#465-77

INSTITUTE FOR RESEARCH ON POVERTY DISCUSSION PAPERS

INDUSTRIAL RELATIONS AND INDUSTRIAL CONFLICT: THE CASE OF SWEDEN

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December 1977

Paper prepared for the Conference on Contemporary International Labor Problems. University of Wisconsin, Madison, Wisconsin, December 1-2, 1977.

ABSTRACT

The dominant body of thought in post-war social science, "pluralistic industrialism," predicts that the evolution of industrial societies will lead to a decline of industrial conflict, resulting from the growth of institutions for conflict resolution and the separation of political from economic conflict. Since Sweden has experienced a dramatic decline in industrial conflict during this century and also has highly developed institutions of industrial relations, it provides a test case for these theories. An analysis of the development of institutions of industrial relations in Sweden yields no support for the hypothesis that institutional development has been a decisive factor behind the decrease in industrial conflict. The paper argues that the decline in industrial conflict must be seen, instead, as the result of changes in the societal power structure taking place when the Social Democratic labor movement was able to establish a firm hold over political power in the mid-1930s and thereby to widen its action alternatives. This separation of political from economic power led to a change in the conflict strategies of labor as well as of the employers and relegated strikes and lockouts to a secondary role in the distributional conflicts in society. The relevance of this explanation of the development of industrial conflict in other countries is discussed.

Industrial Relations and Industrial Conflict: The Case of Sweden[1]

The study of industrial conflict has been a central topic in industrial relations; it has even been described as an obsession (Dunlop, 1958, p. 380). But the discipline of industrial relations has been largely nontheoretical, focussing on various aspects of the practical workings of industrial relations in different countries. A scanning of the journals of industrial relations in the United States and Britain from the past decades for instance, yields few theoretical articles. An empirically oriented, fact-gathering approach is commendable, and in my judgment more fruitful than the opposite position--the theorist in his armchair. But for an applied discipline, it is worthwhile to remember Max Weber's dictum that there is nothing as practical as a good theory. It is also necessary to remember that applied research, which may appear devoid from theories, is never value-free or unbiased and is generally guided by implicit theoretical notions and assumptions (cf., Fox, 1973, 1974). Since these theoretical starting points and guidelines are not made explicit, however, the cross-fertilization between facts and theory is rendered difficult.

The purpose of the present essay is to contribute to the interplay between facts and theory in the study of industrial conflict by focussing on Sweden as a "test case." I delineate theoretical themes in postwar social science that have played an important role in the analysis of industrial conflict, analyse to what extent these theoretical themes can explain the longrun variation in industrial conflict in Sweden, and discuss alternative approaches to the study of industrial conflict.

1. INDUSTRIAL RELATIONS THEORY AND INDUSTRIAL CONFLICT

In the postwar period, academic thinking on industrial conflict has been clearly set within the school of thought loosely referred to as "pluralistic industrialism," which has dominated the social sciences. This body of thought has been developed by writers from different backgrounds, such as Aron (1967), Bell (1960, 1972), Coser (1956), Galbraith (1967), Dahrendorf (1959), Dubin (1954), Kerr et al. (1973), Lipset (1960, 1964), Moore (1957), and Parsons (1966). In spite of individual overtones, these writers have shared basic perspectives and assumptions.

Central to this body of thought is the view that industrial technology is the prime mover of societal development. The pattern of economic organization of production is only accorded a secondary role in this context. The key importance of technology is derived from the assumption that industrialism requires a specific type of labor force, characterized, for instance, by relatively high levels of education and technical skills. Thereby, a "logic of industrialization" is imposed on industrializing societies. With the development of industrialism, the pattern of social stratification in a society is assumed to change, primarily through an expansion of the middle strata. Geographical and social mobility is assumed to increase and help blur class lines. Pluralistic industrialism has a markedly evolutionary cast. With the development of industrialization, societies in the east as well as in the west are seen as moving along converging paths. The United States, being technologically the most advanced society, is often seen as showing the path for the other nations to follow.

