciplines, such as sociology, economics, political science and law, leading to a lack of integration and cross-disciplinary exchange.

At Fafo, our close co-operation with major organised actors in the labour market and growing participation in comparative international research, have urged efforts to adopt a broader, inter-disciplinary approach. In our striving to establish a better understanding of the driving forces behind developments in Norwegian industrial relations, we have in particular discovered the need for adequate descriptions of the main institutional frameworks and social actors of Norwegian working life.

This publication consists of two articles. The first is a reprint of the Norwegian chapter in Anthony Ferner & Richard Hyman’s Changing Industrial Relations in Europe (Blackwell Publishers 1998). In that article, the basic features of the “Norwegian model” are explained, and its evolution is traced from the early origin up till 1996. The second article is an updated version of a contribution to the ETUI publication Collective Bargaining in Western Europe 1997-1998 (European Trade Union Institute 1998). Focusing on the bargaining rounds in 1997 and 1998 and the prospects for 1999, it also reviews the level and structure of industrial conflict in Norway. Together, we believe that these articles provides a thorough and up to date picture of industrial relations developments in Norway.

In our work on the articles presented here, we have benefited from contacts and exchange with colleagues both abroad and in Norway. Our own department - Centre for Industrial Relations and Labour Market Research at Fafo - has been the playing ground, while our relations with major national labour market actors and institutions have been indispensable for deepening our understanding of how Norwegian industrial relations actually work.
Our research has benefited from grants from the Ministry of Local Government and Regional Development and the Research Council of Norway. In addition, we wish to thank colleagues in other European countries and in the United States for inspiration and comments. We hope that this way of reporting back also reaches a more general audience, including the labour market parties, official representatives and other observers.

Fafo Institute for Applied Social Science
Oslo, February 1999

Torgeir Aarvaag Stokke       Jon Erik Dølvik       Kristine Nergaard
Part 1
Norway:
The Revival of Centralized Concertation

Jon Erik Dølvik and Torgeir Aarvaag Stokke

Reprinted from Chapter 4 (pp 118–145) in Anthony Ferner & Richard Hyman (eds.) Changing Industrial Relations in Europe, Blackwell Publishers 1998
4 Norway: The Revival of Centralized Concertation

JON ERIC DØLVIK • TORGIEIR AARVAAG STOKKE

Introduction

The Norwegian system of industrial relations represents a variant of the Nordic model. Broad class compromises were established during the 1930s and in the immediate post-war period, initiating a long-lasting co-operative partnership between capital, labour and the state within a political order dominated by social-democratic governments.

Powerful confederations of trade unions (LO) and employers (NHO, before 1989 NAF) have been key actors in a multi-tiered bargaining system in which centralized concertation has been complemented by workplace structures of cooperation and negotiation (Dølvik and Stokland 1992). Solidaristic wage policies have been maintained, wage differentials reduced, and after a spell of neo-liberal experiments and crisis in the mid-1980s, centralized incomes policies were revitalized, seemingly with favourable effects on economic performance (Freeman 1997).

The revival of tripartite concertation in Norway has been formalized in the so-called ‘Solidarity Alternative’, a 5-year social pact agreed in 1992 between the Labour government and the main organizations of capital and labour. Within this framework of generalized political exchange, monetary policy and supply-side reforms have been in line with international trends, while the commitment to egalitarian wage and welfare policies has diverged from patterns elsewhere. This dual picture of market modernization and labour traditionalism was accentuated by the Norwegian decision to enter the single market through the EEA agreement, but to stay out of the European Union, unlike Sweden and Finland. Norway is thus a deviant case among the Nordic countries and in the broader European context. This raises the question as to whether a nationally-based corporatism² can represent a viable strategy for coping with international market integration (Dølvik et al. 1997).

Even though the Norwegian system of industrial relations has proved quite efficient in handling economic crisis and providing collective goods, uncertainty remains about its ability to adapt to social and labour market transformations in
a period of growing affluence and expectations. The egalitarian legacy may be subject to erosion from three directions: from 'above', owing to the reduced scope for ensuring full employment, given the constraints imposed on macro-economic policy-making by internationalized capital markets; from 'below', as a result of increasing pressures from market competition, both nationally and internationally; and from 'within', owing to changes in the social and occupational structure which have altered the balance of power and the perceptions of group interests, (class) identification, justice and solidarity. Faced with such pressures, the revitalization of the solidaristic Norwegian model over recent years may seem a paradox, underlining questions about its sustainability.

In this chapter, the historical, economic and political frameworks of Norwegian industrial relations are first outlined. Second, the main actors and institutions of collective bargaining are described. Third, developments over recent decades are summarized, and, fourth, some conclusions are presented about continuity and change in industrial relations in Norway, and about the factors accounting for the divergent developments in Norway, Sweden and Denmark.

**Historical Background and Economic-Political Overview**

The main features of the Norwegian system of industrial relations were largely shaped in the immediate pre- and post-war periods. After a turbulent period of economic crisis, mass unemployment and industrial conflict in the early 1930s, a co-operative system of industrial relations gradually became institutionalized after the first Basic Agreement was signed by NAF and LO in 1935. The same year, a crisis pact between the Labour party and the agrarian party brought organized labour into government. This cross-cutting coalition between labour, small farmers and fishermen, between centre, periphery and the nation state, has been a persistent feature of the political configuration in which Norwegian industrial relations have been embedded (Rokkan 1967). Accounting for the long-lasting hegemony of social democracy, it has also been at the heart of the repeated outbursts of revolt against the centre, most prominently expressed by the successful anti-EC/EU movements in 1972 and 1994, which affirmed the identification of organized labour with the nation state.

Labour party hegemony has helped shape power relations between capital, labour and the state in a way markedly different from Sweden. Since 1961, Labour have never had a majority, relying on parliamentary support either from the political centre or the socialist left. This has encouraged co-operation and compromise in politics as well as in industrial relations. Accordingly, the Norwegian labour movement has never challenged employer prerogatives in the way that organized labour did in Sweden in the 1970s (see Kjellberg in this volume). The weaker position of labour and the absence of antagonistic politicization of industrial relations in Norway have helped to prolong social-democratic rule and centralized concertation, even after labour hegemony started to decline. Thus
traditional class compromises have been maintained, in sharp contrast to Sweden where political polarization led to the withdrawal of employers from central cooperation in the 1980s.

The impact of this political legacy on industrial relations has been reinforced by the nature of economic activity in Norway. The economy is small and open, with an import ratio around 40 per cent. Industrialization was late and limited: exports have predominantly been derived from natural resources such as fisheries, forestry, the utilization of cheap hydro-power to produce semi-finished metals and chemicals, and lately on North Sea oil. Since the early 1970s, the petroleum sector has gained increasing economic importance, and currently accounts for more than 30 per cent of total exports. Norway is today the third largest oil exporter in the world with petroleum production providing more than 5 per cent of GDP and a substantial proportion of government income.

The government’s prominent role in the petroleum sector has reinforced the state-capitalist features of the Norwegian political economy (Mjøset et al. 1994: 63). In 1990, the newly deregulated private banking system was brought to the verge of collapse, but was rescued by a government bail-out. As a result the state again became a leading actor in the financial system – an ironic example of socialism by default – and currently controls about a quarter of the shares on the Oslo stock exchange. An extensive system of public transfers at industry and regional levels, well-developed public infrastructure, and an extensive welfare state, have reinforced the pivotal role of the state in governance of the economy and, hence, also in industrial relations.

The ‘manna from heaven’, as the oil revenues are known, is often used as a single-factor explanation of Norway’s favourable economic performance in recent years. A closer examination, however, suggests a more nuanced interpretation taking into account the institutional features of the Norwegian model (Freeman 1997). While other countries, benefiting from large ‘windfall’ profits, have suffered from economic stagnation and the crowding-out of industrial activity (the so-called ‘Dutch disease’), Norway has experienced the opposite (Eika 1996). On the one hand, the oil sector has boosted related industries; on the other, the system of collective bargaining has helped prevent the effects of high oil industry wage costs from spilling over into the mainland economy. In an economy based to a large degree on ground rents and the exploitation of natural resources, market-based wage-setting is always likely to generate prohibitive pay costs. The implication is that the system of centralized incomes policy and state intervention has been a strategic prerequisite for the governance of the Norwegian oil economy.

Complementing centralist concertation, workplace participation and co-operation in productivity growth and industrial restructuring have been key features of Norwegian industrial relations throughout the post-war period. Under the Cooperation Agreement of 1966 (part of the Basic Agreement between NAF/NHO and LO), co-operation committees, or works councils, were established. Later, structures for consultation in corporate groups were introduced, alongside joint management–labour plans for industrial and company restructuring (Bosch 1997). Board-level participation, giving employees one third of the seats, was established under the Joint Stock Company Act in 1973. The Work Environment Act of 1977
extended existing schemes of employee participation through the activities of work environment committees and safety delegates. Norwegian unions, unlike those in other Nordic countries, have not given priority to economic democracy through worker ownership or wage-earner funds.

Major reforms of the welfare state were undertaken in the 1960s and 1970s. A universal, tax-based public pension and (unlike the other Nordic countries) unemployment benefit system were established. While retirement age is still among the highest in Europe (67 years), a sick pay system, providing 100 per cent compensation from day one, was introduced in 1977. The expansion of services contributed to an unprecedented growth in female employment, especially in the public sector, where employment nearly doubled between 1973 and 1993 and now accounts for one third of the working population. More than 70 per cent of women of working age are economically active, roughly half of them part-time.

In the post-war period the governing Labour party advocated Keynesian stabilization policies, but in practice fiscal policies were kept tight, whereas credit policies and the state banks were used for counter-cyclical purposes within a regime of low interest rates, a fixed exchange rate and low inflation (Mjoset et al. 1994: 60). Wage determination was centrally co-ordinated with economic policies, giving priority to the competitiveness of exposed sectors. During the international crisis of the 1970s, however, expansionary Keynesian policies were used to combat recession, but rising inflation and economic imbalances triggered devaluation, austerity policies and wage and price laws in 1978–9.

In the 1980s, the Norwegian economy experienced a strong recovery along with substantial policy shifts, followed by dramatic economic fluctuations. Extensive deregulation of credit and the housing market was pursued by a conservative government in the early 1980s, leading to an extraordinary growth in credit-financed private consumption, services and employment. In 1986, falling oil-prices and external imbalances triggered the collapse of the bonanza. In a situation aggravated by large-scale industrial conflict and the fall of the conservative government, a major shift in economic strategy was initiated. The incoming Labour government devalued and introduced a hard currency regime, underpinned by austerity policies and high interest rates. There was also a change in the approach to collective bargaining: the two sides of industry played a key role in securing wage moderation, and pay legislation was introduced making excessive pay increases unlawful in 1988–9.

The change was successful in redressing external imbalances and squeezing out inflation, but the consequence was domestic recession and a debt crisis. While unemployment had been almost negligible in the post-war period until the mid-1970s, and grew only slowly in the early 1980s, it rose dramatically from 1988. Within a few years, employment had fallen by 6 per cent and the proportion of the labour force out of work reached nearly 9 per cent (including 3 per cent participating in active labour market schemes) (Rødseth 1997). To combat unemployment, expansionary Keynesian policies were reintroduced in the early 1990s, accompanied by active labour market policies and the expansion of higher education. In response to turbulence in the financial markets in 1992, the Norwegian currency was unpegged from the ecu, leading to falling interest rates.
From 1993 the domestic economy recovered, exports increased and the economy entered a phase of accelerating growth in production and employment. By autumn 1997, unemployment had been brought down to below 4 per cent (including those participating in active labour market schemes).

The change of approach in the 1980s led to the scrapping of a central pillar of the traditional macro-economic Norwegian model, state control over credit policy and capital movements. However, another feature of the traditional model was revived: the commitment to low inflation and a stable exchange rate as ‘anchors’ for centralized incomes policies. A crucial precondition for this shift was the active participation of labour and capital. This was formalized in 1992 in the official ‘National strategy for increased employment in the 1990s’, the so-called ‘Solidarity Alternative’ (see below).

The Norwegian System of Industrial Relations

The evolution of industrial relations and collective bargaining in Norway conforms strongly to Sisson’s (1987) thesis that historical compromises shape structures, attitudes and habits that are not easily changed. The Norwegian Confederation of Trade Unions (LO), founded in 1899, was joined by the Norwegian Employers’ Confederation (NAF) in 1900. The first industry-wide collective agreement was concluded in the metal industry in 1907. The metal agreement still plays an important role in Norwegian bargaining rounds. A long debate on legal frameworks culminated in 1915 with the passing of the Labour Disputes Act, which built largely on tacit agreements and compromises between the parties. The principles laid down in the law and large parts of its substantive provisions are still in force today.

The first decade of functioning of the Labour Disputes Act was marked by high levels of conflict and state intervention through compulsory arbitration in bargaining rounds (Knutsen 1993). The resolution of major conflicts in 1928 and 1931 contributed to the building of strong trust relationships between the leadership of LO and NAF, and the signing of the Basic Agreement in 1935 can be viewed as formalizing this new era (Seim 1972). LO and NAF have since been joined by other organizations, and industrial relations in the public sector developed rapidly from the 1950s. Nevertheless, Norwegian industrial relations continue to bear the strong imprint of both the institutions and the compromises of the founding phase.

Employer Organizations

While private sector employers in Norway are today represented by more than 50 associations, the Confederation of Norwegian Business and Industry (NHO, a product of the merger in 1989 between NAF and two industry and craft associations), is the only employers’ confederation in the private sector. NHO
comprises more than 13,500 firms with approximately 430,000 employees in 1996. The firms are members both of NHO and one of the 28 branch associations, which combine the roles of employers' associations and industrial interest organizations. NHO exerts strong central authority over member associations on bargaining strategies, industrial action and the conclusion of collective agreements. Manufacturing, construction, craft trades and the service sector are all defined as areas of recruitment for NHO, but the confederation is strongest in manufacturing. Its density is particularly high in chemicals and metals, and density – measured as proportion of employment – is approximately 70 per cent in manufacturing as a whole (Stokke 1996b). Density increases sharply with firm size.

The other major employer organization in the private sector is HSH (the Federation of Norwegian Commercial and Service Enterprises). In addition, there are significant employer organizations in financial services, insurance, private health and welfare services, agriculture and the co-operative movement. In the 1990s, organized enterprises in total covered about 55 per cent of private sector employment (Stokke 1996a).

