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Norwegian trade unionism between traditionalism and modernisation

Fafo's strategic institute programme

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1 Introduction¹

In the mid-1980s, the Norwegian system of industrial relations ran into a major crisis, widely seen as heralding the end of the post-war social compromise. Faced with increasing labour shortages, organisational fragmentation, wage drift and deteriorating competitiveness, the central social partners seemed to have lost control over the collective bargaining system. Large scale industrial conflict broke out amid collapsing oil prices and severe economic imbalances, followed by a devaluation and harsh austerity policies. Unemployment rose steeply and the government imposed strict laws on incomes regulation, virtually suspending ordinary collective bargaining procedures. Against the backdrop of market liberalisation and growing internationalisation, credit market regulations and capital controls were abandoned and a hard currency policy was adopted, eliminating central instruments of the traditional Norwegian model of macro-economic concertation. In addition to this the process of post-industrialisation accelerated decline in manufactural production; the long-term relative decline in membership of the main trade union confederation, Landsorganisasjonen (LO) and the growth of new confederations, Akademikernes Fellesorganisasjon (AF) and Yrkesorganisasjonenes Sentralforbund (YS), seemed to signal the historical era of socially powerful, centralised trade unions had reached its end. These expectations were further compounded by government plans to join the emerging Single European Market, widely conceived as a final blow to national traditions of corporatist concertation (Schmitter and Streeck 1992).

A decade later, however, such pessimistic predictions have not been confirmed; on the contrary, by the mid-1990s it seemed that they had been substantially misleading. In contrast to international trends of welfare state crisis, labour market deregulation, mass unemployment and rising wage inequality, “Norway [stood out] among advanced capitalist countries as an exception” (Freeman 1997:18). Facilitated by generous oil revenues, Keynesian macro-policies were applied, unemployment was decreasing towards 3 percent and solidaristic incomes policy concertation had been restored under firm control of the traditional trade union and employers' confederations, LO and Næringslivets Hovedorganisasjon, NHO (Dølvik 1997). Trade union membership has grown apace with employment, and efforts have been undertaken to adapt union structures and policies to changes in the composition and needs of the labour force. Altogether, these developments have placed Norwegian trade unions in a favourable position compared to most of their European counterparts.

¹ Since this article was written in spring 1998, fairly dramatic events, associated with currency turmoil and soaring interest rates, have hit the Norwegian economy. At the time of printing it is impossible to judge the longer-term impact of these events, but they clearly highlight the underlying problems of the Norwegian model which are discussed in this article.

The question is, however, whether the strong revival of trade union influence in Norway may now be crumbling. As in the hey-day of post-war labour hegemony, conservative complaints about excessive trade union power have become louder. In a context of threatening economic overheating and locked monetary policies, the new Christian-led minority government seems unable to ensure fiscal stabilisation and less committed to concerted incomes policy. The solidaristic wage moderation policy and the dominant role of LO have become increasingly challenged by contending union confederations. Struggle over adjustment of relative wages have intensified and the structure of employee organizations is in flux, possibly reinforcing fragmentation and inter-union rivalry.

The central questions to be discussed in this article, is: first, how the revival of centralised trade union power in Norway since the mid-1980s can be accounted for; and, second, whether this situation realistically can be expected to continue or change. Starting from the observation that Norwegian trade unionism is distinguished by an unsettled tension between traditionalism and modernism, accentuating conflicts among different trade union sections, it is suggested that the societal influence of Norwegian trade unions is likely to diminish – unless a reconfiguration of union organization and policy priorities can be agreed upon. Whether this will mean a farewell to the egalitarian legacy is unclear, but a renegotiation of the concept of justified social differences and the means to adjust relative wages appears indispensable to maintain the legitimacy of the current order .

2 Background and institutional context of Norwegian trade unionism

The evolution of industrial relations in Norway complies strongly with the thesis that historical compromises shape structures, attitudes and habits that are not easily changed (Sisson 1987). The Norwegian Confederation of Trade Unions (LO), founded in 1899, was joined by the Norwegian Employers' Confederation (NAF) in 1900. The first industry-wide collective agreement was concluded in the metal industry in 1907. The metal agreement – covering around 40,000 workers – still plays an important role in Norwegian bargaining rounds. A long debate on legal frameworks culminated in 1915 with the passing of the Labour Disputes Act, which established principles for mediation and the role of the Labour Court that are still in force today.

The interwar period was marked by high levels of conflict and state intervention in bargaining rounds (Knutsen 1994). The resolution of major conflicts in 1928 and 1931 contributed to the building of strong trust relationships between the leadership of LO and NAF, and the signing of the Basic Agreement in 1935 can be viewed as formalising this new era (Seim 1972). During the same year a crisis pact between the Labour Party and the Agrarian Party enabled organised labour to enter government. Industrial relations in the public sector developed rapidly from the 1950s and LO and NAF were eventually joined by other organizations; in the 1970s the Federation of Norwegian Professional Associations (AF) and the Federation of Vocational Unions (YS) were formed.²

Politically, the cross-cutting coalition among labour, small farmers and fishermen has been a persistent feature of the political configuration in which Norwegian trade unionism have been embedded (Rokkan 1967). Whereas the Norwegian trade unions have never challenged employer prerogatives like Swedish unions did in the 1970s (see Kjellberg 1998), they have relied heavily on institutionalised political cooperation with the state-bearing Labour party – so-called “faglig-politisk samarbeid” (Dølvik and Stokland 1992).

The impact of this political legacy has been reinforced by the nature of economic activity in Norway. The economy is small and open with an import ratio around 40 per cent. Exports have predominantly been founded on natural resources such as fisheries and forestry, on the utilisation of cheap hydropower to produce semi-finished metals and chemicals, and lately on North Sea oil – currently accounting for more than 30 per cent of total exports. The government's role in the petroleum sector has strengthened the state-capitalist features of the Norwegian political economy (Mjøset et al. 1994) and

² For a more detailed presentation of the evolution and distinctions of Norwegian industrial relations, see Dølvik and Stokke (1998).

has underpinned the strategic function of centralised incomes policy in governance of the oil economy.

Complementing centralised concertation, workplace participation and cooperation in productivity development and industrial restructuring have been a tangible feature of Norwegian trade union policy throughout the post-war period. Through the Cooperation Agreement of 1966 (part of the Basic Agreement between NAF and LO) cooperation committees, or works councils, were established, eventually supplemented by structures for consultation in corporate groups and statutory rights of board-level representation. The centralist legacy of trade unions in Norway has thus been counterbalanced by a strong tradition of decentralised activity. In the private sector, trade unions serve important functions in local bargaining and the outcome of the main central pay rounds usually have to be ratified by the grassroots through a ballot among the union members affected.