In this body of thought, the increasingly complex occupational structure of industrial society is seen as forming the bases for a multiplicity of specific and competing interest groups, among which power is widely diffused and shared with the state. Within this pluralistic power structure of countervailing groups, conflicts of interest are recognized as inevitable but are seen as based on a fundamental consensus on the economic organization of society. The often violent clashes characteristic of the early period of industrialization, when also the economic organization of production was questioned, will gradually vanish. Conflicts will be narrowed down to questions concerning the distribution of the results of production. Industrial society is thus assumed to develop "a distinctive consensus which relates individuals and groups to each other and provides an integrated body of ideas, beliefs and value judgements" (Kerr et al., 1973, p. 53). Although conflict remains in industrial society, it is gradually rendered innocuous to its basic organization. Instrumental in changing the role of conflict is the development of new institutions for the resolution of conflicts. Once new and functional institutions are developed in place of those that broke down under the onslaught of industrialism, the expressions of conflicts will decrease. Most important among these new institutions are political democracy and collective bargaining. The orderly and regulated expression of conflict through these institutions is seen as contributing to the stability of the basic structure of society.

The increasingly complex occupational structure in industrial society is also assumed to be reflected in interest group organization. Unions are thus assumed to become based on profession or occupation rather than on class, and therefore to form sectional rather than class-based interest groups. Furthermore, unions are assumed already to have reached their "prime age" and to be on the beginning of a decline: "The union belongs to a particular stage in the development of the industrial system. When that stage passes so does the union in anything like its original position" (Galbraith, 1967, p. 274).

Academic writing on industrial relations has by and large taken place within the framework of pluralistic industrialism. In discussions of industrial conflict, the institutionalization of such conflict through collective bargaining plays a crucial role: "Collective bargaining is the great social invention that has institutionalized industrial conflict. In much the same way that the electoral process and majority rule has institutionalized political conflict in a democracy, collective bargaining has created a stable means for resolving industrial conflict" (Dubin, 1954, p. 44). Development of a "web of rules" and of institutions of industrial relations, together with the evolution and "maturation" of the unions, involving for instance, an increasing centralization of their decision-making procedures (Lester, 1958), is seen as a key factor for the "withering away of the strike" (Ross and Hartmann, 1960).

An important complement to the development of institutions for industrial relations for the decrease of industrial conflict is the institutional separation of industrial and political conflict.

Dahrendorf (1959, p. 277) maintains, for instance, that "in contemporary societies, industrial conflict and political conflict are no longer identical. The protagonists, issues and patterns of industrial conflict make for a discrete set of social relations. Industrial conflict has been severed from the antagonisms that divide political society; it is carried out in relative isolation."

The disappearance of the "superimposition" of industrial and political conflict that characterized the early days of industrialism is not a phenomenon limited to the institutional sphere. Rather, it is seen as based on changes in the class structure of society, where the mechanisms that allocate citizens to positions in industry tend to beomce independent from those that allocate them to positions in the political sphere. Therefore "membership in an industrial class leaves open to which political class an individual belongs: and 'the participants in industry, upon leaving the factory gate, leave behind them with their occupational role their industrial class interests also" (Dahrendorf, 1959, pp. 271-4).

As in much of postwar research on conflict (Converse, 1968), research on industrial conflict has paid little attention to the distribution of power resources between the contending parties on the labor market.[2] In accordance with the general assumption of widely diffused power between a plurality of interest groups in industrial society, the sellers and buyers of labor power have often been seen as having roughly equal power. "Big labor" has been assumed to counterbalance "big business."

Many of the above ideas in the analysis of industrial relations were summarized in the theoretical scheme of the industrial relations system

developed by Dunlop (1958). The industrial relations system is seen as a subsystem of society; its central function is to develop and administer rules for the work place and the work community. It is composed of three groups of actors--managers and their organizations, workers and their organizations, and specialized government agencies--and it operates in the context of production technology, market constraints, and the distribution of power in the larger society. An important element of the industrial relations system is an ideology that helps to bind and integrate the system to an entity, and recognizes an acceptable role for the other actor in the system. This approach thus has its main emphasis on the rules and institutions of industrial relations. It sees the parties on the labor market as sharing a basic consensus on the economic organiztion of society. Production technology is accorded an important place in shaping industrial relations at the workplace, something also is strongly underlines in the so called "technological implications" approach to industrial sociology (cf., Woodward, 1965, 1970; Emery and Trist, 1960; Kuhn, 1961; Sayles, 1958). Although it recognizes the role of the locus and distribution of power in the larger society, this distribution does not appear to play any major role in the analysis of industrial relations in the western democratic countries.