In the public sector, there are separate employer organizations for state and local government. In addition, a new employer organization (NAVO) for semi-autonomous state enterprises was founded in 1993. The government is formally the employer in the state sector, and the main negotiation rounds, covering roughly 250,000 employees, are the responsibility of the Ministry of Planning and Co-ordination. The local public sector is covered by the Norwegian Association of Local Authorities (KS). The main negotiations in the municipal sector covered roughly 300,000 employees in 1991–2 (Nergaard 1993: 142). The revision of the main collective agreement requires approval by a ballot among KS's members. Since 1964, both the state and local government sector have used the same salary scale, although actual pay for specific occupations may vary somewhat. The main bargaining rounds for the local government sector and the semi-autonomous state enterprises are regulated by the Labour Disputes Act, while bargaining in the state sector is regulated by the Public Service Disputes Act. In the state sector, agreements are settled with bargaining cartels of unions from the three union confederations and an independent teachers' union. The central bargaining partners of KS are usually also cartels of unions from the main confederations LO, YS and AF, but individual unions may in principle be entitled to bargain independently, while cartels in the state sector can commit the individual unions.

In summary, employer organization in Norway is marked by a high degree of centralized power and fairly high density. The clear demarcation of bargaining territories moderates rivalry and competition, even though some tension exists both within and between private and public sector. Nonetheless, the dominant role of private manufacturing associations, co-ordinating their policies under the auspices of NHO, has contributed to institutionalization of an encompassing bargaining structure based on mutual high-trust relations, especially with LO and its unions. NHO is, unlike its Swedish sister organization, SAF, still both willing and able to play a dominant role in collective bargaining. And unlike its Danish sister organization, DA, it has not (yet) experienced severe symptoms of internal tension between manufacturing industry and other parts of the private sector.
Trade Unions

Trade union density has stabilized at around 56–7 per cent since 1980. This is lower than in other Nordic countries, partly reflecting the fact that unemployment insurance in Norway is organized by the state and not by the unions (Rothstein 1990).

The Norwegian Confederation of Trade Unions (LO) is still the dominant union force. This dominance is due both to its traditional hegemony among blue-collar workers in core manufacturing industries, and to its organization of a substantial proportion of employees in the growing public sector. LO-affiliated unions covered roughly 54 per cent of unionized workers in 1994. LO consists of 28 different unions with a total membership of 800,000 members in the mid-1990s. Some 73 per cent of LO members are economically active (Stokke 1995). Approximately 55 per cent of active LO members are located in the private sector, but the proportion of membership in the public sector is steadily increasing, as is the percentage of women members.

Industrial unionism has been the main organizing principle of LO unions in the private sector since the 1920s. Tension between unskilled and skilled workers, as in the Danish LO (Scheuer in this volume), has thus never been an important factor. Industrial unionism is also a key principle in the local government sector. In the state sector, LO structure reflects the organization of the state into different departments. LO has recently begun to create cartels in the private sector, one for manufacturing and one for services. (The unions in the state and local government sectors are already organized more or less as cartels.)

The two other confederations, the Federation of Norwegian Professional Associations (AF) and the Confederation of Vocational Unions (YS), were established in the late 1970s out of pre-existing confederations and independent unions. The 36 unions in AF represented almost 250,000 members in 1995. YS consists of 18 unions with 215,000 members. About 77 per cent of AF’s and 84 per cent of YS’s members are in active employment (Stokke 1995 and union data). About two-thirds of the active members of AF and YS are employed in the public sector. AF mainly recruits graduates and well-educated professionals, whereas YS membership is concentrated in female-dominated, semi-skilled occupations in the public sector with low to average rates of pay. YS unions also predominate in banking and insurance. LO and AF largely organize different segments of the labour market, thus competition is muted. In 1993, they signed a collaboration agreement covering industrial policies, the protection of employee rights, research and education, equal rights and family issues. By contrast, the boundaries between LO and YS are blurred in the public and large parts of the private sector, often leading to competition and rivalry; YS also actively opposes the links between LO and the Labour Party.

A substantial but decreasing number of unions are not members of any confederation. The most important organize teachers, journalists, shipmasters and mates, employees in aviation and (until recently) in oil production. The majority of the many independent unions have fewer than 5000 members. The largest
Table 4.1 Total union density and density by confederation

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>LO</th>
<th>YS</th>
<th>AF</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>52</td>
<td>41</td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>1970</td>
<td>50</td>
<td>38</td>
<td></td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>1980</td>
<td>55</td>
<td>37</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>1990</td>
<td>56</td>
<td>33</td>
<td>9</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>1994</td>
<td>56</td>
<td>30</td>
<td>10</td>
<td>10</td>
<td>6</td>
</tr>
</tbody>
</table>

Note: YS and AF were both formed in the late 1970s, earlier confederations outside LO are grouped together with independent unions. Source: Fennefoss (1988); Stokke (1995).

Independent union, the teachers union, has a collaboration agreement with LO and often co-ordinates collective bargaining demands with LO unions. Nonetheless, union fragmentation is much greater in Norway than in Sweden and somewhat greater than in Denmark (cf. Fennefoss and Stokke 1991).

Although union density in Norway has been relatively stable over the whole post-war period, fluctuating between 50 and 57 per cent, LO’s share of members has fallen. The broad picture is shown in table 4.1. Union density varies considerably between sectors and industries, from 22–4 per cent in trade and in hotels and restaurants to 86 per cent in public administration (Nergaard 1996).

Despite the relative decline in membership, LO unions are still the largest in both the private and public sectors, and are able to dominate the bargaining rounds. Formally and in practice, LO exerts strong central authority over member unions. It plays a decisive role in determining union policy on collective bargaining and industrial action. The strength of central authority has always differentiated Norwegian LO from its Danish and (since the early 1980s) Swedish counterparts (Elvander 1989). In contrast to Sweden in particular, the close collaboration and consultation between the LO and the Labour Party on most policy areas have continued in Norway. This privileged access to the decision-making centres of the governing party has bolstered LO’s power and has been a prerequisite for the maintenance of centralized collective bargaining and economic policy concertation. However, the central role of LO has been increasingly questioned by unions and by political forces on the margins of corporatist networks.

Strong central power in Norway is combined with a significant decentralization of trade union functions. These include local bargaining at company level, which is integrated into the overall bargaining system; the approval of collective agreements in a ballot of union members covered by the agreements; and the significant role of local unions in co-determination and health and safety activities at firm level. Thus union structure, as in the other Nordic countries, is both more centralized and more decentralized than in the case in most other European countries.
Regulatory Frameworks of Collective Bargaining

As in all Nordic and most European countries, the distinction between disputes of rights and disputes of interest is applied in Norway (cf. ILO 1980: 6–9). The Labour Court, dealing with disputes of rights, and the Office of the state mediator, dealing with disputes of interest, are regulated by collective labour law. Both institutions were established by the first Labour Disputes Act of 1915; with the Public Sector Labour Disputes Act of 1958, the two institutions cover the whole labour market (Evju 1991: 128). After a period of compulsory arbitration in the first post-war years, a National Wage Board was set up in 1952 for voluntary arbitration of disputes of interests. The Board has five permanent members: three neutrals, one representing employers (usually NHO or the state as employer) and one representing trade unions (usually LO). In addition, each party to a dispute designates a representative to the Board. These two representatives have voting rights while the permanent members from the employer and union sides do not. Requests for voluntary arbitration have been rather rare, and the Board has in practice been used more frequently for ad hoc compulsory arbitration (Evju 1991: 135–6). Between 1952 and 1996, 91 special Acts and Decrees have resulted in the submission of more than 130 disputes to compulsory arbitration (Stokke 1996c).

Basic agreements in the main sectors complement legislation by defining overall aims, principles and procedural rules. They regulate sympathy action, amplify the peace obligation, and contain provisions on a broad set of issues such as rights of shop stewards, working time, work organization, employee participation, information and consultation, the introduction of new technology, and training. They often expand on minimum standards set by legislation. Collective bargaining covers not only pay and working conditions, but also broader issues of social policy, including pension rights, sickness absence, and training.

Although there is no statutory minimum wage, nor erga omnes procedures for the extension of collective agreements, private employers are bound to apply the terms of a collective agreement to their unorganized employees also (Evju 1991: 57–8). Employers not bound by any collective agreements are also generally assumed to apply the provision of the appropriate settlement, although little research has been conducted on the subject. In the state sector, parliament has determined that the terms of collective agreements should cover all employees, while in the municipal sector norms of equal treatment imply that derogations from collective bargaining outcomes are unacceptable. Survey data from employees indicate a level of coverage of collective agreements in the private sector of 50–55 per cent. Coverage is substantially higher in private manufacturing and lower in private services (Hippe and Nergaard 1992; Traxler 1994; Olsen 1995). Comparison of survey data from Denmark and Norway indicates a surprising similarity in the coverage of collective agreements, despite the higher union density in Denmark (Olsen 1995, Scheuer 1997).

The Norwegian case illustrates that a centralized system of collective bargaining is not dependent upon the use of extension procedures such as exist in countries like Austria, Belgium, France and Portugal (cf. Traxler 1994: 178–9). This does
not imply, however, that Norway’s collective bargaining system is ‘voluntarist’. The balance between labour law and collective agreements in terms of frameworks for bargaining and of the handling of substantive issues such as working time, holidays, or dismissal protection, leans more heavily towards labour law than in Denmark and Sweden (Evju 1995:328–32).

The Institutional Embeddedness of Collective Bargaining

In international comparison, Norway is usually ranked highly on measures of centralization, encompassment and the articulation of collective bargaining (Visser and Ebbinghaus 1992: 212–13; Traxler 1994: 175). Different models of collective bargaining have been used over the past 50 years, but the general picture is of an alternation between the peak intersectoral level and the industry level in the private sector. In addition, however, local or workplace bargaining is widespread, especially in private sector manufacturing. Strikes are prohibited in local bargaining. The pay of most private sector white-collar workers is determined on an individual basis, with the union sometimes acting as co-ordinator or advisor. In the public sector, local bargaining has increased, especially in the 1990s (see Barth and Yin 1995; Ellingsæter and Rubery 1997).

Since 1964, the duration of collective agreements in Norway, both in the private and public sector, has been 2 years. The stability created by taking the duration of agreements out of bargaining should not be underestimated: a glance at the Swedish situation since the late 1960s (Elvander, Kjellberg in this volume) illustrates how bargaining over duration encourages leap-frogging. During the 2-yearly main bargaining rounds, the entire content of a collective agreement is open for revision. At industry level in the private sector, the respective LO-affiliated unions and NHO-affiliated employers’ branch organizations negotiate some 150 collective agreements. At the intersectoral level, bargaining takes place between the peak organizations and covers broader issues. Combinations of intersectoral and industry-level bargaining have also occurred (see table 4.2). Intermediate or mid-term bargaining rounds are always centrally co-ordinated, and focus on pay. The outcome of main bargaining rounds is usually subject to ratification in a ballot of union members covered by the collective agreement, while the results of intermediate bargaining rounds are subject to approval by LO’s general council.

Pay rounds in the 1950s and 1960s followed a pattern which was later formalized in the so-called ‘Aukrust model’, in which a ‘responsible’ rate of wage growth was determined by the growth of world market prices and productivity in the exposed sectors of the economy (Aukrust 1977). (The Aukrust model was an important source for the later Swedish EFO model.) Thus national bargainers had to take account of the competitiveness of exposed sectors. In mid-term bargaining rounds or in centrally co-ordinated bargaining rounds the results of the LO–NAF agreement would set the standards for the rest of the labour market. In bargaining rounds at industry level, the export-based iron- and metalworkers set the pattern for subsequent agreements.
## Table 4.2 Type and level of negotiations in LO – NAF (NHO) bargaining rounds, and forms of state intervention

<table>
<thead>
<tr>
<th>Year</th>
<th>Type of negotiation</th>
<th>Level of negotiation</th>
<th>Major conflicts</th>
<th>Instances of compulsory arbitration</th>
<th>Wage laws etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LO–NAF (NHO)</td>
<td>LO–NAF (NHO)</td>
<td>LO–NAF (NHO)</td>
<td>Other private sector</td>
<td>Public sector</td>
</tr>
<tr>
<td>1964</td>
<td>Main</td>
<td>C</td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>1965</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td>Main</td>
<td>C</td>
<td></td>
<td>x</td>
<td>(x)</td>
</tr>
<tr>
<td>1967 (No bargaining)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1968</td>
<td>Main</td>
<td>V/C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1969 (No bargaining)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>Main</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971 (No bargaining)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1972</td>
<td>Main</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>Main</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>Main</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1979 (No bargaining)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>Main</td>
<td>C/I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982</td>
<td>Main</td>
<td>I</td>
<td>Transport</td>
<td>Transport</td>
<td></td>
</tr>
<tr>
<td>1983</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1984</td>
<td>Main</td>
<td>I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>Main</td>
<td>I</td>
<td>Major lockout/strike</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1987</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1988</td>
<td>Main</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1989</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>Main</td>
<td>C/I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>Main</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>Main</td>
<td>I</td>
<td>Transport</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>Mid term</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>Main</td>
<td>I</td>
<td>Manufacturing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** 'C' = centrally co-ordinated; 'I' = industry level. The number of workers or employers covered by compulsory arbitration may vary considerably, especially between the LO–NAF area and the rest of the private sector. The wage and price freeze in 1978 is in brackets because it did not affect the 1978 bargaining round.

**Source:** Stokke, unpublished material.
The high point of Norwegian incomes policies was reached with the so-called ‘combined’ settlements of 1975–7. The Labour government participated directly in the negotiations and provided tax concessions, transfers, pension contributions and price subsidies. Real pay increased by an average of 5 per cent per annum, a figure not achieved before or since, and according to Dahl (1989: 28), the state in effect paid between 40 and 60 per cent of the cost of the 1975–7 settlements. This peak era of concertation culminated in compulsory arbitration and a wage and price freeze in 1978.

Dispute resolution relies heavily on mediation, which is, in practice, compulsory in Norway. The effects of mediation on bargaining between LO and NAF/NHO are difficult to disentangle. More visible is the mediator’s right to treat several settlements as one entity. In the main centrally co-ordinated bargaining rounds between LO and NAF, this has been of great importance in gagging militant unions or minimizing the effects of workplace rebellion against settlements (Froland 1992). Mediators in Norway are careful to put forward more favourable solutions to groups which are not content with the pattern set by previous agreements, a mediator strategy also found in Denmark, but not in Sweden (Stokke 1996c). The strategies and rights of Norwegian state mediators might be said to challenge the traditional Anglo-American understanding of the mediator’s role (cf. ILO 1980; Kochan and Katz 1988). Nevertheless, the institution is highly respected, and NAF/NHO and LO have always supported a strong mediation body. Norwegian dispute resolution resembles the Danish mode of compulsory mediation, in which the mediators have even greater powers. In Sweden, by contrast, mediation is essentially voluntary and since the 1970s has generally been manipulated by the organizations in their bargaining strategies (Elvander 1988; Stokke 1996c; Kjellberg in this volume).