Private sector employers in Norway are today represented by more than 50 small and large associations, but the Confederation of Norwegian Business and Industry (NHO) is the only employer *confederation* in the private sector. Comprising more than 14,500 firms with approximately 450,000 employees in 1997, NHO exerts strong central authority over member organizations on bargaining strategies, industrial action and the conclusion of collective agreements. The other major employer organization in the private sector is HSH (Federation of Norwegian Commercial and Service Enterprises). In the 1990s, organised enterprises covered about 55 per cent of private sector employment and approximately 70 per cent in manufacturing (Stokke 1996a). In the state sector collective agreements are settled with bargaining cartels of unions from the main union confederations (LO, YS and AF) and an independent teachers union; a similar pattern is followed in the municipal sector but here individual unions may in principle be entitled to bargain independently.

During the post war period the societal role of Norwegian trade unions was, as earlier indicated, bolstered by the growing embeddedness of collective bargaining in institutions of incomes policy and dispute management (see Dølvik and Stokke 1998). Pay rounds in the 1950s and 1960s followed a pattern which was later formalised in the so-called Aukrust model, according to which a “responsible” wage growth was determined by the growth of world market prices and competitiveness and productivity in the exposed sectors (Aukrust 1977). This pattern of co-ordination has been underpinned by the fact that LO is a signatory party to all collective agreements signed by its member unions. During the 1960s several bodies for incomes political cooperation were established. AF and YS were included in the so-called Contact Committee in 1982 but have not been included in the influential Technical Calculation Committee on Income Settlement.³

The system of dispute resolution relies heavily on mediation, which is, in practice, compulsory. The mediator may treat several settlements as one entity. Historically this

³ The question of AF and YS representation in the Technical Calculation Committee was last raised under the conservative government in the mid-1980s but was rejected by the Labour Minister at the time, Kristin Clemet (Høyre).

has been of great importance in gagging militant unions or minimising the effects of work place rebellion against settlements in the LO-NAF area (Frøland 1992a), but since the early 1980s LO itself has pursued this coupling function internally. Compulsory arbitration has also been an important factor in ensuring discipline and compliance with the model by containing militant unions both inside and outside LO (Stokke 1998).

To sum up, the historical evolution of Norwegian trade unionism has been marked by a solid anchoring at the local level within a framework of strong central authority in LO; this has been underpinned by a highly institutionalised bargaining system which, facilitated by a long lasting Labour Party hegemony, has enabled trade unions to attain a powerful role as societal actor. As will be discussed below, however, structural and political change as well as emergence of new organizations on both the employer and trade union sides have in recent years contributed to a more complex actor constellation, making the political function of trade unions more contested and the co-ordination of union interests more complicated.

3 Structure and membership of trade unions

Overview

Trade union density has stabilised at around 56 or 57 per cent since 1980 (Stokke 1995, Nergaard 1996). This is fairly high in international perspective but significantly lower than in other Nordic countries, probably reflecting that unemployment insurance in Norway is organised by the state and not by the unions (Rothstein 1990).

The *Norwegian Confederation of Trade Unions (LO)* is still the dominant union force in Norway. This dominance is due both to its traditional hegemony among blue collar workers in core manufacturing industries and to its organization of a substantial proportion of employees in the growing public sector. LO-affiliated unions covered roughly 54 per cent of unionised workers in the labour force in 1994. LO consists of 28 different unions with a total membership of almost 800,000 members in the mid 1990s.⁴

Approximately 55 per cent of active LO members are located in the private sector. However, the proportion of membership in the public sector is steadily increasing and the membership of women has risen from 24 per cent in 1970 to 44 per cent in 1996 (Øverås and Nergaard 1997). Industrial unionism has been the main organising principle of the LO unions in the private sector since the 1920s, although some craft unions have remained. In contrast to the Danish LO, the distinction between unskilled and skilled workers has never been an important source of tension. Industrial unionism is also a key principle in the local government sector; however membership is supplemented by the unions of electricians (NEKF) and of semi-professional social workers (FO). In the state sector, LO structure reflects the organization of the state into different departments. In the early 1990s, LO unions added a new layer to the organization: sectoral cartels were established, to cater to specific common concerns of the unions within each sector.

The two other trade union confederations, AF and YS, were established in the late 1970s out of pre-existing confederations and independent unions. In contrast to LO, both AF and YS have suffered from weak central authority and limited capacity to coordinate member organizations' policies. In 1995, the 36 unions in AF organised almost 250,000 members, while YS consisted of 18 unions with 215,000 members. About two-thirds of the active members of AF and YS are employed in the growing public sector; in 1996, 67 per cent of YS members and 46 per cent of AF members were women (Øverås and Nergaard 1997). While AF mainly recruits among academics and

⁴ Roughly 73 percent of LO's members are occupationally active (Stokke 1995).

well educated professionals, the membership of YS is based in semi-skilled occupations with low to average rates of pay. LO and AF largely organise different segments of the labour market and in 1993 signed a cooperation agreement, which covered issues such as labour rights and social policies but did not include collective bargaining. By contrast, the boundaries between LO and YS are blurred in the public and large parts of the private sector, often leading to competition and rivalry. YS actively opposes the links between LO and the Labour Party, and LO conversely refuses to develop any relations with YS – until recently regarded as a “yellow union”.⁵

Internationally, LO has been a member of the Nordic Council of Trade Unions, the European Confederation of Trade Unions (ETUC) and the International Confederation of Free Trade Unions (ICFTU) since the outset. After a short spell as a member of the tiny Confederation of Independent Trade Unions (CESI) in the 1980s, AF was in 1995, as a result of the cooperation agreement with LO, accepted as member of the ETUC (as well as of NFS and ICFTU). Several YS unions participate in some of the European Industry Federations but YS itself does not belong to any international confederation; in a reflection of their domestic rivalry LO has blocked YS initiatives to join NFS and the ETUC.

A substantial but decreasing number of unions are not in membership of any confederation. The most important organise teachers, journalists, shipmasters and -mates, employees in aviation and, until recently, in oil production. The largest independent union, the teachers union, has a collaboration agreement with LO and often co-ordinates collective bargaining demands with LO unions. Nonetheless, union fragmentation is much greater in Norway than in Sweden and somewhat greater than in Denmark (cf. Fennefoss and Stokke 1991); this distinction seems likely to be reinforced by the breakaway of a number of AF unions, who in 1997 formed their own confederation – Akademikerne – potentially unleashing a profound reconfiguration of the organisational picture outside LO (see section 4).

Changing structure of union membership

Although union density in Norway has been relatively stable over the post-war period, ranging between 50 and 57 per cent, there have been significant changes in the relative share of membership among unions. The broad picture is shown in Table 3.1. While LO's density has fallen from 37 per cent in 1980 to around 30 per cent by the mid-1990s, membership in AF and YS has in the same period risen from 10 per cent to more than 20 per cent of the employees. If this trend continues, unions outside LO will fairly soon represent a majority of organised employees.

⁵ Signs of improved relations between LO and YS appeared during the 1998 pay round, however, especially in the transport sector, where YS and LO unions successfully pursued a common strike. Lately it has also been made public that the largest LO union of municipal workers (NKF) and the YS-union of health and social workers (NHS) have embarked on a joint process aimed at examining future options for cooperation or reorganisation.

