Article abstract

« An interest organization which limits itself to guarding existing group interests risks becoming petrified in tradition and losing all influence over developments. On the other hand, if an organization accepts change and is able to integrate the group interest within the overall process of development, the aims of the organization will be accepted as progressive and the organization will have the possibility of actively influencing the course of the future. »
Industriel Relations and Technological Change: Swedish Trade Union and Employers’ Views and Agreements

Paul Malles

"An interest organization which limits itself to guarding existing group interests risks becoming petrified in tradition and losing all influence over developments. On the other hand, if an organization accepts change and is able to integrate the group interest within the over-all process of development, the aims of the organization will be accepted as progressive and the organization will have the possibility of actively influencing the course of the future."*

Over the last quarter of a century the issue of change has played a predominant role in Swedish trade-union thinking. It has been the subject of carefully researched policy documents submitted to the periodic conventions of the Federation.

At the 1941 Congress of the Swedish Federation of Trade Unions (LO) it was the changing role of the trade unions within the «welfare state» which was the centre of attention. The issue then was where to draw the line between the areas in which the parties on the labour market should and could act freely and in their own right, and the areas of economic and social policy legitimately assigned to government.

* (From the Introduction to the report on «The Trade Union Movement and Technological Change» to the 1966 Congress of the Swedish Federations of Trade Unions.)
Ten years later, in 1951, the emphasis had shifted to the problem of wage policies under conditions of full employment — in other words, how to divide responsibility between the trade unions and government in maintaining a balance among and between the social and economic forces in a full employment economy under inflationary pressures. And just as firmly as the unions previously had insisted on keeping the labour market free from state intervention, just as firmly did they now insist on the government’s responsibility to maintain the « economic balance as a pre-condition for a wage determination to be arrived at by negotiations between free organizations ». The conclusion then drawn was that it was the task of government to introduce new stabilization policies, of which an active labour market policy was to become a new and important element, while it was the task of the parties on the labour market to search for new forms and techniques of wage determination. It was this which led to the system of centralized wage negotiations between the top labour and management organizations in an attempt to master the « trade-off » problem between full employment and price stability.

Again ten years later, in 1961, the issue of a « co-ordinated economy » came into the foreground and with it the question of structural and technological change as an essential condition for stable economic growth and rising standards of living. Now the conclusion was that it was not sufficient for the unions merely to tolerate change as inevitable, but to promote change actively, if the Swedish economy was to remain internationally competitive and at the same time able to fulfil the obligations which Sweden had undertaken in providing aid to developing countries.

There was also, however, another strong motivation for the unions to press actively for structural change and technological progress. Their so-called « wage solidarity policy » which had been introduced in the early fifties to minimize income differences between various groups of wage earners, had met with only limited success. This was ascribed to the disparities in the productivity growth of the various industrial sectors. The unions, therefore, insisted that a more active and coordinated economic policy accompanied by intensified labour market policy measures to encourage the structural rationalization of the economy was not only necessary for maintaining a satisfactory and stable rate of growth, but also for achieving the aim of minimizing wage differentials.
It was no coincidence that the same LO Congress which discussed these questions should also take up a much older issue — *industrial democracy* — in other words, the role and function of the work force and its representatives in the decision-making process at the enterprise level. If, so the argument ran, economic policies, including manpower and wage policies, were to aim at speeding up the process of change, the ensuing problems of manpower adjustment to change could only find satisfactory solutions through a continuous process of mutual information and consultation between management, the work force and their unions.

**Trade Unions and Technological Change**

Having agreed that the unions had a responsibility in the promotion of change, the next logical steps was not only to accept the introduction of new production methods and with it the necessary organizational changes within the enterprise as a permanent and continuous process but also to be prepared to participate actively in this process. Such participation, the unions insisted, had to be conditional however on their ability and opportunity to protect the interests of the wage and salary-earners under conditions of change — interests which in the union view went far beyond the merely material values, but had to encompass social and human values as well.

Yet, there was little factual knowledge of the nature of change or of its effects on the labour force. To study these questions the LO Secretariat appointed, at the end of 1962, a « Working Party », composed mainly of experts among its own research staff, and entrusted it with the task of preparing a report to the 1966 Congress of the LO. This report was published in May 1966, under the title « The Trade Union Movement and Technical Progress » and was based upon a number of studies concerning various industries and enterprises as well as on a sample study of a cross-section of the LO membership (0.5 per cent or 7,589 wage and salary-earners).

The following paragraphs attempt to summarize the policy viewpoints of this report in so far as they relate to our subject.

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(1) **RUDOLF MEIDER, ERIC PETTERSON et al.:** Fackforeningsrörelsen och den Techniska Utvecklingen, Rapport fran an arbetsgrupp till 1966 ars LO-kongress; Bokförlaget Prisma, Stockholm.
Also in Sweden, despite full employment, the « automation » discussion had hitherto largely centred around the employment effects of « new technology » — a term preferred by the LO expert group to « automation » which it felt had lost in the public discussion much of its original meaning and moreover had become burdened with a good deal of emotionalism.

On the basis of its own research as well as the findings of the 1965 Long-Term Survey of the Swedish Economy\(^2\), the LO Working Party came to some basic conclusions, depending on a number of assumptions — among them, « a purposeful full-employment policy, unimpaired competitiveness on world markets and free trade with all countries »:

(i) There is no direct connection between increases in productivity and employment. True, experience has shown that relatively more manpower is freed in sectors which have shown the greatest increase in productivity and that the greatest expansion of employment occurs in the service sector, which is assumed to have a low rate of productivity increase. Changes on the demand side were, however, the decisive factor in such changes in the employment structure.

(ii) There was no sign that Sweden was entering upon an era of technological revolution with productivity increasing by leaps and bounds. The statistical projections provided in the Long-Term Survey do not envisage seething technological developments and radical structural-rationalization changes.