Compulsory arbitration has also been an important factor in ensuring discipline and compliance with the model. However, its use in disputes of interest has always been a matter of great controversy in Norway. Introduced as early as 1916 through ad hoc legislation, compulsory arbitration has had three main purposes in the post-war period. First, both LO and NAF, and their affiliates, have on occasion allowed disputes to drag on in the confident expectation that this will eventually result in state intervention through compulsory arbitration. This tactic has played an important role where one or other of the parties wishes to save face, where it is feared that LO members will vote down a mediator’s proposal, or where this has already happened (Elvander 1989: 128; Froland 1992). These ingredients characterized the centrally co-ordinated bargaining rounds between LO and NAF in 1951, 1958, 1964, 1966, 1978 and 1981. In the 1986 round, tense relations between the parties made a peaceful conclusion unlikely (see below). Nevertheless, compulsory arbitration has never been the main way of settling disputes between LO and NAF/NHO. Most bargaining rounds (see table 4.2) have been resolved on the basis of a proposal from the state mediator, either voted on and accepted by union members or accepted by LO’s general council.

Second, compulsory arbitration has been an important mechanism in containing militant unions both inside and outside LO. For example, the three largest strikes in the municipal sectors during the 1980s and 1990s were all led by the Norwegian
Union of Municipal Employees (the largest LO union), and halted by the use of compulsory arbitration. Both historically and more recently, compulsory arbitration has been most frequently used to gag independent unions, or YS unions competing with LO unions in the private sector. Sanctions have sometimes been imposed on groups initiating conflicts, suggesting that the use of compulsory arbitration has tended to preserve the solidaristic legacy of co-ordinated pattern bargaining (Evju 1991:136). Until the 1970s, sea and coastal water transport were plagued by union rivalries, and two independent unions in particular were frequent guests at the National Wage Board. Subsequently, the use of compulsory arbitration has been essential to prevent workers from exploiting ground-rents in the oil production sector, especially given the industry’s fragmented union structure (Stokke 1996c). In 1982, after a turbulent bargaining round the previous year and an intervention by the prime minister compelling the oil companies to act in concert with NAF, the National Wage Board established a new pay system for workers on oil production platforms. The system, comprising an onshore manufacturing wage element and an offshore compensation element, has had the intended effect of reducing the spillover of wages from the oil industry (Hognes 1994: 651–86). Strikes, and oil company defections from NAF, have been avoided through the use of compulsory arbitration.

Third, compulsory arbitration has always had a role in preventing labour conflicts from disrupting essential services. However, this has allowed both unions and employers to manipulate conflicts so as to provoke compulsory arbitration—a strategy used, for example, by nurses in the municipal sector in 1994, and by the AF unions in the state and municipal sectors in 1995 (Stokke 1996c).

The most evident impact of both mediation and arbitration is their role in the preservation of ‘social order’, by preventing external groups from undermining the bargaining framework set by the principal LO–NHO actors. Functional equivalents to Norwegian institutions of dispute resolution can be found in Denmark; in Sweden, by contrast, the doctrine of ‘freedom of the labour market from state intervention’ (Elvander 1989: 128) has been very strong. Consequently, temporary breakdowns of centralized collective bargaining can be reversed or at least stabilized in Norway and Denmark, while the Swedish bargaining structures are much more fragile (Stokke 1996c). However, since the early 1980s, the use of compulsory arbitration in Norway has come under pressure. The International Labour Organization has repeatedly criticized intervention in disputes that do not threaten essential services, a practice that ILO regards as incompatible with conventions 87 and 98 (see Evju 1991: 212–21, NOU 1993: 18). Such criticism has recently lead to a review of Norwegian collective labour law (see below).

Collective Bargaining in Transition – Recent Developments

During the 1980s the Norwegian system of collective bargaining came under increasing pressure. In 1980, following the compulsory arbitration and wage and
price freeze of 1978–9, LO and NAF agreed on a ‘low-wage-guarantee’, co-financed by employees and affected employers. This brought the upward levelling of wages across sectors by means of specific pay increases for groups earning less than 85 per cent of the average in manufacturing. In return, LO accepted a ceiling on wage drift.

During the neo-liberal phase under conservative governments (1982–6), the state withdrew from tripartite conciliation. The main pay rounds were decentralized to industry level, local wage drift accounted for as much as 70 per cent of pay increases, inflation rose and the central actors appeared to lose control. Employers demanded deregulation and market-based wage determination. They also tried to get rid of the ‘low-wage guarantee’, which sparked a major conflict in the 1986 pay round. NAF pursued a strategy of confrontation and rejected trade union demands for the equalization of blue- and white-collar working time. Negotiations quickly reached deadlock and the employers imposed a general lockout. However, they were organizationally and politically unprepared for a large-scale conflict. Facing internal division, the employers suffered a humiliating defeat. 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. This was against a background of overheated labour markets and an economy on the verge of collapse.

The virtual breakdown of central co-ordination and the inability to take account of changing economic circumstances in 1986 was a formative experience, particularly for the employers. It paved the way for profound changes over the subsequent years.

From Crisis to Solidarity Pact – The Revival of Concertation

In response to the onset of recession in 1987, trade union and employer leaders played a key role in the reintroduction of incomes policies and the decentralization of collective bargaining. Following a change of leadership in NAF and LO, and in the government, the main actors agreed in informal high-level consultations to break the inflationary wage-price spiral; competitiveness had been eroded and jobs lost, while there had been only minor real wage increases.

The interim pay round in 1987 ended in a LO–NAF agreement that there should be no wage increases, but local wage drift was still significant (8.5 per cent in manufacturing). In 1988 unemployment was accelerating and LO offered pay moderation, on condition that no other groups should gain higher settlements. Acting in concert with LO and NAF, the social-democratic government passed a regulation, approved by Parliament, prohibiting wage increases beyond the terms of the central LO–NAF settlement. When the income regulation expired in 1990, LO and NHO agreed centrally on a limited across-the-board pay increase. In addition, local and industry-level bargaining was allowed within strict guidelines based on a company’s economic situation, results, productivity, prospects and
The 'Solidarity Alternative'


In order to bring unemployment down to 3–3.5 per cent in the 1990s, a five-year social pact, the ‘solidarity alternative’, was proposed, comprising the following main elements. First, there would be a programme of wage determination and incomes policy co-operation that would secure an improvement in cost competitiveness of around about 10 per cent and a growth in real wages of at least 0.5 per cent per year between 1993 and 1997. Second, the proposals included a review of the composition of public expenditure with a view to reducing transfer payments and creating scope for active measures to increase employment. Third, structural policy measures would be implemented, including an examination of the regulatory framework of industrial policy, labour markets, social security and education, aimed at reducing the equilibrium rate of unemployment. Fourth, an active labour market policy would be pursued to reduce unemployment and enhance skill formation. Finally, a macro-economic formula was proposed under which monetary policy would aim to achieve a stable exchange rate, fiscal policy to stabilize the growth of demand, and incomes policies to control inflation. Supplementary reports argued for cuts in transfers and a strengthening of the so-called ‘working-line’, aimed at increasing labour market participation among recipients of social benefits.

Following the policy shift of the late 1980s, the gap in manufacturing wage costs between Norway and its main trading partners decreased steadily, from 25 per cent in 1988 to 7 per cent in 1994 (NOU 1996/4: 44). As indirect labour costs are comparatively low in Norway and international comparison of relative wage costs usually do not include wages of white-collar workers – which are also low in Norway – it may be assumed that total labour costs in Norwegian manufacturing have largely been brought in line with the country’s main trading partners (p. 68). Weak productivity growth and currency appreciation meant that unit labour costs improved less rapidly (falling by 2.5 per cent between 1988 and 1994), and they rose again in 1995–6 (p. 43). Nevertheless, measured in terms of export market share, which rose by some 10 per cent between 1988 and 1994 (and has increased further since), Norwegian competitiveness has improved significantly (pp. 38–9).

Although the double figure nominal wage increases (roughly on a par with inflation) of the early- to mid-1980s were brought down to around 3 per cent in
the first half of the 1990s, an even stronger drop in inflation (to an average of 2.5 per cent per annum since 1992) and interest rates, has brought a significant growth in real wages.

The ‘solidarity alternative’ expressed broad political consensus and the commitment of the social partners to continued concertation. This could be seen as a concrete example of the concept of ‘generalized political exchange’ (Traxler 1990). The attractiveness to employers and government of the unions’ capacity to deliver wage restraint was skillfully exploited by LO to obtain ambitious employment and labour market policies, together with a guarantee that major welfare schemes (e.g. the sick pay system) would be maintained. The main partners have largely kept to their commitments, and employment objectives have been fulfilled, facilitated by growth rates far beyond the Commission’s assumptions.

Compared to developments in other European and Nordic countries these results are noteworthy. Tripartite concertation and solidaristic policies in Norway have been essential elements in what may be seen as a self-imposed convergence programme, akin to that imposed on EU countries under the EMU criteria. Oil revenues have eased the transition, but have also had a potentially inflationary impact; this makes the contribution of centralized wage determination to containing inflation all the more striking. While Norway has experienced much higher growth than Sweden in recent years, the increase in nominal wages has been substantially lower. A central feature of the Norwegian turnaround was the use of trade union influence to secure a pattern of distribution and a policy mix that enhanced legitimacy and popular consent. This was facilitated by a climate of economic emergency. The active participation of the social partners from the late 1980s was in striking contrast to the interventionism and wage laws of the 1970s, which had little lasting impact on wage setting. The trade unions in particular have been able to influence the broad parameters of state policy within an institutionalized social compromise.

Denmark pursued a similar strategy in the early 1980s – the so-called ‘Cartofle-cure’. The Danish government actively intervened in collective bargaining and suspended (and eventually abolished) the index-linking of wages. Sweden tried to copy the Norwegian example in early 1990 by calling for wage laws, but the social-democratic government was constrained by the lack of support from the two sides of industry. The politicized Swedish employers had previously withdrawn from all corporatist bodies and denounced central bargaining, while several trade unions actively opposed interventionist incomes policies. Thus there were striking differences between Sweden and the other Scandinavian countries. In Sweden there were no established traditions of compulsory arbitration or other forms of public intervention, by means of which the state could ensure general compliance with a centrally agreed package of crisis measures. Thus compliance had to be secured by the parties themselves, a task which proved impossible. As shown by Kjellberg in this volume, the arrangements for co-ordinating Swedish wage determination have proved fragile. The employers’ association’s weak central authority, the segmented structure of union confederations and the erosion of LO authority, the absence of a tradition of state intervention, and the more polarized
political situation all inhibited the emergence of an overall ‘social deal’ as in Norway.

The 1996 Pay Round – The Crumbling of Solidaristic Concertation?

A striking feature of the mid-1970s and mid-1980s was the inability of the Norwegian industrial relations system to cope with economic boom, prompting decentralization, wage inflation and economic crisis, followed by austerity and interventionist wage regulation. The key question is thus whether history is about to repeat itself, or whether the dominant actors have learned from past experience. The issue has been highlighted by the 1996 pay round. As a result of rank-and-file impatience in the metalworkers’ union (Fellesforbundet), the pay round was conducted at industry level, though within a centrally co-ordinated framework. Negotiations brought a real wage increase of around 3 per cent, a clear departure from past policies of moderation.

In the pace-setting metal sector, a relatively favourable agreement reached by mediation and recommended by the parties, was rejected by union members, prompting the most far-reaching private sector strike since the 1930s. This reflected mounting disaffection with wage moderation. In the period of centralized incomes policies they had on several occasions voted against agreements that were accepted by the majority of private sector LO union members. Discontent was fuelled by a call for higher management pay during the conflict, and by generous settlements in the state and municipal sectors.

The 1996 pay round thus deviated from past policies of centralized wage moderation. By co-ordinating claims across sectors, the unions achieved objectives such as a reduced flexible retirement age and recognition of the principle of life-long training, on top of substantial real wage growth, especially for low-paid groups. The main private sector strikes were resolved without state intervention, and the government also appeared to acknowledge the need for dissatisfied public sector unions and employees to let off steam: this could be seen as a prerequisite for the stability of an overly rigid centralized bargaining system (Frøland 1996). In the context of economic growth and rising profits over recent years, a one-off 4.5 per cent pay rise should not represent major problems. Some have argued, however, that the 1996 pay round confirms the inability of trade unions to sustain wage moderation in times of recovery, suggesting that the ‘solidarity alternative’ will break down in the coming years (Skånland 1996). In the light of tight labour markets and falling interest rates, the government has made clear that continued wage moderation and fiscal restraint will be required to prevent a resurgence of inflation.
The EU and European Labour Regulations

The ‘No-coalition’ against EU membership won a three-vote victory at the LO Congress in September 1994. In a situation in which the pro-EU Labour government and employers were being vigorously challenged by a broad coalition of forces (including the primary sector, the districts, environmentalists, and various radical and centrist parties), the narrow vote in LO may have had a decisive influence on the final outcome (a vote of 52 per cent against EU membership). Union opponents of membership argued that EU labour regulations would entail the undue juridification and individualization of Norwegian industrial relations, and would possibly result in downward harmonization and the erosion of collective bargaining (Stueland et al. 1994). It was also argued that the EU (and EMU in particular) would have a negative impact on the Norwegian welfare state and employment policies, and this brought strong support for the No-coalition among women and public sector employees.

Through the EEA agreement Norway is supposed to implement EU directives on labour standards, although it has a right of veto. It has been assumed that the Norwegian level of employee protection is more stringent than EU/EEA minimum standards, but Community regulations imply an improvement in protection on issues such as employee consultation over collective redundancies, the right to a written employment contract, working-time regulation, the transfer of undertakings, information and consultation in transnational companies, and certain health and safety measures (see Dølvik and Olsen 1994). EU social policy has mainly taken the form of statutory regulation, even in areas previously regulated by collective bargaining alone. One exception is the European Works Councils directive: in 1995 NHO and LO signed a collective agreement (incorporated into the Basic Agreement) on transposition, which was subsequently underpinned by statutory regulation. European Works Councils have been established voluntarily in most Norwegian transnational companies covered by the directive (Berg et al. 1997).

In general, it is fair to say that adjustment to EU regulation has been smooth and has not brought major change in Norwegian industrial relations. One crucial reform has been implemented. Legislation was passed in 1993 to inhibit ‘social dumping’ by foreign companies. The law provides for the imposed extension of collective agreements, allowing the signatories to an agreement to claim that all employees within a given area or industry should be covered by its provisions (Holo and Dølvik 1994: 430). The final decision is taken by a Collective Agreement Board appointed by the government and constituted in much the same way as the National Wage Board. So far the provisions have not been tested in practice, but it represents an interesting example of international deregulation causing national re-regulation of labour markets (cf. Traxler and Schmitter 1994).
A Changing Industrial Relations Agenda?

New ‘trends’ in industrial relations are not easily detectable in Norway. Performance-related pay schemes exist in roughly 10 per cent of private companies (Langeland 1995), although employer sources claim they are spreading. In the public sector, greater scope for local wage-setting has been introduced in recent years, partly based on individual appraisal, but it has not yet had a significant effect on wage dispersion (Barth and Yin 1995). (In the 1996 pay round, however, a potentially significant minimum pay system was introduced in the municipal sector.)