The ideas basic to this body of thought have not been limited to the United States. They are, for instance, also clearly evident in industrial relations writing, as well as policy, in Britain. The so called "liberal pluralist" or "Osford-Warrick" school of industrial relations thus shares the assumptions of a roughly equal distribution of power in

industrial society and in the industrial organization (Fox, 1973, p. 197). of a basic consensus between the parties on the labor market on the economic organization of society, as well as the stress on the key importance of the institutions of industrial relations for the pattern and level of industrial conflict. Thus, for instance, one of the leading writers in this school, Clegg (1976), makes the institutions of collective bargaining the hub around which most of the relations between sellers and buyers of labor power turn.

This stress on the importance of the institutions of industrial relations has also permeated political efforts to find ways of improving industrial relations in Britain. As is well known, the Royal Commission on Trade Unions and Employers' Associations argued that the root of the British strike problem was a conflict between the two systems of industrial relations operating in Britain: one industrywide and formal, the other informal and limited to the workplace (Donovan, 1968). The informal system, largely out of control of the union hierarchy, has a wide scope and relies on tacit understanding and informal agreements rather than on written agreements. It is therefore seen as undermining the formal, industrywide system. The Commission's central proposal was that companies and unions together should develop a comprehensive and authoritative collective bargaining machinery at the workplace level, which would increase the control of the union hierarchy over workplace bargaining and increase its level of formalization.

2. INDUSTRIAL CONFLICT AND INSTITUTIONAL DEVELOPMENT IN SWEDEN

As is well known, Sweden has highly developed institutions of industrial relations. The level of industrial conflict in Sweden has shown dramatic changes over the years. In the beginning of this century, Sweden together with Norway had the highest relative levels of industrial conflict among the western nations. In the postwar period, however, Sweden has been renowned for its industrial peace. It therefore provides a stategic case for the analysis of the contribution of institutional development to the reduction of industrial conflict, one of the central tenets in mainstream industrial relations thinking. To test this proposition, we must examine the relationship between the timing of changes in institutions and the timing of changes in the level of industrial conflict. This central proposition will be supported to the extent that we find evidence that institutional development was followed by declines in the level of industrial conflict. The aspects of institutional development that appear to be most important in this context are the recognition of the legitimacy of the unions, the growth of union membership and centralization, the development of authoritative and formalized collective bargaining procedures, and the establishment of institutions for arbitration and mediation in industrial conflict.

Industrialization in Sweden started relatively late, in the 1870s, and the first union organizations date back to this period. Although unions were not illegal, employers often tried to crush them. They used legislation in attempts to hinder the growth of the unions, as well as of the Social Democratic Workers' Party, founded in 1889. Union growth,

however, continued with the industrial expansion. In the 1880s, a number of nation-wide union organizations were formed. In 1898, they combined into the Swedish Confederation of Trade Unions, the LO. At that time, the unions were already socialistic and cooperated intimately with the Social Democratic Party. In 1902, a general strike was staged in support of the demands for universal suffrage. This show of coordinated strength, as well as the relatively successful strategy of the national unions to split the unorganized employers, was important in intiating the formation of the Swedish Employers' Confederation (the SAF) and of employers' associations in different branches of industry later the same year. The formation of employers' associations was significant in moving the conflict with the workers to the organizational field and started a strategy of large-scale and often successful lockouts. This implied, however, that the employers had accepted the legitimacy of unions. The battle for union recognition was formally won when the LO and the SAF entered into the December Compromise in 1906, where the SAF recognized the right of unionization and the LO accepted the managerial prerogatives at the workplace.

The unions expanded rapidly in the economic boom period around the turn of the century. Already in 1906, about one third of male workers in the secondary and the tertiary sectors of the economy were unionized. Since the national union organizations had expanded by building up local union branches, the unions had relatively centralized decision-making procedures from the beginning. Thus, for instance, the right to strike generally was in the hands of the union executives.