(iii) Given the fact that the Swedish labour force is not expected to grow until 1980, scarcities in the supply of labour are more likely to develop rather than a net surplus, even in the event of a considerable speed-up in technological progress and structural change.\(^3\)

(iv) Although the rate or tempo of change varies from sector to sector, this does not modify the over-all picture. It rather confirms the impression that technological change is only part of an all pervading but continuous process whose character does not vary in essentials from what went on before; that the impact

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\(^3\) Since the latter part of 1966 the demand pressure for labour has somewhat lessened. This expressed itself in a decline in the number of unfilled jobs which in June 1967 was about 25 percent less than in the corresponding months of 1966. Also the number of registered unemployed has increased. Workers in retraining and engaged in the so-called emergency work projects are not counted as unemployed. Both categories have quite sharply increased during 1967.
of technological change on the employment situation is very limited and that no dramatic changes are to be expected in the foreseeable future.

At the same time the LO Working Party, stressed the point that a high total level of employment can hide great variations between industrial sectors, and that technological change, even without any major effect on the general employment situation, may have dramatic consequences on individual enterprises, branches of industry, geographic regions and individuals. A full-employment policy must therefore be complemented by selective measures of active labour market, relocation and training policies.

Concerning technological change, as such, the Working Party maintained that it was impossible to isolate « technology » from all other factors producing change. Any such attempts were already difficult in the realm of theory, but were impossible if applied to practical situations. This did not make it meaningless to discuss the manpower effects of technological change in individual cases. However, the Working Party warned against restricting the discussion to such effects alone. Change must be seen as a total complex regardless of whether or not it could be traced directly to « new technology ».

The Role of the Work Force, its Representation and the Individual

The LO Working Party arrived at a number of propositions concerning the role of the work force, the individual and the trade unions under conditions of change which led it straight to the question of work force influence on managerial decisions:

1. Technological and structural changes were not the object of eternal « natural laws ». In every situation there was a choice...
of various alternatives. Such choices depended in the final analysis on the norms and values existing in the society as a whole. « The concept of the importance of work for the satisfaction of the individual and of his social adjustment will influence his work tasks and work environment ».

2. It is the individual who must be the centre of attention and two factors must be balanced against each other — the adjustment problem posed for the individual and the possible gain in economic efficiency.

3. The effects of change cannot be discussed without also taking into consideration the decision-making process. Management decisions on technological and organizational changes can radically influence the material and social position of the employee. « Wage and salary-earners are, therefore, entitled to demand from management information about envisaged or possible changes at a point in time and of sufficient content that they can use this information for evaluating their own situation, judge the effects for themselves, and act accordingly. »

4. Information, however, is not enough. There must also be the opportunity for the employees and their organizations to exert their influence on the way in which changes are to be carried out, as well as on their results. Consequently it is desirable, that trade unions increase their influence on enterprise policy, organization, employment policy and conditions of employment within the enterprise in general. « The traditional trade union aim for increased democratization of industrial life is, therefore, as topical as ever. »

5. Managerial decisions of many kinds, such as major investment projects or plant shut-downs, usually have far-reaching chain effects within the community. Those who make such decisions cannot be equally interested in all the details of the chain, nor carry the sole responsibility for all their effects. Manpower problems have to be taken in hand by the labour market authorities, social institutions, trade unions and partly by the enterprises themselves. Increased advance planning, intensified cooperation and consultation, and provisions by which the interests of individual employees are to be safeguarded are strongly called for.
Industrial Democracy: A Perennial Topic

Within the context of this article, we may note specially the remark of the LO Working Party that the traditional demand of the Swedish trade unions for democratization of industrial life was as topical as ever. Indeed the issue is an old one and has been on and off the agenda of the trade union movement and its political ally, the Social-Democratic Party, for many decades. Immediately following the First World War though, « economic democracy », never a clearly defined term, was primarily seen as a corollary to parliamentary democracy only together with which true « social democracy » could be established. C. D. Cole's « guild socialism », for example, which at that time had caught the imagination of the British labour movement, also had ardent supporters among the leading circles of Swedish socialism and trade unionism and even the influence of the original « soviet » or « council » idea was not wholly absent. When the long, and now for over 35 years almost uninterrupted, rule of the Social Democratic Party, to which the large majority of Swedish industrial unions are organically linked, appeared to demonstrate the effectiveness of political power over the economy, the issue narrowed down more specifically to the question of increased employee influence at the enterprise level as a more appropriate trade union objective. That, it has largely remained up to now, although the ideological aspects have recently come again more into the foreground, especially among the younger membership.

It is quite typical of the pragmatic approach of the Swedish trade union movement that for many years it has not tried to challenge management on a broad ideological front. What could be called a « management rights » clause 6 has been retained in the by-laws of the employers' Confederation specifying that management must have the right to hire and fire and to lead and allocate work as it deems fit. Yet over the years the unions have succeeded, step for step, in obtaining concessions as the need to solve immediate problems arose, which considerably increased their influence in these very areas.

(5) The issue goes back to a very early « understanding » between the SAF and the LO reached during the first decade of this century, by which the unions conceded to the employers, in addition to the right of hiring and firing, also the employment of organized or unorganized labour at will. In exchange the SAF guaranteed to the unions full freedom of organization. The question of trade union recognition and union security has played, therefore, no major role in the history of Swedish labour-management relations. For many years afterwards, however, the management rights clause as to hirings and firings remained a major source of friction.
At the same time, it became the distinction of the Swedish industrial relations system to rely to the least possible degree on legislation, but to strive for an orderly process of negotiations and the necessary machinery for the solution of conflicts through voluntary agreement between the central organizations of both parties on the labour market. It should be noted here, though, that unless these central agreements solely concern the relations and joint activities of the top organizations of labour and management, they are not in themselves binding on their affiliates but are in fact recommendations to them and become collective agreements in the meaning of the law only after having been agreed to by the organizations at the industry level.

The history of these central agreements can be traced back to the first decade of this century. It is, however, only since 1938, when the Swedish Employers Confederation (SAF) and the Trade Union Confederation (LO) reached their famous «Basic Agreement», that central agreements have become the means of progressively building an institutional framework of labour-management relations encompassing an ever-widening range of interests. It is significant that the Basic Agreement followed upon decades of intense struggle and considerable industrial unrest and was in fact the consequence of threatened government intervention which both parties tried strenuously to avoid then and have tried to avoid ever since.