Flexible working-time schemes, such as the annualization of hours, are reported to be poorly developed. The most important source of flexibility in private firms is overtime (Bosch 1997), while part-time work dominates in the public sector. In some areas, such as temporary work where more stringent rules were adopted in 1995, the trend has been to reregulation rather than deregulation. Nevertheless, 14 per cent of all employees, and over 20 per cent in the municipal sector, were reported to have temporary contracts in 1995 (Nergaard and Stokke 1996).

Functional flexibility has been the subject of a long tradition of joint union-management programmes on work organization, rooted in the provisions of the Basic Agreement. Even though new production concepts such as just-in-time, more direct employee participation and teamwork are spreading (Olberg 1995), such innovations appear generally to be integrated with existing structures of corporate organization and employee participation (Bosch 1997: 222). In addition to the LO–NHO Joint Enterprise Development Programme (HFB) (in which 15 per cent of metalworking and engineering firms had participated by 1995), the state-supported action research programme ‘Enterprise Development 2000’ aims to improve competitiveness ‘by utilizing Norwegian traditions of co-operation’. There are few signs that new management styles are seriously challenging established patterns of co-operation. On the contrary, it has been suggested that the weak decision-making powers of management, the poor training of supervisors, and the complex system of workplace representation have contributed to a consensual, easy-going culture in many Norwegian companies, inhibiting innovative work reorganization (p. 229).

In the area of the relationship between work and family life, quite radical reforms of parental leave have been introduced, giving parents up to one year’s leave on 80 per cent of pay; this can be stretched to 3 years using a time-account scheme (Ellingsæter and Rubery 1997). On the other hand, eligibility criteria for several welfare provisions have been tightened, including unemployment benefits and support for single mothers, as a way of increasing labour force participation among vulnerable groups.

Important reforms have been implemented in education and vocational training, including the right to twelve years’ schooling, and the strengthening of a dual system of apprenticeship and theoretical training (Dolvik et al. 1997). In response to rising profits and economic performance, LO has given priority to qualitative demands over real wage increases. It has emphasized issues such as reduced
working time, flexible retirement age and life-long training; its proposal for individuals to have the right to spend 10 per cent of working time on education, using a time-account system, prompted the government to set up a tripartite commission to examine ways forward. Unions of well-educated, professional groups feel, however, they are hostages of the solidaristic legacy, and have tried to focus on redressing declining returns to education and an overly compressed wage structure, suggesting new lines of cleavage may gain prominence in the years ahead.

Nevertheless, in contrast to other countries, industrial relations change in Norway has not been dominated in recent years by an employer-driven deregulatory agenda. Instead, new issues have derived from the logic of central concertation, with trade unions and the state as principal agents.

Conclusion – Continuity and Change in Norwegian Industrial Relations

Economic recovery and the revival of centralized concertation in Norway since the late 1980s have parallels with post-war national reconstruction. Despite shrinking constituencies, the labour movement took responsibility for handling a national crisis and demonstrated its capacity to govern and generate loyalty. This implied the revitalization of a traditional facet of the Norwegian model, the primacy of internationally exposed traded goods sectors within a framework of solidaristic incomes policies.

The policy shift lends support to Katzenstein’s thesis that ‘small states’ with corporatist systems of governance derive comparative advantage from their flexibility in tackling external imbalances and competitive pressures in an internationalized economy (Katzenstein 1985). It also fits with comparative research showing that economic adjustment and performance is better in countries with either highly decentralized or highly centralized bargaining systems (Calmfors and Driffl 1988; Traxler 1996). In the Norwegian case, it seems that the capacity of the corporatist bargaining system to contain wage–price inflation has served as a functional alternative to more restrictive economic policies and labour market deregulation.

Contrary to the widespread assumption that internationalization and monetary integration will undermine national corporatism (Streeck 1993), the Norwegian example suggests that ‘renationalized’ co-operative practices can be a viable strategy for coping with such pressures (Traxler and Schmitter 1994). While market integration is generally assumed to weaken unions, the increased attractiveness of wage restraint may, under certain conditions, as in Norway, improve union bargaining power in political exchange. Such mechanisms may encourage diversity, rather than the convergence of European industrial relations. However, a logic of social partnership increasingly entrenched within the confines of the nation state may encourage beggar-your-neighbour policies, reinforcing international con-
straints on collective bargaining. Hence solidaristic national strategies may intensify international competition (Dølvik 1993; Mahnkopf and Altvater 1995).

It could be argued that, in an era of decentralization and deregulation of industrial relations, internationalization will make national corporatist practices more difficult to sustain. Recent comparative research, however, does not lend support to the thesis that decentralization is a universal trend (e.g. Traxler 1994; Wallerstein and Golden 1996). Centralized bargaining prevails in most OECD countries other than the UK, the USA and New Zealand, and has become more entrenched in some (Wallerstein and Golden 1996: 4). It seems that the radical decentralization taking place in some Anglo-Saxon countries was the outcome of strong political agendas, rather than reflections of structural change in the working life (p. 31).

In the Nordic context, where pressures towards the abolition of central bargaining should presumably be most visible, substantial decentralization has occurred only in Sweden. Since the Norwegian LO, unlike its Swedish counterpart, has never seriously challenged managerial prerogatives, there has been any strong employer desire to undermine the political strength of LO in Norway. On the contrary, it can be argued that employers have been dependent on a strong LO to promote the interests of manufacturing within the oil economy and to curb fragmentation of the bargaining system. Moreover, while the powerful Swedish multinationals were the driving force behind SAF’s withdrawal from centralized bargaining, there are few such companies in Norway, and they are often partly state-owned. Finally, in some important respects Sweden represents a deviant case in Scandinavia, due to the absence of a tradition of state intervention and of dispute management institutions with the authority to fashion central solutions covering the whole labour market. While the hegemony of Swedish LO was undermined by the growth of strong white-collar confederations from the 1970s, the relative fragmentation of white-collar unions in Norway has enabled LO to maintain its dominance. Thus it is misconceived to see the decline of central bargaining in Sweden as the pattern for what is going to happen in Norway and the other Nordic countries.

A number of factors encourage the continuity of established institutions and practices in Norway. First, the Norwegian economy has long been highly internationalized. The export/import ratio has been fairly stable since the 1950s, and it is questionable how far the single market has added to existing competition. Given the adjustments pursued since 1986, it is plausible to argue that the Norwegian industrial relations system is already well accustomed to coping with changing international circumstances.

Second, the Norwegian system of collective bargaining is embedded in a dense web of formal and informal relations between the main actors and institutions (Hogsetnes 1995: 3). The mutual interdependence, trust and personal attachments of key organized actors reinforce continuity rather than change, so that none of the major organizations has strong incentives to defect from current co-operation, and indeed the costs of withdrawal might be considerable. Furthermore, the corporatist legacy and the institutions of dispute resolution effectively constrain
free-riding or exit from the existing order by groups benefiting from market-based power (Stokke 1996c).

Third, despite Norway's comparatively compressed wage structures (Freeman 1997), opinion polls suggest that the legacy of solidaristic wage moderation enjoys broad public acceptance. Even the wage laws of the late 1980s gained popular support, and in recent surveys around 80 per cent have supported continued wage moderation (Arbeiderbladet 28 December 1996). Contrary to what might be expected, the level of unlawful conflicts has also been low in comparative perspective.

Finally, strong public finances and soaring oil revenues provide incentives for organized actors to continue co-operative political exchange with the state, which still appears capable of delivering desired collective goods. Moreover, the predominance of industries based on natural resources, and the oil sector in particular, inhibits market-based wage setting and reinforces the central actors' interest in interventionist incomes policies.

There are, however, factors that might point in other directions. First, in recent pay rounds professional groups have campaigned for a realignment of relative pay structures, claiming that they disadvantage semi-skilled and skilled occupations in the public sector. AF and YS have frequently accused LO of invoking the 'solidarity alternative' to constrain the outside unions' right to bargain freely. This suggests that the legitimacy of solidaristic wage policies and LO-NHO's lead in wage determination may come under increasing pressure in the years ahead, especially as LO and NHO cover a shrinking proportion of the labour market.

The pursuit of wage moderation in recent years has required some use of force to discipline outside unions, and LO and NHO have recently called for stricter rules on who is allowed to take industrial action. In this connection, a 1996 report of the government-appointed Labour Law Commission proposes a reform of the Labour Disputes Act in order to reduce the need for compulsory arbitration, and so comply with ILO conventions (NOU 1996: 14). One suggestion is to make it harder for independent unions to depart from agreements signed by one of the main trade union confederations. In addition, stricter criteria for recognition of confederations may strengthen central authority over collective bargaining and industrial action in AF and YS, presumably reducing the scope for independent union action in areas with a confederal presence. In the municipal sector, it is proposed that the votes of individual unions can be aggregated within each confederation, as happens in the state sector. If implemented, the reform could curb independent free-riders, but it is harder to see how it could resolve the more pressing issue of the conflicting settlements concluded by the main confederations, especially in the public sector. On the contrary, it has been suggested that the Commission's proposals, combined with the scrapping of compulsory arbitration, could open the way to a 'Swedish' situation of three competing union confederations (Stokke 1996c). However, with strong opposition from several political parties and from unions outside LO, it is difficult to judge whether the proposals will be enacted.

A second factor of uncertainty is the loyalty of business in supporting its leadership's commitment to the 'solidarity alternative'. Employers face a dilemma
in that, on the one hand they have an interest in taking wages out of competition and controlling costs by means of centralized agreements; on the other hand, they wish greater wage differentiation in order to attract scarce skilled labour and to increase flexibility in the context of corporate human resource strategies. This may strengthen pressures within the employers’ camp for a less rigid framework and more decentralized bargaining. Rising profitability and the growth of exports in recent years may also reduce employers’ concern with labour costs and increase their focus on stable production and the elimination of regulatory obstacles to labour utilization.

In this context the ‘solidarity alternative’ may come to be seen as an uncomfortable straight-jacket. In recent years, employers have repeatedly, but un成功fully, called for the abolition of low-wage guarantees, looser regulations on shedding of labour, and greater working-time flexibility. Following their defeat and loss of credibility in 1986, employers had an obvious interest in joining forces with the Labour government and union leaderships during the turbulent period of economic adjustment and the struggle over EU membership. However, in the current phase of recovery, it seems uncertain whether they still have equally strong incentives to continue along this path.

A recent NHO discussion document on future labour relations in the era of internationalization is severely critical of the Norwegian system (NHO 1995). The current collective bargaining system is seen as ‘an inherently conservative force’, inhibiting adequate human resource policies, encouraging free-riding, constraining working-time flexibility and raising costs. In general, it is claimed to promote compromise and industrial peace to the detriment of necessary change that might involve conflict. Accordingly, a fundamental overhaul of the system is recommended, with thorough decentralization to enterprise level, more individualized pay systems, and increased scope for negotiated derogations from agreements. Although it sees a place for centrally negotiated frameworks, sectoral and confederal bodies should limit their role to establishing broad principles and providing support to actors at enterprise level. It does not seem likely that such a radical approach will gain support in NHO executive bodies in the short to medium term, but the document clearly signals that diverging views are developing inside the employers’ camp and that, in the longer term, employers seek more latitude.

A third cause of uncertainty is the impact of the strong recovery of the Norwegian economy. The acceptance of wage moderation in recent years was facilitated by economic downturn and unacceptable levels of unemployment. From 1988 to 1995, however, capital’s share of GDP has increased substantially. With a prospering economy, soaring company profits, lucrative share option deals for top-leaders, rising public budget surpluses and buoyant labour markets, the willingness of unions to persist with wage moderation might easily evaporate. LO unions seem committed to their current strategy, but faced with growing pressures from membership and outside unions to achieve a larger share of the pie, their task will not be easy. With concern rising that the Norwegian economy may overheat, the industrial relations system is in for a strong test of its robustness; not least because – in contrast to the 1970s and 1980s, when economic bonanzas
ended with devaluations and wage laws – the use of the exchange rate for stabilization purposes has now been abandoned (Røedseth 1997).

A fourth cause of uncertainty is the resignation of the Labour government after the election in September 1997, paving the way for a minority coalition led by Christian-Democrats. Composed of centrist parties that were against EU membership, the new government is more reluctant to accept further EU adjustment; while the position of the nationalist Progress party has also been radically strengthened. Although the government has signalled a positive attitude to continued incomes-political co-operation, it is less devoted to the macro-economic formula of the ‘solidarity alternative’ and wants to use more oil revenues on welfare expenditure. This could entail the use of interest rates to prevent economic overheating, causing concern among the social partners. NHO has received the new government without enthusiasm. LO has declared that it will continue its co-operative approach, but has also made clear that any attempts to encroach on labour rights will provoke conflict with the unions. In view of the fragile parliamentary basis of the new government, the critical question is whether it can develop and muster support for an economic policy that prevents the booming economy from veering out of control and provides a basis for continued wage restraint from the unions.

Thus, even though Norwegian industrial relations have achieved stability in recent years, there are clear signs of strain. Tensions are visible between traded and non-traded goods sectors, well-educated and poorly-qualified groups, men and women, public and private sector, and production-oriented and distribution-oriented union sectors. The class configuration emerging out of the growth of the welfare state does not easily fit with the post-war ‘productionist’ class compromise. Such tensions are not limited to relations between LO, YS and AF but also affect unions within LO. Strains are also generated between employer associations in different sectors. Thus controversies over principles of legitimacy, justice and distribution seem likely to grow. A key question for the future is whether unions can succeed in bridging the cleavages between sectoral interests, occupational identification and class solidarity, and establish a new and more comprehensive social compromise (Dølvik et al. 1997).

If they fail to do so, one scenario is an upsurge in inter-union rivalry and the disruption of centralized co-operation, unleashing a dynamic of competing wage claims, inflation and distributional conflict. This would probably give renewed encouragement to employer demands for labour market deregulation and government intervention. At present, however, radical change or the dismantling of the Norwegian system of industrial relations do not appear likely. The high degree of integration and close ties between central, industrial and local levels characteristic of the Norwegian model have enabled it to display considerable adaptability. Despite employer misgivings, the solid local foundation of co-operation, encompassing qualitative, supply-side issues, suggests that a relaxation of the centralized grip of recent years will not necessarily disrupt the system and might, if necessary, be subsequently reversed. Even if employers were to turn to a more autonomous approach, it seems improbable that they would break with the co-operative tradition by adopting a radical, unilateral agenda for decentralization and conflict,
as in Sweden. In conclusion, therefore, the most likely scenario seems to be a process of cautious adjustment and decentralization, closely controlled by the central actors.