Table 3.1 Total union density and density by confederation

Year	Total	LO	YS	AF	Independent
1960	52	41			11
1970	50	38			13
1980	55	37	5	5	8
1990	56	33	9	9	5
1994	56	30	10	10	6

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

Union density varies considerably among sectors and industries. In the public sector density is 79 per cent, while the average in the private sector is 44 per cent, with 62 per cent in manufacturing and 36 per cent in private services. Hence recent labour market surveys indicate that a majority of organised employees (53 per cent) work in the public sector, while 22 per cent work in private manufacturing (Nergaard 1996: 7-8).

Table 3.2 Union density by industry and sector

Sector/Industry	Density
All	57
Public sector:	79
Municipal sector	78
State sector	85
Private sector:	44
Production of goods	58
Private service	36
Industrial examples:	
Banking and insurance	78
Manufacturing	62
Private transport	48
Construction	48
Hotel and restaurants	24
Retail trade	23
Wholesale trade	22

Source: Grimsrud and Stokke (1997), Nergaard (1996).

In line with international findings, density in the private sector varies strongly with workplace size; it is 63 per cent in firms with more than 50 employees, and less than 30 per cent in firms with fewer than 20 employees (p.12).

Furthermore, union density is significantly influenced by the nature of the individual employment relationship, as shown in Table 3.3 (below). Perhaps most striking is that, except for those working very short hours, union density among part-time workers differs very little from that among full-time workers, confirming the normalisation of part-time work that has evolved in Norway (Ellingsæter and Rubery 1997). Other categories with low density are those in temporary employment and those with limited seniority. Thus the propensity to organise varies strongly with the stability and duration of the employment relationship (Nergaard 1996).

Table 3.3 Union density among employees with different nature of employment relationship, by sector, per cent.

	All	Private	Public
Working time			
Short-time (below 19 weekly hours)	36	20	56
Longer part-time (over 19 weekly hours)	57	39	77
Full-time	62	49	86
Type of contract			
Temporary job	35	21	47
Permanent job	61	46	87
Seniority			
Less than 6 months	25	21	35
7-12 months	34	24	53
1-2 years	44	31	68
2-5 years	51	35	78
More than 5 years	71	57	91

(Source: Nergaard 1996 , Table 4: p.10)

If we look to groups with different individual characteristics, there is, in contrast to general international findings, no variation in density between men and women, either in the public or private sector. Moreover, there is only a weak connection between education and union density; this mainly reflects a higher propensity to organise among private sector employees with university degrees (Nergaard 1996: 19). The most important individual characteristic seems to be age; even when controlling for factors related to the employment relationship, sector etc., union density is significantly lower among employees under the age of 25. Compared to a density of more than 60 per cent on average in the age groups over 30, density in the age group 25-29 is 47 per cent, and for those in the 16-24 bracket it is no more than 21 per cent.

These findings may suggest that trade unions in Norway have not been faced with any general membership crisis. On the whole, the so-called new groups— such as women and well educated employees – tend to organise at least as much as the traditional union constituencies. Low propensity to organise seems primarily to be a phenomenon related to the margins of the labour market: that is, among young new entrants and employees with temporary jobs, those with very short working time, or with informal/unstable employment relationships. The large bulk of those belonging to the work force on a lasting basis continues to organise. Taking also into account that unionisation in Norway, in contrast to the other Nordic countries and Belgium, is not enhanced by union administration of unemployment insurance, this tendency may represent an interesting counter-example to the almost universally assumed decline of trade unionism.

However, apparently encouraging aggregate numbers may give a diluted picture of longer term changes. Most importantly, density is very low in private services, where the bulk of employment growth is supposed to come in the future. Over the last decade the impact of this trend may have been temporarily eclipsed by the radical drop in private service employment and the strong expansion in public services in response to the unemployment crisis since the late 1980s. On the other hand, the steadily growing level of education in the work force tends to pull in the opposite direction. Unless changes in the pattern of recruitment occur, the longer term restructuring of the work force thus seems to disadvantage membership development in LO unions. Mostly organising em-

ployees with low or medium education in manufacturing and public sector, the (unfavourable) age structure of membership may indicate that LO will loose ground in the coming decade.

Hence, rather than overall membership decline, the trend which presumably will have most important implications for Norwegian trade unionism is the changing composition of membership, notably the relative weakening of LO (in numerical terms) and the strengthening of membership in the independent confederations. In the longer term this may influence the power relations between and within the unions, possibly weakening the position of LO. As will be shown below, however, this trend has so far not had any significant impact on the distribution of bargaining and political power among the three main confederations. Because of LO unions' virtual monopoly in private manufacturing – widely accepted as the pattern-setting locus of collective bargaining – and their persisting strength in the state and the local government sector, they have so far been able to control the bargaining rounds. This has been facilitated by the fragmented structure of AF and YS. The strong central authority of LO (and the weakness of its contenders) has been a major difference between the Norwegian and Danish LO, and since the early 1980s also a difference between the Norwegian and Swedish LO (Elvander 1989). As we approach the turn of the century, the question is, however, whether this situation is about to change.

4 Recent developments in trade union policy and organization

Interplay between changes in the economic situation, the structure of industry and labour markets, and organisational developments has over the last decade prompted notable changes in trade union policies and structures. In this section, I will review first, the trade unions' role in the revival of macro-corporatist concertation; second, union initiatives to adapt their structures and organization; and, third, steps that have been taken to construct a trade union agenda that is better suited to meet the demands of a modernised work force. Main emphasis is laid on developments in LO, but attempts are also made to analyse how the overall transformation of work and politics is influencing the relationship between LO and outside unions.

Trade unions and the revival of centralised concertation

During the 1980s the Norwegian system of collective bargaining came under increasing pressure. After the wage and price freezes in 1978-79, the neo-liberal wave under conservative governments (1982-86) brought an end to centralised incomes policies. The main pay rounds were decentralised to the industry level, local wage drift accounted for as much as 70 percent of pay increases, inflation rose and competitiveness deteriorated. The employers pledged deregulation and more market-based wage determination. They also tried to get rid of the "low wage guarantee", which sparked a major conflict in the 1986 pay round.

As a result, the employers imposed a general lockout but were organisationally and politically unprepared for a large-scale conflict and suffered a humiliating defeat. As a result of mediation, the trade unions won through with high wage increases, the retention of the "low wage guarantee" (with some modifications) and a reduction of the normal working week to 37.5 hours. This was in a situation with overheated labour markets and the Norwegian economy on the verge of collapse.

The virtual breakdown of central co-ordination and the inability to take account of shifting economic circumstances in 1986 was a formative experience which paved the way for profound changes the subsequent years. Urged by the onset of recession in 1987, LO and NAF leaders played a key role in the reintroduction of incomes policies and re-centralisation of collective bargaining; in informal talks with the Labour government, they agreed to break the inflationary wage-price spiral and restore competitiveness.