Nevertheless, the general acceptance of the Basic Agreement was even then by no means assured and its future role as the cornerstone of the Swedish industrial relations system hardly foreseen. Even after several years a most knowledgeable writer on the Swedish collective bargaining system could still speak of the Basic Agreement as merely «a new wrinkle in Swedish negotiation machinery and procedures» and doubt whether it would constitute an important permanent addition to collective bargaining in Sweden. The fact that it did, may perhaps be no less due to external pressures that was the Agreement itself, keeping in mind that it was signed at the eve of World War II which enforced

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(6) Sharp distinction is being made between «conflicts of rights» arising from the interpretation of existing agreements, questions whether such agreements conform to the Collective Agreements Act and other points of law that are subject to judicial procedures (Labor Court Act of 1928) and «conflicts of interest» which remain the sole concern of the parties themselves but are open to voluntary mediation procedures.

a régime of national unity on the country and was followed by the needs of post-war reconstruction.

From the point of view of the trade union membership, perhaps the most important immediate aspect of the Basic Agreement was that in undertaking, among others, to give advance notice to the unions on dismissals, layoffs and rehirings, management accepted restrictions on its traditional right to freely hire and fire. From the point of view of the future development of a continuous and permanent relationship between management and labour organizations, however, the most important aspect was undoubtedly the development of step-for-step procedures from the enterprise level upwards for ironing out differences before resulting in open conflict with final recourse to a joint body — the Labour Market Council, while at the same time providing the opportunity to separate and enlarge areas of common interests by continuing negotiation.

As illustrated by the following chart, the evolution of this institutional framework of labour-management relations founded upon the « Basic Agreement » was by no means a rapid one. It took more than a decade and has all the signs of cautious testing.

What interests us here is, above all, the fact that the instruments chosen to increase employee influence on managerial decisions affecting the labour force, were not the collective wage agreements but the central agreements arrived at separately from periodical collective bargaining with its crisis atmosphere and time limitations.

« The Swedish collective bargaining agreements contain, therefore, in general no provisions which give the employees co-determination rights over work methods and organization within the enterprise... The Swedish trade union movement has instead sought to approach these and other questions in connection with technological and organizational change within the enterprises in another way, namely, through cooperation and consultation with the management side. »

(8) The body which originally negotiated the Basic Agreement was the Labour Market Committee. In practice its functions were taken over by the Labour Market Council as a creation of the Agreement. Both should be distinguished from the Labour Market Board which is a public agency concerned with manpower questions.
(9) Fackfareningsrörelsen och den Techniska Utvecklingen, p. 205.

LABOR MARKET COMMITTEE

SAF-LO; SAF-TCO-Affiliates
Basic Agreements:
To safeguard self-government of the parties on the labour market and the employees' job security.
1938

SAF-LO
Agreement on Safety at Work:
To provide for safety at the work place.
1942

SAF-LO; SAF-TCO-Affiliates
Agreement on Vocational Training:
To establish rules concerning training in industry.
1944

SAF-LO
Agreement on Time and Motion Studies
To promote a sound and mutually acceptable practice of Time and Motion Studies.
1948

SAF-LO
Report on Women in Employment
To promote the well-being of women in employment.
1951

Labour Market Council

Joint Industrial Safety Council

Joint Executive Bureau

Joint Branch Safety Committees

Notifying Organization

Workers' Safety Representatives resp. Works Councils

Workers' Safety Representatives

Works Councils resp. Works Representatives

Works Councils and Trade Unions

Workers Councils and Trade Unions

Joint Industrial Training and Guidance Council

Joint Executive Bureau

Joint Branch Training Committee

Joint Council for Women Worker's Questions

Joint Time and Motion Study Council

Joint Time and Motion Study Committees
**Evolution of the Institutional Framework of Labour — Management Co-operation in Sweden (Cont’d.)**

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Agreements on Works Councils and Works Representatives  
To promote workers' representation and labour management co-operation at the enterprise level.  
(1946 : 1958 : 1964)  
1966 |
| **SAF-LO-TCO**  
Agreement on Labour-Management Co-operation in Enterprise  
To guide Works Council Activities and other forms of labour-management co-operation at the company level.  
1966 |
| **SAF-LO**  
Agreement on Training of Works Council Membership  
To promote and finance educational activities on co-operation questions in the enterprise.  
1966 |
| **Labour Market Council and Development Council on Co-operation Questions** |
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| **Works Councils resp. Works Representatives and local organizations** |
New Central Agreements

There is little doubt that the Swedish trade unions during more than three decades of Social-Democratic rule would have had sufficient political power for an attempt to realize their aim of increasing the influence of the work force on management by legislative means. Why did they choose not to do so? The most persuasive and telling argument has been that legislation « could only count on a passive and formal adherence to the provisions of the law, while a voluntary agreement can count on the parties' support and engagement in realizing the ideas and aims which are contained in and lie behind the agreement ».

Obviously the preconditions for this are strongly and evenly balanced organized forces on both sides.

There are, according to the Swedish trade union view, two ways by which « increased democratization » at the enterprise level can be achieved:

1) by organized co-operation between enterprise management and the elected representatives of the workers organized in the trade unions; and

2) by the employee obtaining influence on his own job situation and job task from a democratically engaged management.

The first method demands formal « rules of the game », in other words, formal agreements which are upheld by the organized parties within the enterprise. The other method depends on rather intangible matters such as attitudes and communications. As experience has shown in Sweden, neither method can stand by itself; they are complementary and not contradictory.

The first attempt to bring about a solution to the problem was the Works Council Agreements of 1946, but the results were by no means satisfactory. After 15 years of efforts on the part of the organizations on both sides it had to be admitted that the contribution of these joint bodies at the enterprise level had made only an insignificant contribution to labour-management relations. The three organizations that were parties to these agreements, began separate studies of the Works Council

(10) Article by Ole Gunnarsson in Fackforeningsrorelsen, No. 11, 1965.
operations in the early sixties. As was to be expected, none of these studies could come to definite conclusions. The employers' study, although by no means denying the weaknesses of the Works Councils, showed that employees in enterprises with less than 50 employees, which, generally speaking, had no Works Councils, received much less information than those in larger enterprises where the Councils were more common. On the other hand the trade union studies showed that, even where Works Councils existed, information and consultation activities were relatively limited and gave the employees little opportunity to exert influence on managerial decisions.