**Abbreviations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>AF</td>
<td>Akademikernes Fellesorganisasjon – Federation of Norwegian Professional Associations</td>
</tr>
<tr>
<td>HSH</td>
<td>Handels- og Servicenæringens Hovedorganisasjon – The Federation of Norwegian Commercial and Service Enterprises</td>
</tr>
<tr>
<td>KS</td>
<td>Kommunenes Sentralforbund – The Norwegian Association of Local Authorities</td>
</tr>
<tr>
<td>LO</td>
<td>Landsorganisasjonen i Norge – The Norwegian Confederation of Trade Unions</td>
</tr>
<tr>
<td>NAF</td>
<td>Norges Arbeidsgiverforening – Norwegian Employers’ Confederation, merged in 1989 with two industry and craft associations to form NHO</td>
</tr>
<tr>
<td>NHO</td>
<td>Næringslivets Hovedorganisasjon – Confederation of Norwegian Business and Industry</td>
</tr>
<tr>
<td>YS</td>
<td>Yrkesorganisasjonenes Sentralforbund – The Confederation of Vocational Unions</td>
</tr>
</tbody>
</table>

**Notes**

1 Parts of this chapter build on previous work financed by the Research Council of Norway. The final version was written in the course of a research project on labour relations and collective agreements, financed by the Norwegian Ministry of Local Government and Labour. We wish to thank Kristine Nergaard and the editors for their comments.

2 As many authors have noted, a genuine corporatist mode of governance implies indirect, rather than direct, state intervention (e.g. Grant 1985). Patterns of implicit and indirect concertation are well-established in Norway, but the dominant actors have not provided sufficiently inclusive representation to avoid direct state intervention playing an indispensable role in the evolving concertation on incomes policy.

3 The figures include Oslo municipal authority which conducts its own bargaining.

4 These surveys are not fully representative, mainly because groups of part-time workers are excluded. They indicate a coverage rate of around 60 per cent, while other sources suggest that the true level is closer to 50 per cent (Stokke 1996a).

5 A surprising Labour Court decision in 1982 (cf. Høgsnes 1994: 634–42) made the mediator’s right to combine votes somewhat uncertain, and today LO fulfils this task itself.

**References and Further Reading**

Kjellberg, Anders 1992: Sweden: Can the model survive?, in Ferner and Hyman, Industrial
Knutsen, Paul 1993: Korporatisme og klassekamp. Studier i forholdet mellom Norsk
Arbeidsgiverforening, fagbevegelsen og statsmakten, 1915–1928, University of Oslo
(doctoral dissertation).
Kochan, Thomas and Katz, Harry C. 1988: Collective Bargaining and Industrial Relations,
Homewood, IL: Irwin.
Langeland, Ove 1995: Alternative belønningsformer og incentivstrukturer i arbeidslivet, in
Mahnkopf, Birgit and Altvater, Elmer 1995: Transmission belts of transnational competi-
tion? Trade unions and collective bargaining in the context of European integration, 
European Journal of Industrial Relations, 1, 1.
and Piore (eds), Employment Relations in a Changing World Economy, MIT Press, 
Boston.
Mjøset, Lars, Cappelen, Ådne, Fagerberg, Jan and Tranøy, Bent Sofus 1994: Norway:
Changing the model, in Anderson, P. and P. Camiller (eds), Mapping the European Left, 
Verso, London.
Nerhagaard, Kristine 1993: Samarbeid og selvstendighet, Fako, Oslo.
Nerhgaard, Kristine 1996: organisasjonsgraden målt gjennom AKU 2. kvartal 1995, Fako, 
Oslo.
Nerhgaard, Kristine and Stokke, Torgeri Aarvaag 1996: Midlertidige ansettelser i norsk 
NHO 1995: Nye driftsformer og tariffpolitikk. Fremitidens system for lønns- og arbeidsvil-
kår, NHO, Oslo.
Norwegian Employment Commission 1992: A national strategy for increased employment 
in the 1990s, Ministry of Finance, Oslo.
NOU 1993:18: Lovgivning om menneskerettigheter.
NOU 1996:14: Prinsipper for ny arbeidstvistlov.
NOU 1996:4: Om grunnlaget for inntektsoppgjørene 1996.
Endringer i arbeidslivets organisering, Fako, Oslo.
Olsen, Torunn 1995 EUs arbeidslivspolitikk: Nasjonale og europeiske utfordringer, in 
Tidsskrift for Samfunnsforskning, 36, 4.
Rødseth, A. 1997: Why has unemployment been so low in Norway?, in Dølvik and Steen 
(eds), Making Solidarity Work? The Norwegian Labour Market Model in Transition, 
Scandinavian University Press, Oslo.
Rokkan, Stein 1967: Geography, religion and social class: Crosscutting cleavages in 
Rothstein, Bo 1990: Marxism, institutional analysis, and working-class power: The Swedish 
case, in Politics and Society, 18, 3.
Scheuer, Steen 1997: Collective bargaining coverage and the status divide: Denmark, 
Norway and the United Kingdom compared, European Journal of Industrial Relations, 
3, 1.
Part 2
Collective bargaining in Norway 1997–98

Kristine Nergaard and Torgeir Aarvaag Stokke
1 General background information

1.1 The Solidarity Alternative

In the 1990s, wage bargaining in Norway has been characterised by the fact that the social partners and the government have agreed to a social pact, the so-called Solidarity Alternative. The aim of this tri-partite pact is to increase employment, secure important welfare policies and improve the Norwegian economy. These goals will be achieved through a moderate wage growth and an active labour market policy, among other things. The Solidarity Alternative, which is a result of the work of the Norwegian Employment Commission, an ad-hoc joint committee, covers the years 1992–1997. However, the main elements of this pact were already in place in 1988, when the majority of social partners accepted a wage act directed at limiting wage growth. The 1997 LO Congress adopted a resolution to continue to support the main objectives of the Solidarity Alternative, i.e. moderate wage settlements combined with an active employment policy. In its decision, LO emphasises the need for social reforms, amongst others the right to further training and education for all employees. The main employers organisation in private sector, the Confederation of Norwegian Business and Industry (NHO), has expressed a wish for a more decentralised and flexible wage setting policy, but has so far not signalled any withdrawal from the centralised negotiation system, nor from the tri-partite bodies.

1.2 Change of government autumn 1997

The general election in September 1997 resulted in a change of government. A coalition government comprising of the three centre parties Kristelig Folkeparti (Christian Democratic Party), Senterpartiet (Centre Party) and Venstre (Liberal Party) replaced the previous Labour government. The new government is a minority government, and aims at co-operating with parties both to the right and to the left of centre on a case-by-case basis. The three parties have in their political
programmes and in earlier political debates had diverging views on several labour-
related issues. This is the case with regard to amending the sick pay scheme so as to
make it less generous, and making the regulations regarding temporary employment
and hiring out labour less restrictive. So far the change of government has not led
to any major changes in labour market policy or industrial relations-related issues.
The new centre government has also expressed a wish to continue the dialogue with
the social partners.

1.3 Steady improvements in Norwegian economy

During the 1990s the Norwegian economy has improved significantly, and the
annual employment objectives defined in the Solidarity Alternative were reached
sooner than expected. In 1996 economic growth reached its highest level since the
1980s. There was a substantial increase in GDP, which was up by 5.3 percent from
the previous year. Increased revenues from oil and gas production can partly explain
this growth. The increase in mainland GDP (GDP exclusive oil and shipping) was
3.7 percent in the same period. The GDP increase for 1997 was 3.5 percent, whereas
the latest estimates for 1998 suggest an increase of 3.2 percent. Mainland GDP for
1997 was 3.8 percent and the latest 1998 estimates are 3.5 percent. Due to increasing
revenues from the petroleum sector, Norway has had a public budget surplus the
last few years. The surplus is transferred to the Government Petroleum Fund.

Moderate wage settlements and low inflation during the early 1990s meant
that the Norwegian manufacturing sector improved its competitiveness relative to
its most important trading partners measured in terms of total wage costs. How-
ever, in the period 1994-1997 total wage costs increased more rapidly in Norway
than among its trading partners. A strong Norwegian currency (NOK) contributed
to further raise relative wage costs in Norway.

Employment increased by approximately 60,000 from 1996 to 1997, and
by a total of 110,000 in the period 1995–1997. Although the reduction in unem-
ployment has not been as great as the growth in employment, the unemployment
rate has been significantly reduced over the last two years. Unemployment, as esti-
rated by the Labour Force Sample Surveys, was reduced from 4.9 percent in 1995
to 4.1 percent in 1997, and an estimate for 1998 is 3.3 percent. In May 1998, 2.2

1 NOU 1998:2

2 See Statistics Norway: Ukens statistikk nr. 18, 1998; Finansdepartementet: St.meld. nr. 2 1997–
percent of the labour force were registered as unemployed, while 0.8 percent were enrolled in job creation schemes. The figures for May 1996 were respectively 4.0 percent and 1.8 percent.\(^3\) There is now a lack of qualified labour in several sectors of the economy, among others the health sector and the construction industry. In the National Budget for 1998 it was pointed out that the main challenge is to secure sufficient access to manpower in order to fill the vacant positions in the labour market. Norwegian labour market participation is high, and during the first quarter of 1998, 72.5 percent of the population between 16 and 74 years of age were employed.

During the second half of 1998, the prospects for the Norwegian economy have become more uncertain. This is caused both by a costly bargaining round in 1998, a high level of public spending, a low oil price and a rise in domestic interest rates. Such factors might alter the foundations on which the current low levels of unemployment and consumer prices rest, and change the competitive situation for the exporting industries. This possibility for a reversal of trends is strongly reflected in the current economic debate.

1.4 Union demands, employers’ attitudes and the role of the government

The period from 1988 onwards has been characterised by the agreement of major social partners to comply with the Solidarity Alternative.\(^4\) For most of the period this has taken place on a voluntary basis. The 1988 and 1989 wage settlements were partly regulated by law, while the ensuing bargaining rounds may be characterised as normal.

The Norwegian bargaining system is centralised both in the private and the public sector. Within the private sector agreements between unions affiliated to the Norwegian Confederation of Trade Unions (LO) and branch associations affiliated to the Confederation of Norwegian Business and Industry (NHO) are dominant. There are, however, a number of other smaller unions, union confederations and employer organisations. Within the state sector the Ministry of Labour and Government Administration bargains on behalf of employers in the state sector, while the Norwegian Association of Local Authorities (KS) bargains on behalf of municipal

\(^3\) See the Directorate of Labour: Månedstatistikk Mai 1998 and Månedstatistikk Mai 1996.

\(^4\) The solidarity Alternative was formulated in 1992. For a more detailed description, see: Stein Reegård’s article on Norway in Fajertag (ed) (1996); Dølvik, Bråten, Longva and Steen (1997) and Dølvik and Stokke (1998).
and county employers. The Municipality of Oslo conducts its own negotiations, but these are usually closely co-ordinated with the main negotiations within the municipal sector. In addition there is an employer organisation for semi-autonomous state enterprises. Different bargaining cartels bargain on behalf of the unions and confederations on the employee side within the public sector.\textsuperscript{5}

\textsuperscript{5}For a more detailed description of the Norwegian system of collective bargaining and labour market institutions see Stokke (1997, 1999) and the sources in the previous note.
2 Collective bargaining in 1997

2.1 The 1997 wage negotiations

The majority of Norwegian wage agreements are two-year agreements that expire in 1998. The 1997 negotiations were therefore mid-term renegotiations. The mid-term renegotiations between unions affiliated to LO and NHO, which cover among others the manufacturing sector, building and construction, transport and hotels and restaurants always take place at the confederation level, i.e. directly between LO and NHO. Mid-term renegotiations mainly deal with questions of remuneration, but in 1997 the parties also had to agree on the framework for the extended scheme for voluntary early retirement. The voluntary early retirement scheme was first introduced in the 1988 wage negotiations, and has later been extended to new age groups. In the 1996 settlement the parties agreed that the scheme would be extended to employees from the age of 62 through 63.

LO and NHO reached an agreement which gave wage increases varying from NOK 0.80 to NOK 1.50 per hour. The negotiations for other agreement areas in private sector also resulted in the recommended solutions being accepted. In the public sector as well, wage negotiations were concluded after all the parties accepted the State Mediator’s proposals for the three agreement areas, i.e. the state sector, the municipal sector and the Municipality of Oslo.

The early retirement issue was considered to be the most difficult in the mid-term renegotiations. The most contentious question was the scope of the scheme, i.e. how many employees in the age group from 62 through 63 years would be covered by the voluntary scheme. NHO emphasised that the scheme should only cover employees with long seniority, for example those who have been working since their late teens. LO wanted the scheme to have a much wider scope and won acceptance for their demand that the extended voluntary early retirement scheme be made applicable to all employees with at least ten years of employment after the age of 50. The parties sent a joint letter to the prime minister, enquiring whether the state would be willing to contribute to the scheme, and received a promise from the prime minister that the government would contribute. The voluntary early retirement scheme for those aged 62 and 63 is partly financed by a fund to which all firms taking part in the scheme contribute, and partly by direct contributions from firms whose employees make use of the scheme. In addition, the state contributes by reducing
the tax burden on those who make use of the scheme, and by making it possible to combine the early retirement scheme with the National Insurance scheme. This is made possible by ensuring that people who are using the voluntary early retirement scheme continue acquiring pension rights within the National Insurance (pensions) scheme until the age of 67 years. In contrast to the scheme applicable to the age-group 64–66 years, the state will not cover any of the direct costs in this new extended scheme.

In the 1997 bargaining round, the extended early retirement scheme was made applicable to both state and municipal employees. The two largest bargaining parties on the employer side, the state and KS, differed in their views on what type of scheme the agreements should include. While the state wanted a scheme that resembled the one agreed upon by the parties in the private sector, KS proposed an alternative scheme. Although the employee side preferred KS’ proposal, the prime minister made it clear that the government would not support an early retirement scheme that was distinct from the LO/NHO scheme. For this reason KS in the end accepted the LO/NHO scheme.

The only strike to affect the 1997 negotiations came in the wage settlement for the mobile offshore units. The Employers’ Organisation for Ships and Offshore Installations (ASO) and the Federation of Offshore Workers Trade Union (OFS) were unable to reach a new wage agreement, and after a five-week-long industrial conflict the Labour government decided to recommend compulsory arbitration. A change of government did not lead to a withdrawal of this proposal, and it was eventually accepted by a majority in the Norwegian parliament.

### 2.2 New basic agreements

In 1997 and early 1998 the Basic Agreement between LO and NHO was renegotiated, along with other basic agreements in private sector. The basic agreements complement Norwegian labour law by defining the principal goals, as well as laying down a set of principles and procedures, which regulate the relationship between the labour market parties. A number of issues regarding sympathy actions, shop stewards, employee participation and information and consultation are regulated in the Basic Agreement between LO and NHO, and in other similar basic agreements.

---

6 Most basic agreements have a duration of 4 years. This kind of agreement is usually renegotiated under the peace duty, i.e. industrial action can not be used.
The renegotiations ended in several substantial changes in the Basic Agreement.

- The introduction of sanctions against severe breaches of the duty to inform and consult trade union representatives with regard to the firm's ordinary operations, reorganisation or changes such as mergers or closures. Firms that do not comply with the Basic Agreement's clauses regarding information and consultation may be fined up to NOK 300,000. Trade union representatives may also be fined if they disclose confidential information to unauthorised persons.