In 1988 LO offered pay moderation, on condition that no other groups should gain higher settlements. Acting in concert with LO and NAF, the Labour government passed a statutory regulation prohibiting wage increases beyond the terms of the central LO-NAF settlement approved by Parliament. When the income regulation expired in 1990, LO and employers (merged into NHO) agreed centrally on a limited across-the-board pay increase with certain measures to help the low paid. In addition, local and industry-level bargaining was allowed within strict guidelines based on a company's economic situation, productivity, prospects and competitiveness (LO/NHO 1992: 20), a formula which has been followed since. LO members finally voted for the settlement after mediation, following an initial grassroots rejection. The 1990 pay round thus marked a cautious return to the "norm", in which centralised control was combined with scope for decentralised negotiations, based on a joint commitment to continue solidaristic wage moderation.

In 1991 the Labour government appointed an Employment Commission – originally suggested by Kjell Magne Bondevik (the current Christian prime minister) – with representatives of all political parties, LO and NHO. The Commission submitted its report in 1992, entitled "A national strategy for increased employment in the 1990s" (NOU 1992:26). In order to bring unemployment down to around 3-3.5 per cent during the 1990s, a five-year social pact, the "solidarity alternative", was proposed. Besides a programme for continued incomes policy cooperation aimed at securing an improvement in cost competitiveness of around 10 per cent and a growth in real wages of at least 0.5 per cent, a review of the composition of public expenditure and structural policy measures would be implemented, including an examination of the regulatory frameworks of labour markets, social security and education. Combined with expansion of active labour market policies and training, a macro-economic formula was proposed under which monetary policy would aim to achieve a stable exchange rate, fiscal policy to stabilise the growth of demand, and incomes policy to control inflation (Dølvik and Stokke 1998).

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

Compared to developments in other European and Nordic countries these results are noteworthy. Oil revenues have eased the transition, but have also had a potentially inflationary impact; this make the contribution of centralised wage determination to containing inflation all the more striking. While Norway has experienced much higher growth than Sweden in recent years, the increase in nominal wages has (until 1996/98) been substantially lower. A central feature of the concerted Norwegian turnaround was the use of trade union influence to secure a pattern of distribution and a policy mix that

enhanced legitimacy and popular consent. This was facilitated by a climate of economic emergency.

In a comparative perspective, the relative success of Norwegian trade unions in influencing the broad parameters of state policies within an institutionalised social compromise is interesting. Whereas Danish trade unions consented to a similar turnaround in the early 1980s – the so-called “Cartoffle cure” – Swedish counterparts have been unable to withstand employer demands for decentralisation of collective bargaining (see Kjellberg 1998). In Sweden there were no established traditions of compulsory arbitration and other forms of public intervention, by means of which the state could ensure general compliance with a central package of crisis measures. Thus compliance had to be secured by the parties themselves, a task which has proved impossible – both because of the employers' ideological exit from centralised bargaining and because of segmentation and competition between the trade union confederations (Dølvik and Stokke 1998).

In Norway there is also growing uncertainty as to whether the central collective actors are capable of sustaining the concerted policies of the past decade. A striking feature in the mid-1970s and mid-1980s was the inability of the collective actors to cope with an economic boom, prompting decentralisation, wage inflation and economic crisis followed by austerity and interventionist wage regulations. The question is thus whether history is about to repeat itself, or whether the dominant actors have learned from past experiences. The issue came to the fore in the 1996 pay round, which resulted in a number of industrial conflicts in the private sector and a generous real wage increase of more than 3 per cent, clearly deviating from past policies of moderation. A large strike in the pace-setting metal sector signalled accumulated disaffection with wage moderation among the membership; in the run-up to the 1998 pay round the metal workers' union forced LO to refrain from centralised negotiations and pledged greater emphasis on substantial real wage growth than on LO's top priority: a significant reform on life-long training. Despite the LO unions' commitment to continued moderate wage settlements, the 1998 pay round led to a number of strikes and record high wage increases. While wages in general rose around 6 per cent (almost 4 per cent in real terms), several low-paid groups achieved considerably more. Besides, the trade unions achieved a principle agreement with employers and the state on a reform of life-long training. In a context of reduced oil prices, signs of economic overheating and labour shortages in many sectors, the situation resembles in several ways that of the mid-1980s. Whether this implies a definite farewell to the “solidarity alternative”, or whether the situation can be stabilised in the coming years, however, remains to be seen.

Despite the still robust economic and institutional basis for continued incomes policy concertation – cf. the solid financial situation of the state and the hegemony of LO and NHO in wage bargaining – there are several factors which might point in other directions (see Dølvik and Stokke 1998). First, in recent pay rounds professional groups have campaigned for realignment of relative pay structures, claimed to disadvantage semi- and highly skilled occupations in the public sector. AF and YS have frequently accused LO of invoking the “solidarity alternative” to constrain the right of outside unions to bargain freely. This indicates that the legitimacy of solidaristic wage policies and LO–NHO's lead in wage determination has come under pressure, especially as LO and

NHO cover a shrinking proportion of the labour market and contending employers' associations have adopted a more autonomous approach.

The pursuit of wage moderation in recent years has required some use of force to discipline independent unions, and LO and NHO have called for stricter rules on who is allowed to take industrial action. In this connection, a 1996 report of the government-appointed Labour Law Commission proposes a reform of the Labour Dispute Act in order to reduce the need for compulsory arbitration, and so comply with ILO conventions (NOU 1996:14). One suggestion is to make it harder for independent unions to depart from agreements signed by one of the main trade union confederations. In addition, stricter criteria for recognition of confederations may strengthen central authority over collective bargaining and industrial action in AF and YS, presumably reducing the scope for independent union action in areas with a confederal presence. In the municipal sector it is proposed that the votes of individual unions can be aggregated within each confederation, as happens in the state sector. If implemented, the reform could curb independent free riders, but it is harder to see how it could resolve the more pressing issue of conflicting settlements concluded by the main confederations, especially in public sector where the foundation of the new confederation of former AF unions (Akademikerne) has brought the constellation of actors into flux. On the contrary, it has been suggested that the proposal, in parallel with the scrapping of compulsory arbitration, could open the way to a Swedish situation of three or more competing union confederations (Stokke 1998). However, with strong opposition from several political parties and from many unions outside LO – and the new Christian-led government being hesitant – it is difficult to judge whether the proposals will be enacted.⁶

Another factor of uncertainty is the loyalty of business in supporting its leadership's commitment to the "solidarity alternative". Employers face a dilemma in that, on the one hand they have an interest in taking wages out of competition by means of centralised agreements but on the other hand they wish greater wage differentiation in order to attract scarce labour and to increase flexibility in the context of corporate human resource management. This may strengthen pressures within the employers' camp for a less rigid framework and for decentralised bargaining. During the 1998 pay round this dilemma came to the fore as the associations of commercial and service enterprises (HSH) and former state companies (NAVO) at several occasions struck (favourable) deals with their counterparts without co-ordinating with the NHO. This may signal development towards a more fragmented employer side engaging in competition for labour, if so complicating the pursuit of centralised incomes policies.