Collective bargaining at the workplace level was well developed before the turn of the century. Since the union branches had their suborganizations at the workplace level, workplace unionism was integrated from the beginning with the activity of the national union. When the employers' associations were formed, industry-wide agreements became common. The first major industry-wide contract was signed in the engineering industry in 1905. Since several unions were involved in these negotiations and the threat of a lockout was ever present, the LO took an active part in the negotiations of these early industry-wide contracts. Already in the second decade of this century, two-thirds of all LO-members were working under industry-wide contracts or derivatives from these.

Through intervention from the state, the development of institutions for the handling of industrial conflict was enhanced. Mediation in industrial disputes was provided through legislation enacted in 1906 and amended in 1920. The law concerning arbitration in industrial disputes dates back to 1920. According to a ruling by the Supreme Court in 1915, collective agreements were considered legally binding. In 1928, new laws made the legal force of the collective agreements explicit and created a Labor Court to adjudicate in disputes in the area of industrial relations. The LO opposed these laws by calling for nationwide protest strikes.

As early as in the first decade of this century, Sweden thus had highly developed institutions for the regulation and containment of industrial conflict. This, however, did not decrease the level of industrial disputes. On the contrary, industrial conflict soared in the beginning of the century and turned into large-scale, prolonged tests of

endurance between well-organized parties (see Table 1). A decline came after 1909, when the LO-led general strike was lost, a disaster that halved the membership of the LO. Toward the end of the First World War, however, unions had regained their strength. Industrial conflict reached new records in the years following the war. In the postwar depression, these disputes were often lockouts to enforce demands for wage decreases. A high level of dispute continued through the 1920s and an increase came in the first years of the 1930s.

Thus, we can find no indications that the rich institutional development in the area of industrial relations led to a gradual decline in the level and pattern of disputes that transformed Sweden to the country of industrial peace in the postwar years came instead around 1934-35. It is thus apparent that the ideas central to mainstream industrial relations thinking cannot explain the changes in the level and pattern of industrial conflict in Sweden. Although the institutions of industrial relations, by providing alternatives to open conflict in affecting the views of the other party, are of unquestionable significance for the pattern and level of industrial disputes, the sources of the drastic change in the industrial conflict in the mid-1930s in Sweden must be sought outside the realm of industrial relations institutions.

3. THE SEPARATION OF POLITICAL AND ECONOMIC POWER IN THE 1930s

In retrospect, it is evident that the drastic change in the level and pattern of industrial conflict in the mid-1930s had a background in the political changes in the country in connection with the coming to power of the Social Democratic government in 1932. It was, however,

Table 1

Industrial Disputes and Unionization in Sweden, 1863-1976

Period	Average yearly number of work stoppages	workers involved (thousands)	man-days idle (millions)	Approximate percentage of unionization among male workers in manufacturing, mining and building
1863-1864	1			
1865-1869	2			
1870-1874	7			
1875-1879	3			
1880-1884	6			
1885-1889	27			2
1890-1894	58	2.1	0.1	4
1895-1899	110	7.8	0.1	10
1900-1904	150	12.6	0.4	20
1905-1909	246	83.4	3.4	35
1910-1914	105	11.6	0.4	25
1915-1919	386	43.0	1.1	37
1920-1924	338	78.3	4.5	48
1925-1929	203	58.5	2.0	57
1930-1934	176	31.5	2.2	67
1935-1939	71	16.5	0.7	75
1940-1944	118	4.2	0.1	83
1945-1949	92	39.7	2.3	87
1950-1954	30	10.7	0.3	92
1955-1959	15	1.7	0.1	95
1960-1964	18	2.0	0.0	95
1965-1969	18	7.8	0.1	95
1970-1974	105	25.8	0.2	95
1975-1976	186	24.0	0.2	95

not merely a result of a formal accession to the government of the Social Democrats. In fact, the Social Democrats had already participated in a coalition government with the Liberals during the First World War. This coalition broke up when it had achieved its primary goal, the introduction of universal suffrage in 1918. In the following decade, the Social Democrats formed three minority governments, based on a socialist support from about 40-45% in the electorate. These governments, however, were shortlived, and had neither the power nor a policy to attack the central political question of the 1920s: the persistently high level of unemployment.