- The introduction of minimum standards for how many members a LO-affiliated union must have in order to be eligible to demand the right to a collective agreement in a NHO firm. Until now it has been sufficient that a union had one member. According to the new agreement the union must organise at least 10 percent of the relevant employees before they can demand an agreement. If there already is a relevant agreement in the firm, a new union must organise at least 30 percent of the employees before they can demand an agreement that will cover the same groups of employees.

- In cases of lawful conflict LO is not to take strike action against NHO firms alone, but also against non-organised firms with the same type of agreements. This will basically affect firms with no employer-affiliation, but which have an agreement that stipulates that a branch-wide agreement is to be followed.

- The rights of trade union representatives at the concern level (“concern representatives”) have been expanded. A specific concern representative may be elected within concerns with more than 200 employees. The rights and duties of trade union representatives for which the Basic Agreement provides, will also be made applicable to concern representatives.

The Basic Agreement between NHO and the Confederation of Norwegian Vocational Unions (YS) covers the same sectors as the LO/NHO agreement. YS is a considerable smaller confederation, and usually adopts as a model the LO/NHO Basic Agreement. However, in 1997 NHO and YS did not reach agreement on a revised Basic Agreement, and the negotiations were postponed until the 1998 wage bargaining round. The reason why the negotiations broke down was that YS could not accept the minimum requirements for union membership, which LO and NHO had agreed upon in their Basic Agreement. YS considered these requirements an attempt to favour unions affiliated to LO. In the spring of 1998, YS and NHO reached an agreement in which the special membership requirements regarding companies already covered by an agreement was dropped. This paragraph was also dropped from the Basic Agreement between LO and NHO, leaving both employee
confederations with a general 10 percent membership requirement in order to de-
mand a collective agreement.

2.3 Split in AF and establishment of a new 
employee confederation

Another issue to leave its mark on Norwegian industrial relations in 1997 was the 
break-up of the Federation of Norwegian Professional Associations (AF). In Octo-
ber 1997 it became public knowledge that seven unions affiliated to AF had decid-
ed to break away in order to establish a new confederation in co-operation with the 
Norwegian Medical Association, a former AF member. The split within AF came 
as a surprise both to the public and the elected leaders in AF, and resulted in tense 
relations between AF and the new confederation, Akademikerne. The main reason 
for the split was dissatisfaction with the results which AF has achieved in the pub-
lic sector wage negotiations as well as internal conflicts over AF’s profile and prior-
ities regarding wage claims (see Dølvik 1999 for a discussion). According to the stat-
utes, Akademikerne will be a confederation for trade unions which organise 
professionals with higher academic education, i.e. employees with at least a univer-
sity degree (masters level, in Norway mainly five years or more of higher education) 
or equivalent. Furthermore, Akademikerne will strive for a “differentiated and mar-
ket based wage determination, as far as possible through local bargaining at the firm 
level”.7 The new confederation has approximately 100,000 members, of which ap-
proximately 70,000 are wage-earners (August 1998).

The new confederation was legally prohibited from negotiating during the 
1998 wage settlement. In two lawsuits during the spring 1998, Akademikerne sought 
to get their negotiating rights established, but the courts ruled that AF still held the 
bargaining rights during the 1998 wage settlement. The main reason for this deci-
sion was that the membership in AF of the seven unions which broke away during 
the autumn 1997 would not be legally terminated until 31 December 1998.

7 Akademikerne: Vedtekter.
2.4 Committee proposal on a further education and training reform

A third issue which has been on the political and industrial relations agenda in Norway during 1997 is the question of further education and training. One of LO’s demands in the 1996 wage settlement was the introduction of arrangements to ensure further education and training. During the autumn of 1996 the government appointed a committee to look into questions relating to adult education as well as further education and training. A broad group of interests were represented in the committee, among others via representatives from employee and employer organisations. The committee’s recommendation was presented on 1 October 1997. The committee proposes that all employees shall have a statutory right to leave of absence for educational and training purposes, but this does not include a right to pay during the leave of absence. The committee believes that it is important to build up a system in which employees’ actual qualifications are documented. The system should, among other things, include information about job tasks, on-the-job training, external courses and further education and training. One of the committee’s proposals ensures that adult employees are given the opportunity to obtain up to 12 years’ schooling within the present educational system. The proposed reforms within further education and training must be seen as moderate, and will be introduced gradually. Significant parts of the reform are also left to the labour market parties to define and implement, and it was expected in 1997 that the question of implementing and financing the reform would be on the agenda during the 1998 bargaining round.
3 Wages and purchasing power 1997

3.1 Development in wages

As tradition will have it, the 1997 mid-term wage negotiations started with the negotiations between LO and NHO regarding manufacturing, construction, private transportation, etc. Depending on wage level and whether the branch has the right to negotiate at company level or not, the parties managed to agree on general wage adjustments. LO and NHO agreed that agreement areas in which the average annual income falls below NOK 185,000 shall receive a higher central increase than agreement areas with an average annual income above this limit. Moreover, the increases shall be higher in areas without local bargaining rights, relative to those areas with local bargaining (see Table 1). It has been common practice during the 1990s that the central increases vary according to whether or not local increases are given within the different agreement areas. However, the vast majority of collective agreements within the LO/NHO area open up for local bargaining, and provide an average annual income well above NOK 185,000. The wage increases came into force on 1 April 1997, and were estimated to increase wages on average by NOK 1.00 or by 0.8 percent from 1996 to 1997. The rules guaranteeing a wage level linked to the average earnings (the low wage guarantee), gave additional wage increases for some groups from 1 October. In addition to the centrally agreed wage increases, local negotiations take place at the company level.

Table 1 Central wage increases for different agreement areas within the LO/NHO area. Increase per hour

<table>
<thead>
<tr>
<th>Wage level (annual)</th>
<th>With local bargaining</th>
<th>Without local bargaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under NOK 185,000</td>
<td>NOK 1.50</td>
<td>NOK 1.80</td>
</tr>
<tr>
<td>Over NOK 185,000</td>
<td>NOK 0.80</td>
<td>NOK 1.20</td>
</tr>
</tbody>
</table>

In the wholesale and retail trade sector there was a general wage increase of NOK 1.20 and certain adjustments made to the minimum wage standards. All together this was estimated to give a central wage increase of NOK 1.50 per hour. Employees in the banking sector achieved a general rise of 1.9 percent. In addition the lowest paid employees were given an extra wage increase of 0.2 percent.
The new agreements in public sector provided employees with an annual wage increase of NOK 2,500. In addition, employees with an annual salary below NOK 200,000 received a supplementary increase varying from NOK 100 to NOK 900 per year. In the 1997 state sector settlement only approximately 40 percent of the total wage increases were allocated in the central wage negotiations. The remaining funds were set aside for the central wage regulation negotiations and for local negotiations. Local negotiations took also place in the municipal sector.

Provisional estimates show an average wage growth of 4.25 percent for 1997 (Table 2). Wage increases are somewhat higher amongst white-collar workers within NHO firms compared to blue-collar workers in the same sector. One exception is workers in the construction industry, who on average had a wage growth of 6 percent. The wage increases among public sector employees and blue-collar workers in manufacturing were 4 percent. The estimates do not indicate, however, any significant differences between the main categories of employees.

Table 2 Estimated wage growth from 1996 to 1997. Selected groups

<table>
<thead>
<tr>
<th>Group</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>All groups</td>
<td>4.25</td>
</tr>
<tr>
<td>Workers in establishments affiliated to NHO</td>
<td></td>
</tr>
<tr>
<td>(employees paid by the hour)</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4.0</td>
</tr>
<tr>
<td>Construction</td>
<td>6.0</td>
</tr>
<tr>
<td>Land transport</td>
<td>4.0</td>
</tr>
<tr>
<td>Salaried employees in establishments affiliated to NHO</td>
<td>4.8</td>
</tr>
<tr>
<td>Employees in retail and wholesale trade</td>
<td>4.5</td>
</tr>
<tr>
<td>Employees in hotels and restaurants</td>
<td>4.5</td>
</tr>
<tr>
<td>Employees in commercial and savings banks</td>
<td>4.9</td>
</tr>
<tr>
<td>Central government employees</td>
<td>4.0</td>
</tr>
<tr>
<td>Municipal and county employees</td>
<td>4.0</td>
</tr>
</tbody>
</table>


The 1997 LO/NHO wage agreement stipulated that the 1997 settlements covering mainly blue-collar workers, should have a normative effect on all groups including senior white-collar workers and management groups. In the autumn 1997, LO requested that top management salaries should be included in the Technical Calculating Committee’s figures on last year’s wage increases. The average wage growth of top managers in the private sector was between 2.5 and 4.75 percent higher than the increase experienced by the average wage earner during 1997.
3.2 Cost of living

The cost of living index for 1997 increased by 2.6 percent. During 1997 the tax burden was not significantly increased. The estimate for real wage growth after taxation for 1997 is 1.8 percent, against 2.9 percent in 1996.
4 Other issues

4.1 Working time developments

The 1997 wage settlement did not entail any changes to weekly or daily working time. Working time issues were not on the negotiation agenda, mainly due to the fact that the 1997 bargaining round was mid-term negotiations. However, a central issue in the negotiations was how to implement the agreement-based voluntary retirement scheme, which in the last settlement was extended to those aged 62–63 years.

4.2 Europeanisation of collective bargaining

There has been little movement towards europeanisation of collective bargaining in Norway. The European Works Council (EWC) Directive has been implemented by way of collective agreement and supported by back-up legislation. The principle elements of the EWC Directive are included in the Basic Agreement between LO and NHO (see Reegård 1996 for further information). The implementation of the EWC Directive also entailed certain institutional changes, described in the ETUI 1996/1997 report on collective bargaining. In 1996 17 Norwegian multinational enterprises fell within the scope of the directive, and today the group comprises approximately 20 companies. There have been no EWC agreements concluded after 22 September 1996 (when the Norwegian collective agreement on EWCs came into effect).

The directive on part-time work and the parental leave directive are still in the process of being negotiated between the EU and the EEA. None of these directives is expected to require any substantial changes in Norwegian labour market regulations; the general impression is that the present national provisions by and large fulfil, and in many instances go beyond, the requirements of the EU agreements.

There has been some debate concerning the impact of the European Monetary Union and the introduction of the euro on Norwegian monetary policy. Today’s monetary policy is aimed at maintaining a stable (not fixed) Norwegian Krone
(NOK) exchange rate against the ECU. The government has signalled that there will not be any major changes in Norwegian monetary policy; Norway will still pursue a policy in which the Norwegian currency is kept stable in relation to other European currencies, among which the euro will play an important role. In the Revised National Budget for 1998, presented in May 1998, the government states that the EMU will lead to stronger competition for the Norwegian economy as well as require a number of practical adjustments. It was also announced that the government would leave the specific choice of reference currencies to be decided by the Central Bank. The general impression, however, is that neither the government nor the Norwegian Central Bank or the labour market parties expect that the introduction of the euro or the EMU will lead to any major changes in Norwegian economic policy or industrial relations in the short and medium term.

4.3 Level of wage determination

A majority of employees within the LO/NHO area works in companies with company level bargaining. There is no detailed overview over the size of the local wage increases, but estimates concerning total wage drift for the manufacturing sector suggest that the level was more or less the same for 1997 as it was in 1996. In 1997, blue-collar workers in the manufacturing industry witnessed a 4.0 percent wage rise. Of this, 1.6 percent was spillover from the 1996 negotiations, 0.6 percent was granted in the 1997 central negotiations and the rest was due to wage drift. However, local firm-related negotiations is just one of the components of wage drift, i.e. changes in average wage levels that may not easily be explained by central or branch-wide increases.

The employer side, and particularly NHO, has argued that the determination of wages should to a greater extent take place locally, and that the wage systems should be based on individual increases. An internal working group within NHO has proposed that labour law and agreements should in the future be based on “a few simple and common regulations which are strictly enforced”, while it should be left to the firms or the local parties to determine the solutions. The working group has also proposed individual assessments and individual wages. In its statement regarding the 1997 negotiations, the NHO’s Central Board also recommended that the affiliated establishments should consider using bonus systems. Several

8 NOU 1998: 2.

questionnaires directed to private sector companies show that wage systems based on “incentives” such as bonuses are not uncommon. However, only a minor portion of the employees claim that they have bonuses.\textsuperscript{10}

4.4 The debate on flexibility\textsuperscript{11}

Working time and different kinds of flexible working time arrangements are on the labour market parties agendas, and form part of their strategic discussions. NHO has on several occasions called for more flexible working time arrangements and has put the issue on the bargaining agenda on several occasions during the past few years. This has not, however, resulted in any significant changes to the agreements. NHO has also called for changes in the regulations regarding overtime, employment contracts and the hiring out of employees, and argues that the rather strict Norwegian regulations should be changed into more flexible arrangements. Even if several of the political parties, some of the government parties included, support such changes, there is at present no political majority in favour of changing today’s regulations. The latest figures presented by Statistics Norway show that the percentage of people on temporary employment contracts was lower in 1997 compared to previous years. However, private placement services doubled the number of invoiced man-hours from 1994 to 1996 and the growth has continued in 1997.

LO is also calling for a wider debate regarding working hours and working hour arrangements. In the organisation’s new Action Programme, which was debated at LO’s Congress in May 1997, support is given to a shorter working week, lower retirement age and longer annual leave. LO does not stipulate which of the measures should be given highest priority. Instead LO will strive for the creation of collectively based schemes providing working hour arrangements which are in accordance with the changing wishes and needs of each individual. LO will look into the possibility of establishing a “time account” scheme, i.e. a scheme in which it is possible to choose different working hour arrangements during different phases of one’s life span and career.

\textsuperscript{10} See for example Nergaard (1998); Olsen and Torp (eds) (1998).

\textsuperscript{11} See Grimsrud and Stokke (1997) for a more detailed discussion.
4.5 Gender issues

One of LO’s demands during the 1997 settlement was the reduction of the wage gap between female and male employees. This has also been a general demand in previous settlements. The other employee confederations also wanted to see an improvement in women’s wages.

The overall picture with regard to wage differences between women and men employed on a full-time basis has not changed much during the 1990s. When the figures are broken down into groups or agreement areas, one can see a more distinct levelling out of the wage differences, even though on average men earn more than women within most of the major agreement areas. There are only minor changes in women’s average wage level compared to men’s from 1996 to 1997.\(^\text{12}\)

Within the private sector no specific increases for women were granted. However, the profile in the central level settlements (flat wage increases or the highest increases to the lowest paid groups) gave a greater percentage increase to all low-income groups. This is generally seen as a way to even out wage differences between men and women. In the 1997 LO/NHO agreement, the parties included a statement encouraging the local parties to discuss questions of equality and equal pay with the aim of agreeing on a firm-specific equality agreement. They stressed that this work should be intensified. LO and NHO will, in co-operation with their member organisations, prepare strategies, organise course and conference activities and develop course material to aid the work done at the local level.