A third cause of uncertainty is the impact of the booming Norwegian economy. The acceptance of wage moderation in recent years was facilitated by economic downturn and unacceptable levels of unemployment. With soaring profits, budget surpluses and tight labour markets, the willingness and ability of unions to return to moderate,

⁶ Nonetheless, in the 1997 renegotiations of the Basic Agreement between LO and NHO it was agreed that unions must have a membership of at least 10 per cent of the relevant workforce to claim a collective agreement; furthermore, a membership of 30 per cent was claimed as a condition for obtaining bargaining rights if a prior collective agreement existed. As the other employers' associations and the YS refused to introduce the latter clause in their main agreements, this provision has later been cancelled, however.

solidaristic wage policies is questionable. With the Norwegian economy threatened by overheating, the system of collective bargaining is thus in for a strong test of its robustness and adaptability, not least because – in contrast to the 1970s and 1980s, when economic bonanzas ended with devaluations and wage laws – the use of the exchange rate for stabilisation purposes has now been abandoned (Rødseth 1997). The uncertainty is aggravated by the voluntary abdication of the traditional third party of Norwegian incomes policy, the Labour government, in autumn 1997. The new Christian-led government has obliged itself to substantial increases in social spending and has little room for manoeuvre to contribute to incomes policy. This, in turn, has fuelled potentially self-fulfilling expectations that the macro-economic cornerstones of Norwegian incomes policy will evaporate – possibly prompting introduction of more restrictive monetary policies.⁷ If so, an important condition for the trade unions' influential societal role in recent years – namely their ability to control inflation as an element of tripartite political exchange – may be transferred to the Central Bank, thereby putting an end to the traditional formula of macro-concertation in Norway. However, the broad societal support for continued solidaristic policies and the strong bargaining power of LO unions in the private sector, combined with the fragmentation of the other unions and the particular system of dispute management, are all factors that may serve to stabilise the situation.

Structural and organisational change of trade unions

The declining relative membership of the LO, changing occupational and career patterns, together with competition from YS and AF, have prompted LO debates about organisational reform and coalition building.

In the late 1980s a process of union mergers evolved. While initiatives to form a unified service sector union failed, a number of manufacturing unions in 1988 gathered together in Fellesforbundet (FF) under the leadership of the former metal workers' union. The idea of building one manufacturing mega-union never got off the ground, however, as neither the powerful chemical workers' union nor the food workers' union was were interested. Also the unions of foremen and industrial functionaries wanted to keep their autonomy. Still, Fellesforbundet, which embraces land and forestry workers, building and construction workers, together with those from the paper, textile, metal and engineering industries, became by far the largest private sector union of LO, with

⁷ This possibility has in fact come closer much more rapidly than here indicated; at the time of proof-reading this article, a run on the Norwegian Krona has forced the Central Bank to pursue a drastic increase of interest rates, eventually followed by a decision to let the currency float. Thus, the inability of the government to tighten fiscal policy, combined with falling oil-prices and generous pay increases, have undermined the credibility of the Norwegian macro-economic policy and triggered heated debate about the future of the stable exchange rate regime. Whether the politicians and the social actors, forced by this crisis, will prove able to agree on measures that can stabilise the situation, remains to be seen, but one should not overlook that this shock-experience (as in the late 1980s) may trigger renewed initiatives to get the model of concerted policies back on track.

approximately 180,000 members. The motives behind the merger were both strategic – to reap the benefits of scale and respond to changes in industry structure – and financial; several of the smaller unions had experienced severe membership decline and were virtually bankrupt. Under a common organisational framework, leadership and support functions, the previous unions were transformed into separate sections of the new union, while the former structure of collective agreements persisted.

How successful this merger has been is not straightforward to answer. Considerable co-ordination difficulties were reported during the early years. Financial problems continued, aggravated by the industries' employment crisis, and harsh rationalisation had to be undertaken, whereas the synergy effects clearly did not match expectations. On the other hand, several of the smaller unions would probably have vanished if they had continued on their own. In recent years the former sections have been abolished and a common bargaining unit has been established. Membership has also picked up and the finances have been stabilised, all in all indicating that the merger has contributed to consolidation of union organization in this domain. The strategic aim to bolster the influence of manufacturing unions in LO has seemingly been less successful, however, both due to the internal problems of FF and the steady growth of public sector unions. In terms of size – possibly also in terms of influence – the union of municipal workers (NKF) has gained a dominant position among the LO unions.

In 1992 three relatively small semi-professional unions of social workers in LO came together to form Fellesorganisasjonen (FO). FO is organised as an umbrella association in which the former education-based occupations continue to serve their constituencies with regard to specific professional issues, while common issues related to collective bargaining and lobbying of public policies are dealt with conjointly. This seems to have been a workable solution, which has brought both some rationalisation gains and a strengthening of these groups' voice in LO.

In 1988 two LO unions in the telecommunication sector joined forces (Tele- og dataforbundet), which ten years later is likely to merge with the union of electricians and workers in power stations (NEKF). This process can be seen as a response to the privatisation and restructuring of the telecommunications and energy sectors and the increasingly blurred boundaries between different occupations in the domains of these unions: that is, the main motive is to adapt to industrial changes.

On a more aggregate level, the most important attempt at trade union modernisation was initiated at the 1989 LO Congress, which staged a project assigned to lead to a major overhaul of the structure of LO unions. The ambitious aim was to fulfil the historical 1923 decision to organise LO unions in accordance with the industry union principle. An explicit aim was to overcome obsolete union boundaries and competition, if possible by establishing greater and more forceful basic entities through mergers and amalgamations. It was also hoped that rationalisation of staffs, infrastructure, services and training, often run by each individual union, would unleash increased effectiveness in terms of recruiting new members and/or unions. Several models were elaborated, among them a proposal to unite all the member unions in one single LO structure (which would then be organised in various sections), but due to considerable resistance from a number of individual unions, preferring to retain their autonomy, the outcome

became a modest compromise on building sectoral cartels. Also this was contested, in particular by the powerful municipal union (NKF), which refused to build common structures at the local and regional level. While the state sector unions had long been organised in a cartel, collective bargaining in the local government sector was in practice organised by a cartel of LO unions (LOK) under the auspices of NKF – a model NKF was not willing to adjust. Thus the practical outcome, concluded at the 1993 Congress, merely implied the establishment of two cartels in the private service sector and the manufacturing sector.

An overall aim of the reform was to achieve a streamlining of the central LO structure – which the member unions, in a context of financial crisis, were decreasingly prepared to finance – and deployment of resources and authority closer to the individual unions. In this sense, it was meant to stimulate decentralisation and a pooling of union resources at the sectoral cartel level, which it was also assumed would strengthen LO's ability to concentrate on key political priorities. Being a fragile compromise, however, the division of responsibilities remained fairly open, although it was made clear that the cartels should cater to industrial policy issues and in the longer term possibly also attain a growing role in the pursuit of collective bargaining. The ultimate responsibility for setting binding LO priorities was, however, left to the LO Council, which is composed of representatives appointed by the individual unions according to size. All in all, the cartels became a somewhat ambiguous intermediary structure, which so far have not attained sufficient resources and authority to establish themselves as significant actors within LO.