The Social Democratic government formed in 1932, however, started from quite different conditions. It had a clear conception of what should be done to decrease unemployment in the Great Depression. With 50% of the electorate voting for the socialist parties, it had a much stronger political background than the previous Social Democratic governments. Since the first chamber of Riksdag reflected an older electoral opinion, it did not have a majority in the Riksdag. Therefore the Social Democrats entered into a deal with the Agrarian Party, where agrarian support for the expansive economic policies of the Social Democrats was traded against Social Democratic support for restrictive policies favoring the Swedish farmers. The policies of the Social Democratic government to combat unemployment were successful and the party increased its electoral support. In the elections of 1936 and 1938, the socialist parties received well over 50% of the vote.

After this massive political breakthrough of the Social Democrats, a widespread feeling in the country in the latter part of the 1930s appears to have been that the Social Democrats had come to stay as the dominant force in the government. This implied a dramatic shift in the distribution of power resources in society. Political power was now separated from economic power. The employers and their allies could no longer count on having a legislature and a government that was friendly to their point of view. Instead, they had to confront a situation where governmental power was in the hands of their traditional opponents. The LO-unions and the Social Democratic Party, on the other hand, had cemented their traditionally close alliance in the fight against unemployment in these years.

For the unions, the Social Democratic hold of the government opened up new alternatives for improving the welfare of their members. They were no longer forced to fight costly battles over the distribution of the results of production in the industrial sphere where the coordinated lockout strategy of the employers often had proven overwhelmingly strong. Now, political means were also available for affecting the distribution of the results of production. The shift in the distribution of power resources in society implied in the separation of political from economic power was to have important consequences for the conflict strategies of the labor movement as well as of the employers.

4. THE NEW STRATEGIES OF CONFLICT AND THE DECLINE OF INDUSTRIAL CONFLICT

Up to the mid-1930s, unions and employers in Sweden had been involved in a "zero-sum" or "fixed-sum" type of conflict over the distribution of

the results of production. The shift in the power structure of society, which gave the labor movement access to legislative and political power, opened up new avenues for action for the unions. Of central importance was that the level of employment, which is crucial for the welfare of the workers, now could be affected by political means, through the reform economic program of the Social Democratic government. In addition, fiscal, social, labor market, and educational policies could be used to affect the distribution of welfare in society. For the employers, however, the alternative courses of action had narrowed. Their ultimate weapon, the large lockout, had become much more difficult to use since the positive neutrality of the state no longer could be guaranteed. They also had to fear government controls and policies that could increase costs and wages.

This change in societal power structure formed the background against which the parties had to reassess their conflict strategies. The initiative was now with the Social Democratic government, which through its policy could show what its goals were. Since the first chamber of the Riksdag reflected an older electoral opinion, there was not a socialist majority in the Riksdag before World War II. The large agricultural sector and the relative backwardness of Swedish society also made large socialist gains within the near future unlikely. The international situation, with Hitler in power in Germany, was also serious. In 1936 the Social Democrats formed a coalition government with the Agrarians.

In a speech to a businessmen's organization in 1938, Ernst Wigforss, minister of finance and an important theoretician in the party, summarized the background to the political situation and made a formal

invitation for cooperation with the private business sector. He made it clear that within the forseeable future, neither the representatives of private industry nor the representatives for the labor movement could hope to resolve the conflicts of interest between them through the surrender of the other party:

> Expressed without euphemisms this means, on the one hand, that those who have power over larger or smaller sectors of the private economy must not base their actions on the assumption . . . that a political change will take place within a future near enough that a discussion based on the possibility of concessions, accommodations, comprises, becomes unnecessary. On the other hand it also means that the representatives for political power admit the necessity of maintaining favorable conditions for private enterprises in all those areas where they are not prepared without further ado to replace the private enterprises with some form of public operations. (Wigforss, 1954, p. 111)

In the new situation, with a Social Democratic government in power, opinions differed strongly among the representatives of industry and the employers on which strategy they should choose. A recent study (Söderpalm, 1976) shows that in 1933, the directors of the five largest Swedish multinational export firms formed a half-anonymous, informal organization, known as TBF or "The Big Five," which advocated a militant course of action against the new Social Democratic government, involving cooperation with the bourgeois parties in efforts to unseat it. Within the SAF, however, where the homemarket industries dominated, a different strategy was to win acceptance. The leaders of the SAF were of the opinion that the Social Democratic hold over the government was to be longlasting.

