

[The manuscript is published online first for the forthcoming special issue on 'Business and Welfare: Scandinavian Experiences', edited by Thomas Paster & Jeppe Nevers, in *The Scandinavian Journal of History*. Open access at: <https://doi.org/10.1080/03468755.2019.1580611>

Before the breakdown of the Saltsjöbaden Spirit of Labour Market Cooperation – the Swedish Employers' Confederation and workplace democracy in the 1960s

– Astrid Hedin

Author biography

Astrid Hedin is an associate professor of political science and public administration at the Department of Global Political Studies (GPS), Malmö University, Sweden. She is docent of Uppsala University, and was an Anna Lindh fellow of the Europe Center, Stanford University.

Home page: <http://forskning.mau.se/en/id/ksashe>

Twitter: <https://twitter.com/AstridHedin>

Abstract

The Swedish landmark law on workplace democracy, MBL, has traditionally been regarded as a victory of social democracy over recalcitrant employers. In contrast, this article shows how in fact, before the law, the Swedish Employers' Confederation SAF was the main driver behind Swedish research on work life reform, and the main promoter of employer-union dialogue on the matter. Crucially, in the 1960s, SAF endorsed the internationally pioneering thinking of economist Eric Rhenman, who argued that conflict within the firm between managers and unions was unavoidable, healthy and could be good for business, if framed in a productive manner. Today, this line of management thinking is termed the Scandinavian cooperative advantage.

However, in the early 1970s, Swedish social democracy radicalized abruptly. The SAF board initially interpreted the new radicalism as a masquerade to appease activists. SAF assumed that behind the scenes, the Swedish spirit of consensus-oriented labour market dialogue would prevail – as it had since the 1938 Saltsjöbaden agreement. And assuredly, the actual effects of the MBL law proved to be considerably less radical than advertised, and broadly compatible with Rhenman's thinking. Still, social democracy's new ideological rhetoric helped prompt SAF's late 1970s shift from cooperation to conflict.

Key words

Swedish Employers' Confederation (SAF)

Workplace democracy

Swedish model

Eric Rhenman

Scandinavian Cooperative Advantage

From the historic 1938 Saltsjöbaden basic agreement, and up until the early 1970s, relations between Swedish employers and unions were strikingly peaceful. This long-reigning so-called Saltsjöbaden spirit of labour market cooperation was characterized by an internationally unique consensus-oriented dialogue between employers and unions, supported by common fact-finding investigations, common problem-solving, cooperative arrangements, and state non-intervention.

This article chronicles the Swedish Employers' Confederation SAF's cooperative practices and win-win ideas in relation to the unions before the 1970s breakdown of the Saltsjöbaden spirit, as exemplified by the policy issue of worker participation in management decision making at the level of the firm. The article describes SAF's innovative thinking and consensus-oriented initiatives on the issue of workplace participation, from the post-war era up until the Social Democratic Party's 1976 MBL law on workplace democracy. Arguably, research has neglected the union-friendliness of Swedish employer interests, preferences and strategies during this less dramatic era.¹

In effect, the findings of this article undermine the dominant 'stab-in-the-back' legend of how SAF ostensibly ended the Swedish model of Saltsjöbaden consensus-making, by walking out on social democracy. In this tale, it was SAF's sudden turn to a 'militant pro-capitalist strategy' that marked the beginning of the tragic demise of the iconic Swedish 'Third way'.² And indeed, it is accurate that starting with SAF's change of leadership in 1978, SAF mobilized its considerable financial and organizational power resources to shape and rally Swedish public opinion to oppose social democracy, re-shaping the Swedish political landscape for many decades to come.

However, as this article demonstrates, before social democracy's sudden and drastic radicalization in the early 1970s, SAF was actually an early, active and pioneering supporter of workplace participation. In fact, from the immediate post-war era and up until the 1976 passing of the MBL law, SAF was the main driver behind Swedish research on work life reform, and the main promoter of employer-union cooperation on the matter.

Indeed, the more important impetus to SAF's later shift to a confrontational stance came not from the workplace democracy issue as such, but from the radical visions surrounding it. From the early 1970s, social democracy coupled workplace reform with the wage-earner-funds issue, into a socialist future of collectively owned industry governed by the employees. Effectively, this program broke with the reigning Saltsjöbaden consensus, which rested on social democracy's acceptance of the basic principles of a free-enterprise economy. Arguably, it was this whirlwind radicalization of social democratic demands that eventually – in addition to the changed material incentives caused by economic globalization and macroeconomic shifts – drove SAF to mobilize its' power resources and change its approach, from cooperation to conflict.³

The theoretical argument – the political construction of employer preferences

Recently, Peter A. Swenson has argued that earlier research has tended to systematically misrepresent employer interests and preferences, due to a prevalent implicit assumption of 'objective' class conflict.⁴ In contrast, research on *employer interests* has shown how historically, much Scandinavian welfare state development has been supported by employers.⁵