With the aim to increase membership both LO and its individual unions have in recent years poured considerable resources into recruitment campaigns. Besides a long lasting supply of collective insurance schemes, most of these have relied on fairly conventional means – media advertisements and the like – although the use of survey research and expensive PR bureaux has often contributed to wrap the traditional message in a more eye-catching, modern fashion. The results have not been significant, however. It seems that membership development has largely reflected the boom and bust of employment in the respective sectors. Alternative initiatives have also been taken, especially targeting young employees, pupils, students, etc. Each year LO, in cooperation with service sector unions, has run a work-place oriented summer campaign aimed at supporting youth in temporary employment. The results in terms of direct recruitment have apparently been modest, but the campaign has probably helped increase awareness of trade unions' function among the groups concerned. The union of municipal employees (NKF) has also made efforts to grant a special membership status to pupils and students in relevant education, an initiative which has not really got off the ground. A more successful structural initiative was taken by the NKF to establish a new occupational and high school education for assistants and aides in health and social work. Attracting a fairly substantial number of pupils, this may in the coming years represent a lasting source of a recruitment. Currently a new initiative is being discussed in LO, namely to use LO's negotiating power to organise cheap provision of PCs and internet access for all members. This is inspired by a very successful scheme organised by the Swedish LO,

where almost 50,000 members in a short time have signed a favourable PC leasing contract.

As shown earlier, Norwegian unions have had great difficulties in recruiting among the vast groups of unorganised employees in private services, especially among those working short-time. In view of the great resources spent on competing for members in other labour market segments, it is unclear whether this reflects organisational inertia or a deliberate choice to downprioritise these sections of the labour force. However, the LO union for clerical workers and retail trade (HK) recently declared its intention to sign a collective agreement with the association of temporary work agencies. This marks an interesting shift of approach to these agencies – possibly implying union recognition of the need for more employment flexibility within negotiated frameworks – and may represent a new source of recruitment.

Although LO has always primarily been a confederation of blue collar workers, an unsettled question has been how LO ought to position itself vis-à-vis the “new groups” of well educated employees and professionals. Within the state sector NTL organises a certain proportion of these groups, but the majority have been organised in the different professional unions of AF. With the signing in 1993, as mentioned above, of a collaboration agreement between LO and AF, it seemed as if LO had tacitly accepted to leave this “market” to AF. However, recently the first academic representative in the LO leadership, deputy leader Gerd Liv Valla, has made clear that LO intends to step up its efforts to recruit among professional groups. What such an aim would imply in strategic, operational terms remains to be seen. The first sign of a new approach from LO's side was the proposal of a radical overhaul of the financing system for students, aimed at curbing the pressure for extra wage growth among these groups, justified by their high debt burden. If LO is set to improve its attractiveness among (semi-) professional employees, it will most likely accentuate internally contested questions about the conception of fair income differentials.

The unrest among professional groups in public sector, reflected in the split of AF, has meant that the hitherto fairly stable pattern of union organization outside LO has been brought in motion. During the 1980s there was some movement of unions in and out of AF – mainly doctors and nurses – while some initiatives were made to enlist the fairly large YS union of auxiliary nurses to join LO. Similarly, the different alliances of the various teachers' unions have sometimes triggered debate. With the 1997 break-out of AF by seven professional associations, led by the doctors, the whole picture has changed, however.⁸

The new confederation, Akademikerne, has mobilised around a revolt against solidaristic wage policies in order to achieve a radical improvement of wages for highly educated groups in the public sector, justified by arguments that greater wage differen-

⁸ The seven member organizations of Akademikerne had altogether around 86,000 members, of which 14 per cent work in the state sector; 16 per cent in the municipal sector ; 35 per cent in the private sector; 9 per cent in free occupations, while 21 per cent were students and pensioners by December 1997. While the engineers and civil economists, who constitute about half of the membership, have roughly half of their members in private sector, the main bulk of the others are located in public sector – raising some doubt about their strategy for “market based” wage policies.

tials are needed to secure public recruitment of qualified manpower. To ensure equalisation of wages between private and public sector professionals, market-based wage determination is advocated – a strategy which in a phase of manpower scarcity has considerable resonance among many of the remaining AF unions.⁹

The outcome of this process is difficult to predict, but a substantial reconfiguration of the pattern and coalitions of organizations outside LO seems likely, possibly also creating certain openings for LO to build new alliances. One scenario is that what is left of AF will unite around the rebuilding of a stronger confederation dominated by semi-professional public sector groups, reminiscent of the Swedish TCO. This may open the way for strengthened cooperation between the residual AF and LO, but may also lead to closer links or realignments between the residual AF and YS unions. However, the challenge from Akademikerne may trigger a more aggressive wage strategy in AF, if so widening the gap to LO and YS in the collective bargaining field.¹⁰ Still, it cannot be ruled out that forces in LO may see certain advantages in the AF split. A situation with a more streamlined, smaller association of “super-academics” (as in Sweden and Denmark), combined with a more coherent residual AF, may be easier for LO to deal with than before. Neither can it be ruled out that certain LO unions may be tempted to reconsider their alignments.

Thus, the best that can be said is that the situation is unpredictable, fuelling expectations of turbulent future wage rounds, as the various contending (semi-) professional unions will try to position themselves vis-à-vis one another and their constituencies. Reminiscent of the erosion of co-ordinated central wage bargaining in Sweden in the 1980s, the attempts at strengthening the role of professional unions are likely to increase inter-union competition and further complicate continuation of the “solidarity alternative”. It can not, however, be ruled out that this will lead to a fragmentation which in the end, quite contrary to intentions, serves to bolster LO's dominance in collective bargaining.

Modernisation of the trade union agenda

The protracted process of organisational renewal has during the 1990s been accompanied by a notable adjustment of the policy agenda of LO unions.

Most striking have been the attempts to complement the policy of solidaristic wage moderation with promotion of more qualitative social reforms. In order to avoid that union wage restraint merely leads to increased company profits, the 1997 Congress of LO adopted a fairly ambitious programme to secure tangible benefits for the mem-

⁹ By the time of revising this article, it seems that four additional AF unions will join the Akademikerne, indicating that the size of AF will be substantially reduced and that AF predominantly will be based on semi-professional occupations.

¹⁰ The current rapprochement between main LO and YS-unions in the municipal sector (NKF and NHS), as well as voices in the LO-union of semi-professional social workers (FO) who want closer cooperation with the residual-AF, may give an indication of the fluidity of the current situation

bership. Top priority was given to a comprehensive reform of vocational and life-long education, aimed at securing an individual right to complete high school for all employees and to obtain continuous training within the occupational career. Planned by LO to become a major issue in the 1998 bargaining round, the specific conditions and financing were to be settled through negotiations with employers and the state, and then anchored in legislation. At the time of writing, this reform seems to be entering troubled waters, as neither the government nor the single unions appears prepared to give it sufficient priority. Nonetheless, as an essential vehicle to prepare the work force and the enterprises for changing skill requirements associated with the modernisation of working life, the issue of life-long training seems likely to remain a key element of trade union agendas for the future. Both surveys and union debates indicate that training is a central priority for the members, which the trade unions will have to respond to in adequate ways.