The best course for industry, then, was to maintain formal political neutrality, seek an accomodation with the LO and the government, and act as a pressure group in influencing the political process.

The compromise between the Swedish labor movement and the representatives of the economic power holders, which gradually was worked out in the latter half of the 1930s, was based on the formula of cooperation between labor and capital in order to achieve economic growth. It thus implied a shift to a "positive sum" type of conflict between the parties. From the point of view of the labor movement, this formula would allow for a decrease in unemployment as well as provide the necessary basis for welfare policies. These policies would make it possible to increase political support for the longterm strategy of the Social Democratic party and also hasten the "maturation" of capitalist society. The representatives of industry, on the other hand, were granted favorable conditions for expansion and growth, and the initiatives to economic growth were largely given to the employers. An important part of the compromise was that the state, which previously often had intervened into industrial relations in favor of the employers, now was to remain neutral, leaving the regulation of relations between the parties on the labor market to their own organization.

The acceptance of the new strategies of action was facilitated by generational shifts in the leadership, both in the LO and the SAF. Within the SAF, the more moderate course of action was accepted. In 1936, for the first time since the general strike in 1909, the LO and the SAF started direct negotiations with each other, negotiations that two years later were to lead to the symbol of the new relationship between the

parties on the Swedish labor market, the Main Agreement. In terms of bargaining procedures, this agreement largely gave in writing only what was already widespread practice. Its main importance was, instead, as a symbol for the new relationship and strategies of the parties.

In these new strategies of conflict, industrial disputes no longer played any important role. Already in 1933-34, the LO had intervened to hinder strikes that were considered detrimental to the efforts of the Social Democratic government to get the economy going. The LO came to play a major role in guiding its member unions into the new strategy of action. Since the disasterous defeat of the LO-led general strike in 1909, it had relinquished its previously active role in the negotiations of its member unions. In 1937, however, the LO again intervened in the wage negotiations by calling a conference of its member unions with the intention of hindering the termination of contracts and strikes in the sensitive stages of negotiations with the SAF concerning the Main Agreement.

Since the late 1930s, the LO and the unions generally came to take the orderly progress of the national economy into account in its wage policy. They therefore limited wage demands to what was permitted by increases in production. Strikes became regarded as something unnecessary. In the latter part of the 1930s, strikes decreased markedly. The big strike among the metalworkers in 1945 was clearly against the wishes of the leaders of the union and the LO. In the postwar period, the LO and the union leadership came to view strikes even more negatively. Neither could the employers use the lockout weapon with good chances of success.

5. WORKPLACE INDUSTRIAL RELATIONS AND UNOFFICIAL STRIKES

According to the "liberal-pluralist" school of industrial relations, the nature of workplace bargaining plays a key role for industrial disputes and is seen as a major factor behind the high level of unofficial disputes in Britain. This approach would thus lead us to expect that the very low level of unofficial strikes in Swedish industry in the postwar period has been based on workplace bargaining procedures different from those prevailing in Britain, with a much tighter control by the central union officers over workplace bargaining, a strong reliance on formalized bargaining procedures, and a narrow scope also in workplace bargaining. A closer look at the Swedish scene, however, indicates that there is no basis for such an interpretation.

A study that I have done in the metalworking industry (Korpi, forthcoming) indicates, for instance, that workplace bargaining procedures are largely informal, with little reliance on predetermined agendas or written agreements. The organization of workplace bargaining also varies from firm to firm and reflects specific conditions in the firm. Workplace bargaining in the Swedish metalworking industry has been largely limited to wage issues. Rather than decreasing unofficial strikes, however, this limitation has tended to generate strikes in areas related to control at the workplace, issues that have been very difficult to take up in the negotiations between the works club and the management. Although the works club is a suborganization of the union, it acts quite independently from the union branch as well as from the union headquarters. The elected members of the board of the works club,

that is, laymen, represent the workers of the firm in negotiations with management. The works club has the authority to sign all agreements with management. The representatives from the branch have not even had the right to enter the premises of the firm without permission from management.