Most disturbing, from the union point of view, was the fact that in three-fourths of the cases under study the employees complained that they were informed of major changes in operations and working conditions only after managerial decisions had been taken and there was little consultation and co-operation. Experience also had shown that the Works Councils were regarded in many enterprises as an extraneous rather than an integral element in the enterprise's administration. They had little or no influence on personnel policy and personnel administration. Many of the Works Councils did not meet as regularly as prescribed in the Agreement and very often employers refused to comply with requests for information and consultation in questions which were not expressively defined in the Agreement, but had a bearing on employment conditions. Both labour had management studies pointed at the need for a closer association of the local union with the Works Councils.

On the basis of these studies, the LO unions came to the conclusion that it was no longer sufficient to amend the Agreement piecemeal but that a new Agreement was desirable. They also felt that there was a definite need for better training of the persons who were to work locally in the Works Councils.

In consequence, the LO requested in May 1965, new negotiations and formulated a 20-point programme intended to increase the influence of the work force, through their trade-union representation, on the com-

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pany management. Above all, here too, we find the same demand for advance information and consultation on change, which seems to have become a universal trade-union goal.

Management Attitudes

The Employers' Confederation agreed to open negotiations on a new Works Council Agreement, but there was at first, little to indicate the line they would take. Nevertheless there seemed to be a certain concern on the employers' side that the unions would raise the issue of co-determination in the more direct form of participation in management, as may be seen from the following summary of a section of the Report of the Reference Group to whom the SAF had entrusted a preliminary study of the matter:

* The role of the trade-union movement with regard to the balance of interests which can be said to exist on the Swedish labour market is probably clear to everyone. It is more difficult to determine how the trade-union movement would best be able to assist in securing increased contentment at work for the individual worker. In this case too it would probably be advisable to follow the principle that the trade-union movement should act as the organization of an interested party which puts claims forward but leaves it to the specialists in the company management to choose methods of satisfying those claims.

* The difficulty arises, however, that such claims cannot be given a general form, as the needs of the employees are very diverse... It is no easy matter in such a situation to advance demands and claims to the company on behalf of the collective body. A way that immediately suggests itself would be, therefore, for the trade-union movement to demand that its representatives should take an active part in the management of the company. In the view of the Reference Group, such a way out would not solve the problem, one reason being that the assignment of jobs and the creation of the conditions in which they are to be carried out are complicated tasks for specialists. With regard to the role of the trade unions the Reference Group comes to the conclusion that in the field of co-operation the distribution of functions between the company management and the trade-union representatives should be the same as that which prevails in other respects, the trade-union movement formulating claims but leaving it to the company management to choose the methods of satisfying them.

As a natural consequence of the fact that local co-operation is made part of the administration of the company, the management bears most of the responsibility for the further development of co-operation and the realization of the objective referred to in the report. It is emphasized that the responsibility of the management to all interested parties must not be confused with the question of the appointment of
Concerning the future development of labour-management co-operation, the Employers’ group recommended that the Swedish Employers’ Confederation (SAF) should seek, together with the employees’ organizations, common ground in an agreement on general principles with regard to the objectives towards which co-operation should be directed. It was further proposed that an active effort should be made by the SAF to increase the facilities for adjustment to work and job satisfaction. The SAF should work for the establishment of institutions for labour-management co-operation adapted to needs of particular companies, by means of experiments with such institutions and by other methods. The SAF should also help to ensure that a company-adopted code for effective personnel administration be developed and that the work devoted to the solution of co-operation questions be made to benefit company administration as a whole. The SAF should help take steps to reduce antagonism between owners and employees. More should be done in the field of training and research. In this connection the group advocated the setting up of a « special council for co-operation questions » with the task of creating a basis for further development of co-operation by means of advice, training and research.

The outcome of the negotiations between the SAF on the employers’ side and the LO and TCO on the other was the conclusion at the end of August 1966, of three new central agreements closely linked in thought and purpose:

i) a new Works Council Agreement replacing the original agreement of 1946, separately concluded between the SAF and the LO, and SAF and TCO (Central Organization of Salaried Employees);

ii) an Agreement for the Promotion of Labour-Management Co-operation Within Enterprises which seeks to establish and define the objectives of co-operation at the company level and includes

(12) Co-operation in the Company of the Future, Report of the SAF’s Reference Group for the Democratization of Industrial Life; English Summary, pp. 16-17. This concern of the SAF Reference Group proved to be quite unfounded. Commenting editorially on a recent suggestion by individual employers to invite employee representation into management, the LO organ « Fackforeningsrörelsen » states in the issue No. 23, 1967: « For good reasons the trade union movement has remained sceptical in regard to representation within management ». 
the establishment of a new central joint organ under the same of «Development Council for Co-operation Questions». This was not only a completely new venture but also the first undertaking in the field of labour-management relations jointly sponsored by the SAF, LO and TCO;

iii) an LO-SAF Agreement in the form of a joint statement recommending that the training of the Works Council membership becomes part of the company cost structure.

The difference between the Works Council Agreement and the Co-operation Agreement is, among other, that the former has to be ratified by the national unions (federations) and the corresponding industry associations affiliated to the central organization and, in this way, is the basis for collective agreements under the Collective Agreement Act, while the latter establishes general guidelines, but in its operational provisions concerns primarily the three national centres. The third agreement in turn is to be worked out in detail in negotiations between the national unions and employers’ associations at the industry level.

The New Works Council Agreement

Works Councils in Sweden are established in enterprises which, as a rule, employ more than 50 people. In enterprises with less than 50 but more than nine workers, the local trade-union organization may decide to arrange for the appointment of two representatives (ombud), in firms with less than nine workers, one such representative.

The initiative for the creation of a Works Council may come either from the management or the local union side. As joint bodies the management members are appointed by management, the labour members elected by the work force under rules established by the local trade union. Periods of office may vary from a minimum of two to a maximum of four years. There are special rules concerning the representation of clerical personnel and the numerical distribution of the labour representation is in general to reflect the composition of the work force. The number of employee representatives may vary from a maximum of five for units with less than 100 employees to a maximum of 11 for those with more than 200 employees. Eligible for membership in the Councils are all employees after one year of employment with the firm. In addition, the Councils may invite experts to participate in their deli-
berations if warranted by the issues on hand. Such experts may come from the ranks of the employees themselves but also from outside the firm.