Another notable example of modernisation of the trade union agenda in Norway is the reorientation of working time policies. Norwegian trade unions, like their Nordic counterparts, have traditionally been sceptical of working time reductions as a strategy to increase employment and have been reluctant about flexibilisation of working time. Key demands have been reduced retirement age, longer holidays etc. However, in recent years LO has adopted a much more flexible approach, emphasising the need to secure employees the opportunity to choose among a range of options in accordance with the different needs of various social groups over the life cycle (see Grimsrud and Stokke 1997). Rather than a standardised working time reduction, a flexible reorganisation of working time has become the key demand to ensure better accommodation between work and family life. In the principle programme of LO, adopted in 1997, such demands were coupled with the vision of developing a time-account scheme according to which employees can choose among different ways of disposing their individual wage growth – an issue which is envisaged to be at the centre of collective bargaining in the coming years.

This reorientation of trade union demands reflects a growing awareness of the need to meet the desires of the increasingly feminised work force, probably also reflecting the stronger representation of women in Norwegian trade unions. According to a recent Fafo study, the last decade has shown a significant growth in appointment of women at all levels of trade union organization, except in the leadership of individual LO unions and hence in the LO Secretariat (Øverås and Nergaard 1997). For the first time in history, however, a clear majority of the elected leadership in LO is women. The study also indicated that better representation of women is seen as a potential way to improve the image of unions – traditionally conceived of as a “macho culture” – and to renew trade union policy.

All in all, these changes in policy orientation within LO can be interpreted as a move towards meeting the expectations of so-called new groups, frequently organising in AF and YS, as well as indicating a certain convergence among unions of different confederations. This has as yet not led to any change in recruitment patterns. A major obstacle to such changes is the traditional, egalitarian LO approach to wage policy

which, reflecting its commitment to its low and medium-paid core constituencies, has weak resonance among the “new groups”.

Another indication of trade union renewal efforts has been an increased openness towards cooperation with scientific groups and targeted use of research. While YS, for example, has initiated a number of projects on temporary work, working time and unions' role in downsizing processes, LO has since the mid-1980s committed significant resources to develop union-related research at the Fafo Institute of Applied Social Science.¹¹ In several instances LO has also “outsourced” the task of preparing material for strategic debates and decisions to Fafo – for example, in the recent reform of LO organization and the question of whether to recommend EEA and/or EU membership. In parallel the use of resources for internal training has increased significantly in recent years, combined with attempts to modernise and professionalise the form and structure of union education.

A prioritised issue in this context has been to develop new concepts and strategies for the participation of trade unions in industrial restructuring and innovation (see e.g. Bakke and Borgen 1988, 1991). In this realm LO has continued its long standing joint programme with NHO on cooperative development of enterprise innovation and industrial development (see Bosch 1997). While a recent Fafo study indicates a generally high level of satisfaction with the way co-determination is practised in the state sector, both among employer and union representatives (Hagen and Pape 1997), the unions in the municipal sector have a reputation for being less acquiescent in questions of restructuring. This impression is probably partly a result of the difficulties related to reorganisation of the health and education sectors, where inter-union struggle between professional groups has frequently caused gridlock. In other parts of the municipal sector, such as transport, renovation or cleaning, restructuring is ever more frequently associated with politically contested schemes of privatisation or outsourcing, which often imply a shift of employers and collective agreements and in many cases have meant reduced job security and deteriorating terms of employment. This has become a source of tension among trade unions – adding to the general concern among LO unions in the private sector that public sector unions may soon gain the majority in LO. The municipal LO union (NKF) has, for example, claimed bargaining rights for former municipal employees who have been subject to outsourcing and privatisation, triggering sharp reactions from unions in the actual domain. Nonetheless, altogether it seems justified to say that Norwegian trade unions in general have adopted a fairly accommodating and constructive approach to industrial restructuring and modernisation of the economy's supply side. This is nothing new, however; it has been a traditional feature of Norwegian industrial relations since the early post-war days of reconstruction and has evidently been facilitated by the favourable economic situation, which has meant that the changes in Norway have been more smooth than in most other European countries.

¹¹ In the early 1980s Fafo was established as a trade union research institute owned by LO, but it has since been reorganized as an independent research foundation, pursuing commissioned studies for a wide range of societal institutions and working life organizations.

In recent years the trade unions have exploited another traditional feature of Norwegian industrial relations, notably the use of semi-dispositive legislation as a means of spurring organization. For example, the statutory flexible early retirement scheme which LO has negotiated with employers and the state in recent years, has encouraged small and medium sized employers to enter collective agreements. The possibilities to negotiate derogations from the working time rules of the Work Environment Act – and the opportunity to agree on exemptions from the prohibition of temporary employment contracts for specific categories of employees – has similarly created incentives to organise.

The particular blend of traditionalism and modernism is reflected in Norwegian unions' views on environmental policies. While the service sector-based unions of AF and YS tend to embrace the demands of environmentalist groups, the manufacturing unions of LO often side with industry on issues such as taxation of energy, the contested proposal to build gas-based electricity plants, and the like. In contrast to the tendency of the eco-movement in Norway to emphasise national solutions, LO unions tend to argue that environmental measures have to be organised on a regional, European scale – that is, on a political level where Norwegian unions are not positioned to exert much influence. This means, moreover, that the tendency of continental unions to build alliances with civil society organizations in this field (Gregory et al. 1996) is not easily replicated in Norway.

In conclusion, it seems justified to suggest that Norwegian trade unions over the last decade have pursued a significant adjustment of their agenda. On the one hand, this can be conceptualised as modernisation; on the other hand the adaptation of union policies to changing external conditions has conformed with a “back to basics” approach. The notion of “24-hour” membership, associated with the ambition to provide services for the complete spectrum of members' interests and much debated in the 1980s, has been replaced with a concentration on the core functions of trade unions: collective bargaining on income and working conditions as a basis for influencing government employment and welfare policies.

Europeanisation of trade unions?

European integration is a matter of salient interest to trade unions in most West European countries and often seen as a lever for adjustment and transnationalisation of trade union organization. (See Dølvik 1997 b) However, after the heated struggle over EU membership – which was rejected in a 1994 referendum as well as at the 1994 LO Congress (with a majority of three votes, 152 against 149) – “Europe” has virtually become a non-issue in Norwegian trade unions, especially in LO.

Nonetheless, Norway is effectively integrated in the single market via the EEA agreement and Norwegian employees and trade unions are affected by EU policies in a multitude of ways. Except for the Euro-agreement on parental leave, which spurred protests from the YS and the employers' association in the service sector (HSH) claiming it was undemocratic, EU directives in the labour market field have been

implemented without much attention and have in some cases implied a strengthening of workers' rights.¹² The European Works Councils (EWC) directive was implemented via negotiated incorporation in the Basic Agreement between LO and NHO, which eventually was generalised by law. In most multinationals with Norwegian headquarters, trade unions have negotiated voluntary agreements on the set-up of EWCs. As to collective bargaining, there are no explicit signs of Europeanisation, although it might be argued that the whole concept underlying the "solidarity alternative" represents an implicit adjustment to changing European circumstances. The principle of calculating wage growth against an average of the main European trading partners and the crucial role of incomes policies in macro-economic concertation, based on a stable exchange rate vis-à-vis the ECU, exemplify a unilateral national approach to coping with the new European context emerging from the single market and EMU. In fact, it might be argued that the Norwegian system mirrors the model of national economic governance envisaged to evolve under the EMU (see Boyer 1994, Noterman 1996).¹³

As mentioned, LO and AF unions participate in the ETUC and its associated Industry Federations, but have adopted a low profile due to their "outsider" status. As organizations and governments from many EU countries are not aware of the breadth of the EEA agreement, a central task for Norwegian representatives has actually been to remind others that their unions are legitimate representatives in social dialogue at the European level. Reflecting also Norway's image as a somewhat self-content, rich "oil state" – acting as a free rider on European integration – Norwegian unions have in practice become increasingly dependent on the other Nordic unions when it comes to interest representation in European contexts.