In the postwar period Swedish industry has relied extensively on the piece rate system of payment, with roughly two-thirds of all working time being paid on a piece rate basis. Since the collective agreements generally specify minimum rather than normal wages, and in many of the large firms several thousands of new piece rates are set each week, piece rate negotiations have been one of the main activities of the works clubs. The "wage drift" resulting from these negotiations has contributed about as much to wage increases for workers in Swedish industry as have the increases negotiated between the national union headquarters and the employers' associations. This has been a major concern for the unions as well as for the employers.

The central role of production technology for the quality of industrial relations in firms has been an important part of mainstream industrial relations thinking in the postwar period. The pattern of unofficial strikes in the Swedish metalworking industry indicates, however, that the role of technology is considerably more limited than what is often assumed (Korpi, forthcoming; see also Korpi, 1978, chap. 6).

6. THE CONDITIONS FOR THE POSTWAR INDUSTRIAL PEACE

The present analysis of the background to the drastic decline of industrial conflict in Sweden in the mid-1930s thus indicates that the main cause of this decline was a shift in societal power structure involving a separation of political and economic power that changed the action alternatives available for the parties on the labor market and led to a change in their strategies of conflict. Although offering alternatives to work stoppages for influencing the points of view of the other party, the development of institutions of industrial relations were in themselves not able to generate a decline in the level of conflict. Rather than being the result of institutional development, the change in the conflict strategies of the parties on the Swedish labor market came to generate institutional changes.

The Main Agreement was thus a symbol of the changing conflict strategies. The new course of action also resulted in a centralization of decision-making procedures within the LO, with significant changes introduced by its new constitution in 1941. In the 1950s, the decision-making procedures in collective bargaining were further centralized when the use of advisory referendums on contract proposals fell into disuse and membership consultations came to take place through indirect, representative channels only. The new pattern of centralized collective bargaining involving "frame agreements" between the LO and the SAF that were introduced in the mid-1950s were a consequence of the new conflict strategies. They also came to be important in the so called solidaristic wage policy of the LO, aiming, in principle, toward equal wages for similar jobs irrespective of the

profitability of the firm and especially, improving the wage-levels of the low paid workers.

Forms of workplace bargaining and the types of production technologies in Swedish industry have not been major factors behind its low levels of unofficial strikes in the postwar period. A condition of major importance for the successful carrying out of the new conflict strategies of the parties on the Swedish labor market, however, has been the very favorable economic development of the country. The stable growth of the Swedish economy has made it possible to increase real living standards of the workers without major changes in the distribution of income. The shortage of labor has also provided the workers with efficient leverage in negotiations with the employers. This has been the case both in the industry-wide negotiations where the unions generally could get what was possible in terms of productivity increases without recourse to strikes, and on the workplace levels where the workers were backed in piece rate negotiations by the labor shortage. When the favorable economic situations changed in the late 1960s in connection with the international "stagflation," which also hit Sweden, the level of unofficial strikes increased markedly. That the well developed institutions for industrial relations could not hinder this increase is again an indication of their relative limitations.

7. THE LIMITATIONS OF THE PLURALISTIC INDUSTRIALISM THEORY

The body of ideas incorporated in the "logic of industrialism" or "pluralistic industrialism" school of thought has thus not proved itself fruitful in attempts to explain the changing pattern of industrial conflict in our test country, Sweden. The basic reasons for this failure would appear to be that this school of thought

overemphasizes the role of industrial technology for the changes in the social structure of society, and neglects the importance of the distribution of power resources in society for the pattern of exchange and conflict between its major collectivities.

The Swedish case clearly contradicts the predictions of the pluralistic industrialism on the development of organizations for collective action among the wage earners. Swedish unions have shown no tendency to decline. Instead, the LO unions have continued to grow in the postwar period, reaching a level of organization above 90% in the 1970s (see Table 1), and union growth has not been limited to the blue-collar sector. The unions of the salaried employees (the TCO and the SACO/SR) which were established in the 1930s and 1940s, have experienced a very rapid growth since the mid-1960s that has more than doubled their membership and increased the level of organization to about 70% in the late 1970s. Contrary to the predictions of pluralistic industrialism, the principle of industrial unionism has come to dominate. Toward the late 1970s, only 5% of the LO members belong to craft unions and the principle of industrial or "vertical" unionism also strongly dominates among the salaried employees. In recent years, the LO and the TCO have come to cooperate relatively closely.