The Councils are the meet at least every quarter-year, but may be called into session more often if warranted and desired by either party. Moreover, in larger firms, there may be a permanent working committee of the Council, as well as sub-committees dealing with special areas of the Council's work.

The Chairman of the union local (factory club) is required to be a member of the Council. This, as well as the provision that Works Councils may be instituted on the initiative of the local trade-union organization and that the election rules are in the competence of the union, corresponds to the concept of the new Agreement which defines the Works Councils as « organs for information and consultation between management and the work force through their trade-union organization within the enterprise ». In this way the new Agreement seeks to clarify the role and position of the local union vis-à-vis the Works Councils. It was recognized that unless the local union is directly engaged in the Works Councils at the plant level, and, unless the local management recognizes the union not solely as a negotiating party but as an instrument of co-operation in the plant, the best intentions of the organizations of both parties at the national and industry level do not suffice to bring the objectives of the Agreement to fruition. It is noteworthy that this clarification of the trade-union rôle in the Works Councils was not due solely to the union demand, but was strongly favoured by the employers' Reference Group.

The Works Councils are to have as their objective the furthering of « increased productivity and job satisfaction (arbetstillfredsställelse). Thus from the outset, the new Agreement tries to recognize the direct relationship between productivity and the sense of well-being and belonging, essential to the work force as a collective as well as to individuals.

More specifically the councils are to:

— maintain continuous co-operation between management and the work force;

— give the work force insight into the economic and technical situation of the enterprise and its profitability;
— work for security in employment, safety and the well-being of the employees;
— promote training within the enterprise; and
— in general further good working conditions and a good work atmosphere.

While the Swedish Works Councils under the new Agreement remain primarily consultative organs, management may delegate to the Council rights of decision in certain limited areas, such as «social questions» within a given budget. There is also a clear effort to build the councils into the regular administrative machinery of the enterprise and to make it an organic part of the decision-making process. The Agreement, therefore, carefully defines information and consultation as advance information and advance consultation. For this purpose a new section (para. 6) was put into the new Agreement that was not found in the previous versions:

«It is essential in utilizing the experience and insights of the employees, that the questions about which the councils are to be informed and are subject of consultation, must be questions which are essential for the enterprise and its personnel. It follows from the nature of such consultation that it precedes the decisions of management and comes before possible changes have taken place. By management is meant not only the executive management but the Board of Directors and shareholders. In the process of consultation, the councils should seek to arrive at a consensus.

The results of the Councils' deliberations are to be reported regularly to persons in management who deal with the issue at hand by a representative appointed for this purpose by the employer. Once management has arrived at a decision which is important to the employees, it is to be transmitted to the councils, especially if the topic has been treated beforehand by the council.»

Exempted from the obligation of information and consultation are certain situations, where the information may be of a damaging character to the employer. However, even in such cases the employer should, in deciding whether or not to make the information available, take into consideration the interest of the employees. For added security, there is a secrecy clause in the Agreement according to which no member of a council may reveal or make use of any technical or business information to which he had become a party in his capacity as a council member when he is aware that it concerns a trade or business secret, or which the employer designates as of confidential nature. This obligation
to secrecy continues even after an employee has left the services of the company or ceases to be a member of a Works Council.

Areas of information and consultation are to be:

a) Matters of production; i.e., technology, organization, planning and development. It is incumbent upon management to provide continuing information in these matters and to account for probable as well as effected changes. The employee members have the right of suggestion.

b) Economic questions; in this area the employer shall provide information regarding the business situation, market changes, cost factors of production and marketing prospects. Such information should be prognostic and given in such a way that the council can itself form a good idea of the company's financial standing and future.

In the case of joint stock companies and «economic associations» (e.g., co-operatives) the company is obliged to make available to the council the same information as given to the Board of Directors and shareholders (membership meeting).

Also in this area the employee representatives have the right of proposal.

c) Personnel administration; there too a completely new section (para. 10) has been introduced giving the employees increased influence on personnel administration:

«The employees have a justified interest to have insight into the general personnel policy of the enterprise and in the handling of personnel questions which concern that group of employees to which they belong. In the first place, this interest is to be satisfied by continuing contact between the management and union representatives.»

However, as to general guidelines on personnel policies, such as
a) principles and methods of recruitment, choice and promotion;
b) planning of recruitment and training;
c) development of induction programmes, and
d) principles for transfer or retraining of older and handicapped workers, as well as transfer of personnel in connection with
structural changes, information should be given and consultation should take place in the Works Councils. Information should also, if possible, be provided concerning personnel statistics, such as on health conditions, absence because of sickness, accidents, turnover, recruitment situation, etc.».

In the case of shut-downs or major curtailments in a firm's operations, consultation is to take place in the councils concerning their effects on employment conditions. Whenever an enterprise notifies the public authorities of such measures the councils are to be informed and kept informed about further developments.

The job security provisions, provisions concerning dismissal and lay-offs, notice of termination of employment, etc., were taken over unchanged from the old to the new Agreement. These cases are, under certain conditions, subject to notification to the union concerned and are open in the final instance to mediation by the Labour Market Council as the central joint body formed by representatives of the national organizations.13

Agreement on Co-operation Questions at the Enterprise Level

As indicated earlier, it was the employers' Reference Group which had suggested that the SAF should seek common ground for an agreement on general principles with regard to the objectives of labour-management co-operation at the enterprise level and that a special organ be established for the development of such co-operation. Thus, the second of the three new central agreements actually originated with the employers. As an SAF spokesman told the writer, « We are aware that the union side attaches great importance to the Works Council Agreement. For us the Co-operation Agreement is the more important one ».