In view of the modest development of social policies in the EU, this may not represent any serious problem in the short run. The most important effect is probably that Norwegian unions do not have access to the same information as their counterparts through government channels, and that they are kept outside of many political and institutional arenas at EU level where issues of potential importance to Norwegian trade unions are dealt with. In the longer term, however, this might imply that the broader circles within Norwegian trade unions remain unaware of the far-reaching impact of European policies in many areas and that they are deprived of participating in learning processes with potentially great significance for trade unions in Europe.

¹² This concerns e.g. the directives on working time, collective redundancies, mergers and acquisitions, the right to a written work contract, information and consultation in transnational companies and in certain respects also the directive implementing the Euro-agreement on non-discrimination of part-time workers.

¹³ In the EMU context, national monetary policy is locked, meaning that the responsibility for ensuring competitiveness and clearing of the labour markets will mainly be left to the labour market partners (and fiscal policy). The critical question, thus, is whether the unions are able to co-ordinate their wage policy in a way that internalizes the external effects on employment – exactly the question which is currently causing uncertainty in Norway. In contrast to most European countries, however, where the scope for fiscal policy is constrained by debt problems and the EU Stability Pact, Norway is advantaged by solid budgetary surpluses. This represents also a temptation, however: if wage-costs are driven up in anticipation that the state can ensure employment, the consequence might be a steady decline in export manufacturing and increasing economic dependency on oil revenues.

Therefore, participation in the ETUC and its Industry Federations has attained increased importance as a compensatory strategy – also reflected in YS's keen interest in joining the ETUC – but for natural reasons, and because of the contested character of EU issues, only a limited circle of trade union leaders and “diplomats” are involved in these processes. In this sense, it can be argued that the depoliticised Norwegian relationship to the EU has reinforced a traditional feature of Norwegian trade unionism, notably its strong affinity and confinement to the nation-state. This may well change as wider circles of trade unionists become involved in union cooperation and EWCs in multinational companies, but as long as such processes are not anchored in a broader union strategy, they are likely to remain isolated experiences which at best give rise to a restricted form of syndicalist transnationalisation. Insofar as such developments are not integrated in a wider and more open debate on how trade unions can meet the challenge of Europeanisation in a credible way, there is a risk that “Europe” will continue to be a source of union division, possibly combined with resurgence of nationalist responses, in the coming decade.

However, it should not be overlooked that the common participation of LO and AF in ETUC in recent years has contributed to build closer ties between the leaderships of the two confederations. Hence, “European” experiences may, perhaps paradoxically, enhance cooperation in the national arena. There is also reason to believe that the more flexible working time approach of LO has not been completely unaffected by impulses from the continental sister organizations. Thus, a certain Europeanisation of Norwegian trade unions can be traced, although it is seldom thematised in such terms.

5. Conclusion

In this article I have argued that Norwegian trade unions, in contrast to widespread predictions, have achieved a remarkable revival of their societal influence over the last decade. This has been due to the strong central authority and cohesion of LO, which, reaping the benefits of its ties with the former Labour government, has succeeded in exploiting the role of trade unions as indispensable partners in economic and social adjustment. The potential power stemming from this strategic function of trade unions was highlighted during the reshaping of Norwegian economic policies from the late 1980s. The Norwegian case thus conforms with more recent examples in continental Europe – such as Italy, the Netherlands, Ireland, Spain and Portugal – in that adjustment of national economies to tougher international competition and the emergent European regime of monetary governance has implied a resurgence of centralised concertation among trade unions, employers and governments (Ferner and Hyman 1998, Regini 1997, Traxler 1996). In the Norwegian case the capacity of the corporatist bargaining system to contain wage-price inflation has for several years served as a functional alternative to more restrictive economic policies and labour market deregulation (Dølvik 1997). The breakdown of wage moderation in recent pay rounds may however indicate that such policies are difficult to sustain during times of economic boom and tight labour markets.

The relatively successful union role in the Norwegian “social compromise” has also contributed to a more positive conception of trade unions in the wider society. The main trade unions have – in contrast to the liberalist era in the 1980s when unions were widely perceived as an enemy of necessary change – attained a public image as “social partners” contributing to social change in a reasonable way. Whether this is also part of the explanation why union density has stabilised on a fairly high level, reflecting in particular a sharp rise in union membership among women, is difficult to judge. Beyond doubt, however, is that the Norwegian trade unions have been more resilient than widely expected. Although they remain faithful to traditional values, they have taken notable steps towards adapting their agenda to the needs of a changing work force. This cautious renewal has been distinguished by a “back to basics” approach rather than a turn to service unionism, however.

With reference to the particular blend of traditionalism and modernism marking the Norwegian trade union movement, I initially raised the question whether the favourable societal influence of Norwegian trade unions can be expected to continue – or is more likely to decrease. In the article I have pointed to several factors which may point in direction of the latter scenario. First, changes in the relative share of union membership among the different confederations and intensified inter-union rivalry may weaken the ability of LO to ensure cohesion and compliance with centralised solutions. Second, the fact that ordinary wage earners for many years have shown great restraint, while

considerable groups of managers, independent professionals and shareholders have taken visible advantage of the economic boom, has weakened union support for continued “solidaristic moderation”. This has, third, been reinforced by dissatisfaction among union confederations who feel they have been disempowered by LO and NHO's hegemony in wage policies. Fourth, groups of well educated employees in the public sector, referring to declining returns on education, feel they have lost ground because of the flat wage increases of the “solidarity alternative”. In consequence, the legitimacy of both the form and outcomes of incomes policy in recent years is threatened by erosion. Combined with the fragmentation of the professional confederations, the abdication of the former Labour government and the prospect that the economy could be veering out of control – widely expected to prompt inflation and higher interest rates – this has cast the viability of the current basis for trade union societal influence in doubt.

However, as emphasised in this article, there are several factors which might help stabilise the situation in the short run, not least the prevailing collective bargaining hegemony of LO unions in the private sector and the government's ability to curb industrial conflict by compulsory arbitration. Yet, in the longer term it seems realistic that the struggle over relative wages and inter-union competition will intensify – unless a re-negotiated social compromise, including a broader range of organised actors, can be agreed upon. The great challenge in such a context will be to define principles and procedures for adjusting relative wages in a way that is mutually accepted and compatible with a responsible macro-economic framework.

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