Pluralistic industrialism assumes that power in industrial society is widely and relatively evenly distributed. The decline in industrial conflict is not related to changes in societal power structure but to the growth of institutions for conflict resolution and the separation of political from economic conflicts. Our analysis indicates that institutions of industrial relations should, instead, be seen as variables intervening

between the power structure of society and the processes of exchange and conflict. The institutions can be seen as residues of conflict and reflect attempts by the parties to stabilize and routinize exchange relationships. Since exchange relations and patterns of conflict depend intimately on the structure of power between the parties to exchange (cf., Korpi, 1974), the forms and functions of the institutions will reflect changes in the underlying power structure.

Our analysis further indicates that there is an intimate relationship between, on the one hand, political and economic conflict and, on the other hand, the changes in the power structure of society. The power resources of the wage earners lie primarily in their numbers and require organizations to be successfully mobilized. In Sweden, the unions have cooperated closely with the Social Democratic Party as the two wings of the labor movement. As long as the labor movement was weak, political issues were brought into the industrial arena, as witnessed by the political strikes. When the labor movement won political power, however, the conflicts over the distribution of the results of production and the welfare in society could be shifted from the industrial arena to the political arena. Thus not the separation but, instead, the intimate connection between political and economic conflict, was conducive to the decline of industrial conflict in Sweden in the mid-1930s.

The "pluralistic industrialism" school of thought sees the consensus on the economic organization of production and the limitation of conflicts to the distribution of the results of the production as natural development resulting from the evolution of industrial society. It does not recognize

the extent to which the level of aspiration and the social consciousness of the wage earners are dependent on the distribution of power resources in society and are likely to alter with the changes in their organizational and political strength. The precarious nature of the consensus on the economic organization of production is indicated by recent proposals put forth in Sweden (LO, 1976) and in Britain (Bullock, 1975), which if realized, would lead to important changes in the pattern of control over the means of production. The evolutionary cast of this school of thought must further be questioned (for a critique, see Goldthorpe, 1971). Rather than leading the way in the evolution of industrial society, the United States can be seen as a special case, strongly affected by its history of immigration and slavery, which have combined with other factors to produce one of the weaker labor movements in the industrialized western countries.

8. SWEDEN IN AN INTERNATIONAL PERSPECTIVE

To what extent do the experiences in other countries support the interpretation suggested here that the decline in industrial conflict in Sweden, rather than being a reflection of the evolution of industrial society, is a result of changes in the societal power structure that separated political from economic power and opened up new ways for the labor movement, consisting of two closely cooperating wings, to affect the distribution of welfare in society, thereby affecting the conflict strategies of the employers as well as of the labor movement and resulting in a shift of the center of gravity of distributional conflicts in society from the industrial to the political arena? An answer to this question would require longitudinal analyses of changes in societal power

structures, conflict strategies of the parties on the labor market, as well as of industrial conflict in different countries. This obviously can not be done here, but a brief discussion will be attempted.

We can begin by looking for parallels to the Swedish case; that is, countries where social democrats have come to governmental power before or after the Second World War, and where the level of industrial conflict has declined. Norway follows a course very much similar to that of Sweden. Both countries have the same types of labor movements, with the unions closely allied with the Social Democratic Party. In Norway, the Social Democrats came to power in 1935. There was a dramatic change in the level of industrial conflict, with a decrease from one of the very highest level of disputes before 1930 to one of the very lowest levels in the postwar period. Denmark, Britain, the Netherlands, and Belgium are further examples of countries where social democratic parties have been in government position, intermittently or in coalitions, and where the level of industrial conflict has tended to decline. In these countries, however, the social democratic position in government has been weaker and the relationship between the unions and the party not as intimate as in Sweden or Norway. Finland is a partially deviant case, where the level of disputes has remained high although the Social Democrats have participated in postwar governments. In Finland, however, the labor movement and the unions have been seriously split between the Social Democrats and the Communists, and the Agrarian Party has been the dominant political force in the country.

On the opposite end of the spectrum are countries like Italy, France, the United States, and Canada, where the level of industrial conflict has remained high throughout the postwar period. In these countries, socialist parties have been either absent or excluded from

NOTES

[1]For a more detailed analysis of the issues dealt with here, see Korpi (1978), and Korpi (forthcoming).

[2]One of the few exceptions is Dubin (1960).

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