The public sector also witnessed flat rate wage increases, with a supplemental rise for the lowest paid groups. Within the state sector the agreement included a provision stating that women should get a larger share of the pot in the central adjustments negotiations than what the pro-rata-distribution normally would entail. In the agreement for the municipal sector it is stipulated that the local increases “shall attach greatest importance to low incomes and equal pay”.

The gender aspect was also present in the negotiations regarding the question of voluntary early retirement. The parties disagreed over which groups of employees the scheme should cover; NHO wanted to limit the scheme to employees with long seniority. LO wanted the scheme to have a much wider scope and in particular pointed to the fact that many women did not enter the labour market until a later age, and would therefore not be covered by the scheme if NHO’s criterion regarding seniority were accepted. LO therefore strongly emphasised the equality aspect, and their view prevailed; the extended voluntary early retirement scheme will be made applicable to all employees over 50 with at least ten years of employment.

\(^{12}\) See for example NOU 1998:2.
5 Industrial disputes in the 1990s

5.1 Legal background

The peace duty makes industrial conflict during the collective agreement period illegal. The obligation is highly respected, and wildcat strikes are not common in Norway (in contrast to for example Denmark). A legal opportunity to “go slow” exists in some minimum wage agreements, but is seldom used. With the exception of a major conflict in 1986, the use of lockout is also rare in Norway - at least in its active form. Thus, most industrial disputes take the form of strikes during the negotiations for renewal of collective agreements.

Regulations in both labour law and basic agreements reserve a major role for the ballot among union members in collective bargaining. Ballots are usually held in all bi-annual main bargaining rounds (for example 1994, 1996), but they are not imposed by the state on the unions. Instead, they play an important role in getting member acceptance for recommended proposals. Ballots are not needed if the union wants to call a strike.

5.2 The level of industrial disputes

Strikes in Norway are not frequent, and averaged only 14 per year in the period 1978-1997. Still, once a strike is called, it tends to cover a significant number of employees and last several days. Compared to the international average, Norway thus scores low on the number of strikes, but medium in relation to workers involved and working days lost (see Edwards and Hyman 1994, Aligisakis 1997). The number of strikes, and especially the number of workers involved and the duration,

13 The sources for statistics are Statistics Norway. In addition, we have had access to data on the individual disputes. The quality and coverage of the statistics is judged as good. All types of strikes and lockouts are included. Workers indirectly involved are not counted. There is a minimum criterion for inclusion of a dispute, namely duration of at least one day. Such short disputes are uncommon in Norway. Alternative sources indicate that very few incidents are left out of the official statistics.
fluctuate with the type of negotiations. In typical mid-term years as in 1991, 1993, 1995 and 1997, strikes are somewhat fewer and include few workers. In the main bargaining rounds, as in 1990, 1992, 1994 and 1996, strikes are both longer and include more workers (Table 3).

A large number of working days lost in a single year tends to relate to one or a few major disputes. This is the case with private transport in 1978 (33,800 wdl); oil and gas extraction in 1980 (40,200 wdl); private transport (148,700 wdl) and fishing (50,700 wdl) in 1982; public sector (81,000 wdl) in 1984; the lockout (517,300 wdl), the public sector (343,000 wdl) and oil and gas extraction (90,000 wdl) in 1986; a public sector political strike both in 1988 (77,000) and 1990 (50,000 wdl); the local government sector (253,400 wdl) and private transport (56,400 wdl) in 1992; the public sector in 1995 (46,400 wdl); and manufacturing (222,300 wdl) and electrical installation (239,700) in 1996. Lost working days peaked in 1986,

<table>
<thead>
<tr>
<th>Year</th>
<th>Industrial disputes</th>
<th>Workers involved</th>
<th>Working days lost (wdl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>14</td>
<td>4,459</td>
<td>62,888</td>
</tr>
<tr>
<td>1979</td>
<td>10</td>
<td>2,773</td>
<td>7,010</td>
</tr>
<tr>
<td>1980</td>
<td>35</td>
<td>18,752</td>
<td>103,807</td>
</tr>
<tr>
<td>1981</td>
<td>17</td>
<td>4,294</td>
<td>28,257</td>
</tr>
<tr>
<td>1982</td>
<td>12</td>
<td>24,581</td>
<td>281,183</td>
</tr>
<tr>
<td>1983</td>
<td>9</td>
<td>1,018</td>
<td>5,897</td>
</tr>
<tr>
<td>1984</td>
<td>21</td>
<td>30,635</td>
<td>104,429</td>
</tr>
<tr>
<td>1985</td>
<td>11</td>
<td>6,557</td>
<td>66,473</td>
</tr>
<tr>
<td>1986</td>
<td>16</td>
<td>165,740</td>
<td>1,030,928</td>
</tr>
<tr>
<td>1987</td>
<td>10</td>
<td>2,465</td>
<td>12,905</td>
</tr>
<tr>
<td>1988</td>
<td>15</td>
<td>8,332</td>
<td>83,254</td>
</tr>
<tr>
<td>1989</td>
<td>14</td>
<td>11,287</td>
<td>16,880</td>
</tr>
<tr>
<td>1990</td>
<td>15</td>
<td>60,674</td>
<td>139,047</td>
</tr>
<tr>
<td>1991</td>
<td>4</td>
<td>396</td>
<td>2,564</td>
</tr>
<tr>
<td>1992</td>
<td>16</td>
<td>38,925</td>
<td>365,319</td>
</tr>
<tr>
<td>1993</td>
<td>12</td>
<td>6,604</td>
<td>33,832</td>
</tr>
<tr>
<td>1994</td>
<td>20</td>
<td>14,735</td>
<td>97,213</td>
</tr>
<tr>
<td>1995</td>
<td>11</td>
<td>10,174</td>
<td>50,669</td>
</tr>
<tr>
<td>1996</td>
<td>18</td>
<td>53,257</td>
<td>549,842</td>
</tr>
<tr>
<td>1997</td>
<td>6</td>
<td>1,305</td>
<td>6,847</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>286</strong></td>
<td><strong>466,963</strong></td>
<td><strong>3,049,244</strong></td>
</tr>
</tbody>
</table>
In Table 4, working days lost due to industrial disputes in the period 1978–1997 is broken down by industry. Column 3 in the table might suggest that transport and construction are the most strike-prone industries, but the inclusion of construction is largely due to a major lockout in 1986. Public sector scores lower than both the average and most private sector industries, and both trade and other private service is marked with extremely low levels of industrial disputes. When union density is also considered, transport seems to be joined by hotels and restaurants in being strike-prone. This is partly explained by the lockout in 1986, which also affected hotels and restaurants, in addition there was a strike at the national level in 1996.

The measurement of trends over time is somewhat problematic, because of the low level of strikes/conflicts. Still, we can compare private manufacturing and service with the public sector. This is shown in Table 5. There is a slight tendency towards a reduction of the role played by manufacturing in industrial disputes. Again, this is caused by a low number of actual disputes, and the significance of the trend is questionable. No clear signs towards a “tertiarisation” of conflicts in the 1990s can be noted. The current levels of disputes, especially in transport, are “normal” and both the trade industry and other private services still score low. Public

Table 4 Working days lost due to industrial conflict by industry, 1978–1997. Absolute and relative figures*

<table>
<thead>
<tr>
<th>Industry (number of conflicts)</th>
<th>Working days lost</th>
<th>Days lost per 1000 employees</th>
<th>Union density, %</th>
<th>Days lost per 1000 unionised employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture (1)</td>
<td>1,515</td>
<td>4.5</td>
<td>27</td>
<td>16.6</td>
</tr>
<tr>
<td>Mining, oil (2)</td>
<td>107,387</td>
<td>245.7</td>
<td>62</td>
<td>396.3</td>
</tr>
<tr>
<td>Manufacturing (3)</td>
<td>875,341</td>
<td>266.2</td>
<td>62</td>
<td>429.4</td>
</tr>
<tr>
<td>Construction (5)</td>
<td>556,637</td>
<td>486.6</td>
<td>48</td>
<td>1,013.7</td>
</tr>
<tr>
<td>Trade (61–62)</td>
<td>2,082</td>
<td>0.7</td>
<td>23</td>
<td>3.2</td>
</tr>
<tr>
<td>Hotels and rest (63)</td>
<td>107,219</td>
<td>209.4</td>
<td>24</td>
<td>872.6</td>
</tr>
<tr>
<td>Transport (7-private)</td>
<td>389,454</td>
<td>517.2</td>
<td>48</td>
<td>1,077.5</td>
</tr>
<tr>
<td>Other private service (8)</td>
<td>24,236</td>
<td>24.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public sector (9)</td>
<td>985,373</td>
<td>130.3</td>
<td>79</td>
<td>165.0</td>
</tr>
<tr>
<td>Total</td>
<td>3,049,244</td>
<td>171.1</td>
<td>57</td>
<td>300.1</td>
</tr>
</tbody>
</table>

* The material from Statistics Norway has been revised in order to differentiate between private (1–8) and public (9) sector, and between trade (61–62) and hotels and restaurants (63). Employment figures used in columns 3 and 5 are wage earners in 1986. Figures on union density are taken from Nergaard (1996).
sector disputes started to play a role in Norway during the mid-1980s, and the current level is again caused by only a few incidences.

Table 5 Working days lost by sector in percent of total, 1978–1989 and 1990–1997

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing (2, 3)</td>
<td>36</td>
<td>27</td>
</tr>
<tr>
<td>Other private sector (1, 5–8)</td>
<td>33</td>
<td>39</td>
</tr>
<tr>
<td>Public sector (9)</td>
<td>31</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

5.3 New strategies

Ad-hoc state intervention with compulsory arbitration has been a constant factor in collective bargaining in Norway since 1916. ILO conventions restricting such state intervention to “essential services”, have largely been ignored by governments also in the 1980s and 1990s. In certain situations where unions need to save face towards their own members, the option of “resorting” to compulsory arbitration by provoking state intervention has also played a role (Stokke 1999).

Collective labour law equates industrial disputes with a full stoppage of work. A union may choose to call a selective strike, but each striker must fully stop working. Thus, industrial disputes take the form of a walkout. In the public sector, unions still strive with the double effect of the strike, affecting both employers and the public. The labour parties in for example Sweden can also notify each other with partial stoppages of work on the individual level. This was attempted by the largest LO union in the municipal sector in Norway in 1998, but the employers rejected it. Although both innovation and co-ordination between bargaining cartels in the public sector occurs, progress thus seems slow.

A new strategy to increase the probability of a strike has been adopted by LO and its private sector unions in the 1990s. While earlier calls to strike often included all organised workers in the LO/NHO area, notifications in the 1990s have been carefully arranged as selective strikes in order not to alter the internal competitive situation in a sector or to provoke the state. An important function of this new strategy has been to alert union members during ballots, because of the increased realism of the strike. So far, with the exception of the 1996 metal industry strike (see below), recommended proposals have in large been accepted by union members.

Strikes in private sector industries with low union density, such as hotels, restaurants and freight transport by road, have included aggressive picketing tending
towards the illegal, and accusations of strikebreaking. Employers have sometimes responded with legal suits, but no trends towards “union busting”, or similar actions, can be noted.

5.4 European impact of national strikes

Most industrial disputes in Norway have been national in scope. Four exceptions should be mentioned. First, strikes in aviation in any Scandinavian country tend to affect passengers in all three countries and even beyond. This is not a new feature (see Stokke 1998:529–30). Second, strikes in transport can affect delivery of foodstuffs (especially fish) and other goods to the continent. Third, strikes in oil and gas extraction can affect the delivery of energy sources to the continent. Such effects, and the possible damage to Norway’s reputation as a stable deliverer of oil and gas, have in fact been used as an argument for state intervention with compulsory arbitration in these strikes (see Stokke 1998).

Fourth, an agreement in the pace-setting metal sector in 1996 was rejected by union members in a ballot, prompting the most far-reaching private sector strike since the 1930s. The conflict demonstrated for the first time in Norway the increased effectiveness and international impact of work stoppage in a context of transnational just-in-time production. Cancellation of Norwegian deliveries rapidly threatened to lame parts of European car industry. Wary about loss of contracts, employers were unprepared for conflict, and many apparently waited for government intervention with compulsory arbitration. While receiving no support from Swedish metal workers who were under pressure from Volvo, the unions got public support from the German union IG-Metal, who promised they would make sure Norwegian companies did not loose their contract status. It turned out the unions were also unprepared for lasting conflict, and a modestly amended compromise was rapidly struck during mediation (Dølvik and Stokke 1998, Stokke 1998).

5.5 The current debate

The level of industrial disputes in Norway seems largely to be accepted by employers, unions and the government. A certain number of strikes seems to be a price the employers are willing to pay for the current incomes or “concertation” policies, and the parties must accept both strikes caused by a no-result in a ballot and strikes among unions kept at the fringes of corporatist networks.
Two issues are still under debate. First, employers wish a more decentralised wage setting in order to increase the flexibility of the individual firm. Knowing that such a proposition will be met with demands that the right to strike also must be decentralised, the employers have not, however, been aggressive (as in Sweden) in pursuing this approach.

Second, the officially appointed Labour Law Commission (with representatives also from LO and NHO) suggested in 1996 a reform of the Labour Dispute Act, aimed at reducing the amount of strikes in connection with competing collective agreements. Stricter principles of inderogability, implying that agreements signed by one of the main confederations can not be deviated from by independent unions, are combined with stricter criteria for recognition as a confederation. This would strengthen the role of confederations, also urging stronger internal co-ordination and more central decision-making power in issues of collective bargaining and industrial action in AF and YS. In the municipal sector it is suggested that votes of individual unions can be coupled within each confederation, like in the state sector. The proposed reform could, if passed, effectively curb some militant unions, for example, in aviation and the oil sector. But it is harder to see how it could resolve the more pressing issue of conflicting settlements between the main confederations, especially in public sector. The reform is in addition quite controversial, and its destiny is still not known (Dølvik and Stokke 1998, Stokke 1998). The latest signals from the government indicate a wish to do something about the bargaining structure in the municipal sector. In relation to inderogability of collective agreements in the private sector however, the need for stricter principles seems less acute now than in the early 1990s according to the government. The government nevertheless signals new rounds of deliberations on the modernisation of the Labour Dispute Act (Aftenposten December 18, 1998).
6 The bargaining rounds in 1998

6.1 Background

During 1998 the two-year wage agreements in Norway were renegotiated. A central issue prior to this year’s settlement was deciding upon type of settlement, i.e. whether the negotiations are to take place centrally between LO and NHO or at the branch level. Traditionally the question concerning type of settlement is left to LO’s General Council to decide, and it does so at same time as adopting its bargaining demands. LO sees type of settlement as a matter of practicality, which has to be resolved prior to each settlement. Before the 1998 renegotiations, several unions, as well as the elected leadership in LO, expressed a preference for direct negotiations between the two confederations. An important reason was the wish to include questions regarding rights to further education and training. However, the United Federation of Trade Unions, which is LO’s largest private sector union, decided to cast their vote in favour of branch level negotiations and their view won out. At its General Council meeting on 10 February 1998, LO voted in favour of industry-wide settlements in the forthcoming bargaining round in the private sector. In addition, LO wanted to bargain with NHO, at the confederate level, over the principles that are to be applied in a reform for further education and training. The two last main settlements (1994 and 1996) were industry-wide. LO’s decision that the 1998 settlement is also to be industry-wide means that Norway experienced the third industry-wide main settlement in a row.