The new « Development Council for Co-operation Questions » is to consist of 10 members, of which five are delegated by the SAF, three by the LO and two by the TCO (Central Organization of Salaried Em-

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13 In the June 1967 Programme on Labour Market Policies the LO stated that it would like « the Labour Market Board to initiate negotiations with the organizations on the Labour Market and in industry concerning a longer period of advance warning of shut-downs and major dismissal, methods and measures (a social plan) for the adjustment of workers on such occasions, and more extensive reporting to the employment offices of internal changes within firms and anticipated future labour requirements. The period of notice perscribed in the Works Council's Agreement ought to be extended when the Agreement is revised in the near future ».
ployees). It is in fact the first agreement between labour and management in Sweden which is jointly signed and creates a joint organ of all three organizations.

The purpose of this new central body is to follow attentively the developments in labour-management co-operation and to work for continuing improvement of this co-operation within the individual companies. The areas in which the Development Council by its own activity and through other organs should assist the enterprises and the parties on the labour market are to be:

a) training of persons within the enterprises who are occupied with co-operation questions;
b) preparation and distribution of material to be used within the enterprises in matters of training and schooling in these questions;
c) information and counselling services concerning various co-operation forms;
d) scientific research in regard to co-operation questions.

Moreover, the Development Council will take over from the Labour Market Council the task of furthering and guiding the activities of the Works Councils and the Works Representatives.

Apart from the creation of this new central body, the Agreement opens two new avenues of development. Firstly: the present institutional system of labour-management co-operation, having grown up in piecemeal fashion and being divided between various joint bodies (Labour Market Council, Industrial Safety Council, Time and Motion Study Council, Council for Women's Questions and now the Development Council), may need better co-ordination of all these activities, both as far as the agreements are concerned as well as in their institutional forms. Secondly: although the Co-operation Agreement takes the Works Council Agreement as its "natural base" and indeed covers largely the same ground, it stresses the point that in general those institutional arrangements of labour-management co-operation will be most successful which are most easily related to the particular administrative structure of a company, whereby size, production methods and industrial branch are some of the factors to be taken into account. The parties at the local level may, therefore, be left to develop institutional arran-
gements which widen the area of co-operation within the enterprise, complement the Works Council Agreement or even replace it altogether, provided agreement can be reached between the competent bodies at the Federation level. It will then be the task of the new Development Council to do research and to assist the individual firms and unions in finding the forms best suited to their specific requirements.

Regardless of the institutional arrangements which may be chosen in individual cases, the Co-operation Agreement reaffirms and seeks to redefine the purpose of the Works Council as well as the purpose of all labour-management co-operation. As the Works Council Agreement states, this purpose is twofold: increased productivity and increased contentment at work. These two aims are closely related, but « each is also desirable in its own right ».

*Increased Productivity* is defined in these guidelines not only as an economic but also a social objective:

« Modern society demands for its existence effective and well equipped production machinery in which human and material resources are co-ordinated to achieve the best production results while also taking into account those who participate in the production process. To create such effective production machinery is in the common interest of all.

« However, high productivity in the enterprise of a dynamic society also demands that all those involved are prepared to accept and participate in the changes of the enterprise structure, acquire, if necessary, new knowledge and skills, but also to have regard for the employees’ need of information, consultation, training and security in employment.

« *Increased contentment at work* in its turn demands that the individual is actually assigned work which he considers interesting and meaningful.

« As an objective this means not only a satisfactory environment, but also meeting other demands which concern the work itself. An enterprise is not only here to produce goods and services but must also strive to have this done in such a way that the knowledge and skill of the employees are brought into play to the fullest extent possible.

« In this regard, management must pay particular attention to the job content of each individual’s task and to the choice of persons for each task. As far as possible, each worker should have the opportunity of contributing to the development of his own job situation. »

While these two objectives of labour-management co-operation could be agreed upon by the parties concerned, a third objective — « balance of interests » — suggested by the employers was strongly resisted by the unions.
As the SAF Reference Group frankly stated, this third objective could be regarded as a reply to the employees’ demands for increased influence in the enterprise. They argued as follows:

« The development of the enterprise is affected — and will be affected even more in the future — by the claims of a whole series of interested parties such as customers, suppliers, creditors, owners, employees, the community at large, public opinion and the company's management. The last mentioned, however, is an involved party with a special status whose duty it is to balance the demands of the other parties in order to achieve adequate freedom of action and to maintain the profitability without which the enterprise cannot survive. »

By definition such a balance of interests exists if:

« a) there is a common set of values in the society in which the company operates, this meaning, among other things, that there are generally acknowledged standards as to how the results of the company's trading are to be distributed — standards whereby it may be ascertained which demands on the part of the interested parties are legitimate ones; and

« b) every group can ensure that its legitimate demands are satisfied. »

While a wholly satisfactory balance of interests may be difficult to achieve, this should not prevent employers and employees from working together to realize it.

« It is important in this respect that the company management should be well aware of the common standards of value mentioned above, and that it should also be conscious, when exercising its 'mediatory role', of its responsibilities to all interested parties...

« ...a satisfactory balance of interests is probably an important prerequisite for the avoidance of acute conflicts, for example in the form of strikes. It is, therefore, not unreasonable to assume that a satisfactory balance of interests favourably affects conditions within the companies and thereby increases both productivity and profitability. »

The union negotiators rejected outright the « balance of interest » concept as an objective of labour-management co-operation. They saw

(14) « Co-operation in the Company of the Future », pp. 6-7.
Training of Works Council Members

Twenty years of experience with the Swedish Works Council system have shown that its objectives cannot be expected to be realized simply by concluding an agreement, however specific in its provisions. Positive interest on the part of management and of the work force and its representatives is an obvious prerequisite, but even this is not enough. The communication techniques necessary to make the Agreement work as well as the knowledge of the complicated issues of economic, production and personnel policies which may be involved cannot be acquired by empirical means only. If information and consultation are to become meaningful instruments of labour-management co-operation within the plant a considerable amount of schooling is required.

In connection with the «20-point programme» which the LO submitted to the SAF at the beginning of the negotiations for the new Works Council Agreement, the trade union centre suggested that the question of schooling the Works Council members should also be a matter of agreement because it involved both time and cost questions:

«Local trade unionists have often argued that it is not possible for workers after a full day of work to manage in their spare time the educational requirements as intensively as desirable. If questions of this kind are to be solved, they have to become part of regular company life. Such educational activities have to be accepted as productive work, which as to the time consumed and the costs involved have to enter into the company’s cost calculations.» ¹⁵

The employers’ Reference Group having come to similar conclusions, there was no difficulty in reaching an agreement on the lines suggested by the LO.

¹⁵ Concerning instruction material, instructors and localities the costs will be borne by the companies especially in cases where such training

(15) Fackforeningsrörelsen, No. 11/1965, p. 66; Special Print, page 11.
is part of the company's regular personnel training programme. In regard to other costs, such as, for example, compensation for lost working time and travelling, directives will be issued after discussions have taken place between employer associations and union federations in each industry. In these discussions the interest of each company should be carefully considered. This, under certain circumstances, may lead to recommendations that the total costs be borne by the companies concerned. > 16

The Development Council will in any case actively co-operate in the preparation of instruction material and plan for residential courses, study circles and conferences.

In addition the organization will carry on their own internal training activities. On the union side it is fully recognized that the correct application of the Works Council Agreement will, to the largest extent, depend upon the proper training of the Works Council membership.

A Temporary Compromise

The Swedish trade-union movement looks at the new Works Council Agreement as a « significant step in the movement’s striving for increased insight and influence at the enterprise level. It is without doubt the most important event in the field of labour-management co-operation since the 1946 Agreement ». 17

The most important result for the unions is the fact that the Works Councils are now to be an integral part of the decision-making process in company administration, that information and consultation has to take place before managerial decisions are taken not only by the executive management but, in important questions, also by company board and shareholders; and that the influence of the work force on personnel policies is being strengthened. The unions demanded that the Works Council should be consulted not only as to general personnel policies but should also have the right of advance consultation in individual cases, such as transfers and promotions. This was strongly resisted by the employers and, in the end, not included. This does not mean, however, any curtailment in the right of the local trade-union representation to take up personnel questions with management.

The Works Council Agreement as well as the Co-operation Agreement is obviously a compromise. It is clear that the new Agreements do not seek to curtail the right of final decision of management, despite the fact that they prescribe — or better, express the hope — that decisions affecting manpower should come about by consensus. The question of whether under the new Agreements change itself rather than the effects of change have become *negotiable* does not seem to be regarded as of decisive importance. It is argued that if the process of advance consultation is properly used, and if the work force has the right to make alternative suggestions, the employer will automatically introduce changes only on the basis of well-prepared and well-reasoned advance planning. Moreover, the Swedish unions are by their own policies committed to the promotion of technical progress and structural change. They are fully aware that change can bring about individual inconvenience and even individual hardships. For this the individual enterprise can only be made responsible up to a point; for the rest public policy has to step in.

Whether or not the Swedish trade-union movement will be satisfied in the longer run with the degree of influence on managerial decisions obtained in the new Agreements, will very much depend on what actually happens in the future. A certain note of skepticism may be discerned in the concluding statement of the Report of the LO Working Group to the 1966 Congress:

» The way in which change is carried out will be of decisive importance for the way the employers will react...

» By the recent revision of the Works Council Agreement new possibilities have been opened up for widening the area of consultation on change. We express the hope that good use will be made of these possibilities in the future. *In our opinion, however, consultation on an equal footing can hardly come about as long as the clause about the employers' exclusive right to lead and assign work as well as to freely hire and fire workers remains in collective agreements.* 18

LES RELATIONS INDUSTRIELLES ET LES CHANGEMENTS TECHNOLOGIQUES: ACCORDS ET ATTITUDE DU PATRONAT ET DES SYNDICATS SUÉDOIS

Depuis un quart de siècle, la pensée syndicale en Suède est dominée par la question des changements. Au congrès de 1941 de la Confédération suédoise des syndicats (LO), l'attention a été centrée sur le nouveau rôle des syndicats dans l'État-Providence. Au congrès de 1951, l'accent a été placé sur le problème de la politique des salaires dans des conditions de plein emploi et on en est arrivé à un régime centralisé de négociation collective applicable à l'ensemble du pays. En 1961, a surgi la question de changements structurels et technologiques comme prérequis d'une croissance économique stable et d'une hausse constante du niveau de vie. On a alors commencé à penser que les syndicats ne pouvaient plus se contenter d'accepter passivement le changement, mais qu'ils devaient travailler activement à le stimuler.

Ce n'est donc pas par pure coïncidence qu'au même congrès, la LO a également abordé la question du rôle et de la fonction des travailleurs et de leurs représentants dans la prise des décisions au niveau de l'entreprise. Elle a soutenu que pour accepter une part de responsabilité dans la stimulation des changements, les syndicats devaient nécessairement, au cours de la mise en oeuvre de ces changements, avoir la faculté et l'occasion de protéger les intérêts de leurs membres, non seulement du point de vue matériel, mais aussi des points de vue social et proprement humain.

Cependant, à l'époque, on ne possédait guère de renseignements exacts au sujet de la nature des changements et de leurs conséquences possibles sur les travailleurs. La LO a donc formé un groupe de travail chargé de faire les études nécessaires. Ce groupe a publié son rapport en mai 1966, à temps pour le congrès de la LO de la même année. Il y déclarait que même dans le cas d'une forte accélération des changements technologiques et structurels, les répercussions sur l'emploi en général seraient sans doute assez limitées. Quant aux changements technologiques comme tels, le groupe opinait qu'il était difficile en théorie et impossible en pratique d'isoler la « technologie » des autres causes de changement. Il fallait donc considérer le changement comme un tout complexe, qu'il fût possible ou non de le rattacher à la « nouvelle technologie ».

D'autre part, le groupe signalait qu'un haut niveau général d'emploi peut dissimuler de graves écarts entre les secteurs particuliers et que le changement, même s'il n'a pas de graves répercussions sur l'ensemble de l'emploi, peut avoir des conséquences dramatiques pour certaines entreprises, industries, ou régions géographiques ainsi que pour certains particuliers. La nécessité s'imposait donc d'ajouter comme complément à la politique de plein emploi certains éléments bien choisis de politique active du marché du travail.