As is customary, LO’s General Council also voted over the guidelines to be applied to the industry-wide negotiations. LO demanded increased purchasing power for all of its members, favouring groups earning below NOK 250,000 per year. LO also wanted to initiate discussions regarding flexible working hours, and would like the parties to examine more closely different types of arrangements concerning holidays, shorter working hours and leave of absence for the purpose of child care and education. LO demanded a clause in the agreements ensuring them the right to renegotiations, if changes to taxation levels are introduced which have not already been foreseen in the 1998 State Budget. The employer’s principles for the 1998 negotiations were adopted at NHO’s Central Board meeting, and what came out of the meeting was by and large NHO’s first reply to LO’s demands. NHO emphasised that wage growth must not be higher than the competitors’ in other
countries, thereby indicating that total wage growth for 1998 should not exceed 3.5 percent. In addition, NHO’s Central Board emphasised that the branch associations must ensure that firms take responsibility with regard to the wage development of managers, senior staff and other groups with strong market positions. NHO did not reject LO’s proposal to examine closer different schemes to increase flexibility, but emphasised that the schemes must not result in a further reduction in employment.

6.2 Confederation level negotiations

Preceding the industry-wide wage negotiations within the private sector, LO and NHO bargained over more general issues. The most central issue during these negotiations was the question of further and continuing education. The parties agreed to an action plan for competence development which is to be the basis in their endeavour to realise a further and continuing education reform. The action plan adopts many of the proposals put forward by the public committee in October 1997, in which both LO and NHO were represented.

LO and NHO agreed that an individual statutory right to leave of absence for educational purposes should be introduced. Qualifying conditions should be at least three years of continuing employment, and two years of employment in the firm from which leave of absence is requested. LO and NHO would like practical questions regarding the leave to be handled by the parties at the company level, and that the right to leave may be temporarily deferred if operations cannot be reasonably maintained as a result of the leave.

LO and NHO would also like to see the establishment of a system which will strengthen further and continuing vocational training. Such a system shall partly be financed by way of funds set aside in the wage settlements. LO and NHO believe that all employees/employers, as well as the public authorities, must contribute financially to the scheme.

The parties would like to ensure that those who have not had the right to publicly financed secondary education (up to 12 years of schooling), i.e. those born prior to 1972, should be entitled to such education. The parties believe that it is a public duty to develop and run appropriate educational schemes, and that the public authorities therefore should be responsible for a scheme for adults.

LO and NHO are demanding that the so-called Section 20 scheme be retained. The scheme, which has its statutory base in the Vocational Training Act, allows adults to use their own work experience to compensate for theoretical learning when qualifying for their certificate of completed apprenticeship. The parties also emphasise
that competence acquired through training at work should be better documented. LO and NHO will jointly develop “schemes which make it possible to standardise the documentation of individuals’ acquired competencies”.

The parties informed the prime minister of the main issues of the negotiations, and the government was asked with what they could contribute. In his response to LO and NHO, the prime minister promised that the government would present a White Paper before the summer. The prime minister signalled that the government will be in favour of an individual right to leave for the purpose of further and continuing education, and that it will not propose to abolish the Section 20 scheme. The government would also like to make it possible for those adults who have not completed primary or secondary school to do so.

LO and NHO also agreed on minor adjustments to the existing arrangement for agreed early retirement, among other things a readjustment of companies membership fees, and the introduction of a one-year obligatory period of delay from when the collective agreement has been established to when the early retirement scheme takes effect. The last change was introduced in order to avoid “free riders”.

### 6.3 The branch level negotiations

Since the 1998 renegotiations were conducted at the branch level a large number of agreements were to be negotiated individually in the private sector. As tradition will have it, the 1998 wage negotiations started off in the metal industry with the agreement between the Norwegian United Federation of Trade Unions and the Federation of Norwegian Engineering Industries (TBL). The metal industry is the largest agreement area between LO and NHO. The parties agreed on a general wage increase of NOK 3.00 per hour, and the minimum wage rate and the rates for shift work were also adjusted. The employees of the metal industries have the right to workplace (company level) negotiations, and as such the central negotiations will be supplemented by negotiations at the company level. A large majority in a member ballot has accepted the new agreement.

The general wage increase of NOK 3.00 was copied in many of the subsequent agreement areas in which the central agreement is supplemented by additional company level negotiations. The various new agreements differ more when it comes to special increases such as bonuses for skilled workers, changes in minimum wage levels or rates for shift work.

However, there are some exemptions to the general increase of NOK 3.00 per hour. In the retail and wholesale trade sector, the Norwegian Union of Commercial and Office Employees, which is a LO union, and the Commercial
Employers’ Confederation, which is an independent employers organisation, negotiated an agreement allowing for a general wage increase of NOK 5.00 per hour. This sector is regarded as a low-pay area. Employees in hotels and restaurants do not have the opportunity of workplace negotiations. They received a general wage increase of NOK 3.00 per hour and a low-pay bonus of NOK 2.00 per hour. For some groups the wage rates were raised even further, and the lowest paid groups secured approximately NOK 15,000 per year. Incorporated into the new agreement is an entirely new type of wage bonus arrangement for the enhancement of equal pay among women and men. The amount of NOK 1.00 per hour per employee will be set aside as an equal pay fund at the company level. In order to use the funds there must be established company agreements on equal pay. In companies with 10 or more employees committees on equal pay must be established, and in companies with less than 10 employees such committees must be established only if one of the parties expresses a wish to do so. Such agreements must be entered into before 1 October 1998, while the bonus arrangement based on the funds will be backdated to, and come into force, on 1 April 1998. The hotel and restaurant sector is a female-dominated sector, where approximately 70 percent of employees are women. In the banking sector the parties agreed on a general wage increase of 4.1 percent per year and a minimum wage increase of NOK 10,000 per year. The parties in the banking sector also accepted a new agreement structure where the scope for company-level agreements was expanded.

The first instance of industrial action took place in the transportation sector, where the negotiations between the Norwegian Transport Workers’ Union (NTF) and the Norwegian Bus Drivers’ Union (NRAF) on the one side, and the Federation of Norwegian Transport Companies and the Norwegian Hauliers Association on the other, broke down just after midnight on 13 May 1998. It is the first time that the two competing unions, NTF (a member union of the Norwegian Confederation of Trade Unions, LO) and NRAF (a member union of the Confederation of Vocational Unions, YS) have joined forces in wage settlement negotiations, and this year they have co-ordinated their demands, negotiations and the selection of companies to be taken out on strike. The original demands by the employee side were a general wage increase of NOK 17.00 per hour in scheduled bus transport. Long distance fright transport workers demanded NOK 50.00 per hour as an alternative to the present piecework arrangements, and a guaranteed monthly salary of NOK 18,000.

The wage negotiations in private sector have not led to any substantial changes in relation to working hours. The parties in the metal industry have, however, asked LO and NHO to consider new working hour arrangements, in which the needs of employees for flexibility in their working life as well as the companies’ need for flexibility in facing increasing competition are taken into account. Similar
flexibility clauses have been incorporated into other agreements as well. Employees
in the metal industry were given the right to paid leave of absence for the purpose
of taking children, on their first day, to school or nursery. This provision has also
been incorporated into other agreements in the private sector. Female employees
with small children have been given the daily right to two half-hour breaks, or al-
ternatively one hour off, for breastfeeding purposes.

Wages in the metal industry are estimated to increase by 3.5 percent as a result
of the new central agreement together with wage increases resulting from the 1997-
agreement. The results from the local bargaining rounds indicate a total wage in-
crease of 5.5 percent in 1998 (TBL September 1998). Estimates in other manufac-
turing industries are in some cases slightly higher. In retail and wholesale trade, total
wage growth in 1998 is estimated to be 6 per cent, whereas employees in hotels and
restaurants on average will have their wages increased by 6.5 percent.

6.4 Public sector wage bargaining in 1998

The wage settlement negotiations in public sector were partly concluded on 28 May
1998. The negotiations covered the three agreement areas of the state, the munic-
ipal sector and the Municipality of Oslo. In the state sector the LO-affiliated un-
ions, the YS-affiliated unions, the Norwegian Union of Teachers and the Norwe-
gian Police Federation accepted a proposal put forward by the state mediator, while
the Federation of Norwegian Professional Associations (AF) rejected the proposal
and went out on strike. In the municipal sector (excluding Oslo) an agreement was
reached between the employer side and the LO unions, the Norwegian Union of
Teachers and parts of YS, while AF and some of the YS-unions went out on strike.
In the Municipality of Oslo a few AF-unions (among others the Nurses Associa-
tion) went on strike. Some of these strikes were met with compulsory arbitration,
because they threatened essential services or other vital public interests. The new
main confederation, Akademikerne, did not take part in this year’s negotiations, but
has accepted the negotiation result in the municipal sector.

All employees in the public sector received a general wage increase of NOK
10 000 per year. In the state sector an additional 2 percent of the total wage mass
was set aside for central wage adjustment negotiations, which will take effect from
1 August 1998. In these negotiations priority was given to women and employees
in the school sector. Funds have also been set aside for company level (local) nego-
tiations. In addition to the general increases, there will also be substantial increases
in starting wages. As a result of the settlement the wage growth in the period 1997–
1998 is expected to be 5.7 percent. Teachers received on average the highest increases.
In the municipal sector, some adjustments have been made to the wage rate of the lowest paid groups, and funds have been set aside for local negotiations. The negotiations in the municipal sector are estimated to produce a wage growth of 6.1 percent.

During September and October of 1998, the National Wage Board has ruled in those public sector disputes which were halted by compulsory arbitration. Two municipal sector unions affiliated to the Federation of Norwegian Professional Associations received partial support for their demands. Some occupational groups, among others nurses with special education and radiographists, were given wage increases beyond the increase established in the agreement accepted by the other organisations. The other rulings in the state and municipal sector produced the same result as the organisations were offered during mediation prior to the strike, and which was accepted by a majority of the organisations.

The National Wage Board has traditionally been cautious in accommodating demands from an organisation that goes beyond what the majority of organisations have already approved. Since the beginning of the 1970s the board has ruled in approximately 60 disputes. Only in a few of these cases have the board deviated from already established settlement norms. Still, the deviation in 1998 have lead to demands concerning renegotiations by some of the unions who participated in the majority deal in May 1998.

6.5 Economic prospects autumn 1998

In the last few years Norway has experienced steady economic growth and a rapid increase in employment rates. Several sectors started experiencing considerable problems in recruiting qualified labour, and in the National Budget for 1998 it was pointed out that the main challenge for the immediate future “is to secure sufficient access to manpower in order to fill the vacant positions in the labour market.” In the Revised National Budget for 1998, which was made public by the Norwegian government on 15 May 1998, macroeconomic estimates were adjusted in relation to the original budget proposal put forward in the autumn of 1997. The government’s general wage growth figures for 1998 was readjusted from 3.5 percent to 5.0 percent, and it was added that the figures might be even higher. The estimated unemployment rate was adjusted from 3.75 percent to 3.2 percent.

Since May 1998 there has been considerable concern about an “overheating” of the Norwegian economy. A rise in domestic interest rates, stabilising at a level twice that of the German level, continued low oil prices and an unstable political situation coupled with speculations towards the Norwegian Krone has made
the macroeconomic outlooks uncertain. The government has again, in September 1998, readjusted the wage growth figures for 1998, this time from 5 to 6 percent. The State Budget for 1999, proposed on September 25 1998, included attempts to tighten public expenditure. One proposal was to cut the number of holidays by one day in order to reduce the pressure in the labour market. This part of the budget proposal was seen as a “declaration of war against Norwegian employees”, according to a joint statement issued by the trade union confederations. Norway came to a halt for two hours on 15 October 1998, when the three main trade union confederations - LO, AF and YS - took strike action against the proposal.

In November, the Norwegian coalition government managed to reach an agreement with the opposition Conservative and Progress Parties on a new State Budget for 1999. The agreement meant that the government had to abandoning earlier suggestions of tax and duty increases, along with controversial cuts in parental benefits. The proposed eradication of an extra day’s holiday was also left out, and there will be no changes to the present generous sickness benefit scheme. Thus, peace was largely re-established with the unions.

Main spokesmen of the Norwegian LO have stated that the wage increases in 1998 were too high, and that the 1999 bargaining rounds must focus on other things than pay. An attempt to meet the new situation with more active income policy has been signalled both from the government and from the major labour market parties.

### 6.6 Final comments

So far, estimates for the 1998 bargaining round suggest a wage increase of around 6 percent. With an estimated consumer price index increase of 2.6 percent, this indicates a substantial growth in real wages. After the 1996 settlement, the central question was if the “Norwegian Model” will work just as well during times of economic growth as it has during times of economic recession, or whether the consensus regarding a moderate wage policy will break down when the economy picks up and unemployment decreases. This question will be even more relevant after the 1998 settlement.

A two-day seminar on income policy between the main labour market parties and the government was held on December 16–17. The discussions were of a informal nature, and resulted in what is said to be an agreement on challenges for the future (Aftenposten, Dagens Næringsliv, Dagsavisen December 18 1998). The establishment of commissions to look at the future of the Solidarity Alternative has been proposed, this time composed also of those labour market parties not members
of the previous commission. Such an atmosphere might signal a new step towards
the revival of Norwegian income policy concertation, within a macroeconomic and
labour market situation that is more uncertain than in a long time.
Acknowledgements

This article is partly based on Fafo’s reports to the European Industrial Relations Observatory (http://www.eiro.eurofound.ie/). In addition, the work has been supported by Fafo’s strategic institute program on labour relations and collective bargaining, financed by the Norwegian Ministry of Local Government and Regional Development. We wish to thank Jon Erik Dølvik and Håvard Lismoen for comments.

References


Stokke, Torgeir Aarvaag (1999): “Collective bargaining and state intervention in the Scandinavian countries”, in *TRANSFER - European review of labour and research*, vol 5, no 1
This publication consists of two articles. The first is a reprint of the Norwegian chapter in Anthony Ferner & Richard Hyman’s Changing Industrial Relations in Europe (Blackwell Publishers 1998). In that article, the basic features of the «Norwegian model» are explained, and its evolution is traced from the early origin up till 1996. The second article is an updated version of a contribution to the ETUI publication Collective Bargaining in Western Europe 1997–1998 (European Trade Union Institute 1998). Focusing on the bargaining rounds in 1997 and 1998 and the prospects for 1999, it also reviews the level and structure of industrial conflict in Norway. Together, these articles should provide a thorough and up to date picture of industrial relations developments in Norway.