Au sujet du rôle de la main-d'œuvre, le groupe de la LO a formulé diverses recommandations. Les changements technologiques et structurels ne sont pas com-
La question de la « démocratie économique » préoccupe depuis très longtemps les esprits en Suède, bien que l'expression n'ait jamais été clairement définie. Après la Première Guerre mondiale la « démocratie économique » a été surtout considérée comme un corollaire de la démocratie parlementaire. Cependant, le long règne du parti social-démocratique auquel la majorité des syndicats industriels du pays sont liés organiquement a semblé démontrer l'efficacité du pouvoir politique sur l'économie et graduellement on en est venu à considérer plus précisément comme objectif des syndicats un accroissement de l'influence des travailleurs au niveau de l'administration des entreprises.

Une des grandes caractéristiques du régime suédois de relations industrielles réside dans le fait que les deux parties comptent aussi peu que possible sur la législation, mais cherchent plutôt dans des ententes volontaires conclues par leurs organismes centraux respectifs les moyens de régler leurs conflits. Ces ententes nationales remontent à la première décennie du siècle actuel. Cependant, ce n'est que depuis 1938, alors que, après des dizaines d'années de grands conflits industriels et de menaces d'intervention de la part du Gouvernement, la Confédération suédoise des employeurs (SAF) et la LO en sont arrivées à leur fameux « Accord fondamental », que les ententes nationales sont devenues le moyen d'assurer graduellement des cadres institutionnels aux relations patronales-ouvrières. Toutefois, ces accords ne sont pas des ententes collectives proprement dites, mais simplement des recommandations aux organismes affiliés. Ils ne le deviennent que sur ratification par les fédérations et les associations compétentes.

Si l'on fait abstraction de la clause de sécurité de l'emploi contenue dans « l'Accord fondamental » de 1938, la première tentative en faveur de la démocratie industrielle date de l'Accord de 1946 sur les comités d'entreprise. Après quinze années d'efforts de la part des organismes des deux côtés, il a fallu reconnaître que ces comités mixtes de patrons et de travailleurs au niveau de l'entreprise n'avaient guère contribué à l'amélioration des relations patronales-ouvrières. Cette conclusion a été confirmée par des études faites entre 1961 et 1965 par les trois organismes en cause, la SAF, la LO et l'Organisation centrale des employés (TCO).
Du point de vue syndical, le fait le plus inquiétant était que dans la plupart des cas étudiés par la LO les travailleurs se plaignaient de n’être mis au courant des changements importants dans le fonctionnement de l’entreprise et les conditions de travail qu’après la prise de la décision définitive par l’administration.

A la lumière de ces études, les syndicats membres de la LO en sont venus à la conclusion qu’il ne suffisait pas de modifier partiellement de l’Accord sur les comités d’entreprise, comme on l’avait fait jusque là, mais qu’il fallait en arriver à un accord entièrement nouveau.

La Confédération des employeurs a consenti à des négociations en ce sens malgré une certaine crainte, semblait-il, que les syndicats ne soulèvent la question de la codétermination sous une forme de participation plus directe à la haute direction. Il n’en a été rien, cependant. Les négociations entre la SAF, d’une part, et la LO et la TCO, d’autre part, ont abouti à la conclusion, en août 1966, de trois nouveaux accords notionaux :

(i) Un nouvel accord sur les comités d’entreprises, aux termes duquel ces comités sont des organismes mixtes, dont les membres du côté patronal sont nommés par le patron et ceux du côté des travailleurs sont élus par les travailleurs selon des règles établies par le syndicat local. Les comités d’entreprise sont définis comme étant « des organismes de renseignement et de consultation entre le patron et les travailleurs représentés par leur syndicat dans l’entreprise ». L’accord, qui vise à faire de ces comités des éléments réguliers des rouages administratifs de l’entreprise et du processus de décisions, précise en toutes lettres que par renseignement et consultation il faut entendre des renseignements et des consultations préalables.

(ii) Le deuxième des nouveaux accords vient des employeurs. Intitulé « Accord sur les questions de collaboration au niveau de l’entreprise », il établit les principes généraux de la collaboration patronale-ouvrière au niveau de l’entreprise comme principes directeurs des comités d’entreprise. Il prévoit également l’établissement, au niveau national, d’un nouvel organisme représentatif des trois grandes centrales (SAF, LO, TCO) ayant un double objectif : la recherche et la formation des membres des comités d’entreprise. C’est également cet organisme qui est chargé de diriger et de stimuler l’activité des comités d’entreprise. En outre, il est expressément reconnu que les ententes institutionnelles auront d’autant plus de succès qu’elles seront directement adaptées à la structure administrative particulière de l’entreprise en cause, ce qui laisse aux parties au niveau local le soin d’améliorer, de compléter ou même de remplacer l’accord général sur les comités d’entreprise, sous réserve de l’approbation des organismes compétents au niveau de l’industrie.

(iii) De longues années d’expérience ayant démontré que la signature d’accords ne suffit pas pour assurer la réalisation du régime des comités d’entre-
prise, il a été reconnu que la bonne exécution de l'accord exigeait beaucoup de travail de formation des membres de ces comités. Il a donc été convenu par les organismes supérieurs de recommander à leurs filiales de faire de cette formation une partie régulière de l'activité des entreprises et, en particulier, du programme de formation du personnel de la société. La question du coût sera réglée au cours de discussions entre les organismes en cause dans chaque industrie.

Malgré qu'il apparaisse aux syndicats comme « l'événement le plus important dans le domaine de la collaboration patronale-ouvrière depuis l'Accord de 1946 », l'Accord de 1966 sur les comités d'entreprise constitue manifestement un compromis. Il est évident aussi que les nouveaux accords ne visent pas à entraver les droits du patron de prendre la décision finale, même s'il est prévu — ou plutôt que l'espoir soit exprimé — que les décisions touchant la main-d'œuvre seront prises du consentement général. Une certaine note de scepticisme semble se glisser dans les dernières phrases du Rapport du Groupe de travail au congrès de la LO, où il est dit que « des consultations d'égal à égal ne seront guère possibles tant que sera maintenue dans les ententes collectives la clause accordant aux employeurs le droit exclusif de diriger et de répartir le travail et d'engager et de congédier librement les travailleurs ».