This is an important critique of the long-standing *power resource* explanation of welfare states,⁶ and its contemporary expression in studies of *business accommodation*.⁷ According to these lines of theorizing, employers are unlikely to support the strengthening of social citizenship rights, and when they do, this mirrors only their second or lower level preferences. In other words: employer support is always strategic, based on fear of the working class and its power resources. Congruently, employers have only two possible strategies: accommodation or confrontation.⁸

In effect, these arguments make radical socialist threats into the heroes of Scandinavian welfare state reform. Employers support social reform only when unions threaten to disrespect private property and the managerial prerogatives – so the argument goes. This of course precludes the occurrence of positive-sum outcomes, as well as a phenomenon such as SAF's early and active interest in workplace democracy.⁹ Furthermore, it eclipses the longer time-frame, where years of radical demands can eventually drive employers to counter-mobilize.¹⁰

This article shows how, during the decades preceding social democratic radicalization, Swedish employers were more than forthcoming in relation to workplace democracy issues. It was only well after the onslaught of radicalism in the early 1970s, that SAF responded in the late 1970s by mobilizing its power resources to change Swedish political discourse – with far-reaching, long-term consequences for the Swedish political landscape.

Interestingly, between 1938 and the early 1970s, Swedish social democracy was reasonably reliable in its democratic reformist stance.¹¹ Already in the 1906 December compromise, Swedish LO affirmed the management prerogative to lead and direct work, which was then confirmed in the 1938 Saltsjöbaden agreement. In international comparison, the Swedish settlement between employers and unions was early, stable and institutionalized.¹² Only in the early 1970s was this Swedish consensus suddenly put into question, when leftist intellectuals and workplace activists began toying with socialist rhetoric.

This order of events opens up the possibility that power resource scholars have it backwards: Radicalization leads to counter-radicalization, not accommodation. Vice versa, as this article chronicles; peaceful labour market relations can be conducive to employer representatives developing creative, win-win ideas.

Recent studies of the *political construction of business interests* have shown how employer preferences have differed across materially similar circumstances.¹³ Preferences are indeed materially based, but also contingent on the institutional context of policymaking; on ideas and expertise, cognitions and norms, organization and mobilization, political party

competition, and strategic interaction. Exigently, Cathie Jo Martin and Duane Swank have argued that patterns of employer-union consultation help shape business interests.¹⁴ Sustained interaction between an employers' association on the one hand, and policy experts and organized interests on the other, tends to influence the perceptions and preferences of the employers' association. In other words, institutionalized fora for dialogue matter. When employers' associations interact with policy experts, this has a cognitive impact, alerting them to the benefits of social policies to employer interests.

A necessary condition for such influence to have an effect is that employers are organized, so that the peak employers' association is in a position to socialize its members. This condition was very much fulfilled in the Swedish case, where the Swedish Employers' Confederation SAF constituted a centralized, encompassing and dense organization.¹⁵

In sum, the Martin and Swank argument concerning the political construction of business interests makes employer preferences into an empirical question, that cannot be deduced in the abstract. Which preferences did SAF in fact express in relation to workplace democracy? Commonly, actor preferences are determined by looking at three factors: the *ideas or ideological motives*, the *strategic actions or choices*, and whether specific policy templates can be said to lie in the *objective interest* of the actor.¹⁶ Following these three steps, the analysis looks first, at SAF's optimistic ideas concerning workplace democracy, as expressed in cooperative initiatives and publications during the post-war era. Secondly, the article follows the political process leading up to the 1976 MBL law from the perspective of the SAF board. This material brings to light how SAF was in disbelief over the abrupt radicalization of social democracy.¹⁷ Third, the paper reviews the actual contents and effects of the Swedish MBL law; the so-called "Act of Co-Determination in the Workplace"¹⁸, which codified into law the right to advisory consultation of employees in management decision-making at the level of the firm.¹⁹

The article builds on the internal board meeting protocols of the Swedish Employers' Confederation (SAF), as well as SAF's public reports and publications, and commentaries penned by actors involved at the time. Some of the SAF board meeting protocols have been studied earlier by Peter Swenson, who mentions them in a footnote to his landmark book *Capitalists against Markets* (2002). There, he makes a brief remark that SAF perceived that, on the theme of industrial democracy, the centrist parties were driving the political competition.²⁰ This article also reviews corroborating evidence to this observation, from the board meeting protocols of the Swedish Social Democratic Party.²¹ The concluding discussion urges for new research on the swift and dramatic radicalization of Swedish social democracy and Swedish society as a whole, and the international influences behind it.

The history of works councils in Sweden

As in many other European countries, Sweden in the 1970s already had an existing long tradition of works councils for information to and consultation of workers. The first collective agreement on works councils was reached in 1946, between the Swedish Employers'

Confederation (*Svenska Arbetsgivareföreningen*, SAF) and the blue-collar Trade Union Confederation (*Landsorganisationen*, LO), and the same year came to include also the white-collar Swedish Confederation of Professional Employees (*Tjänstemännens Centralorganisation*, TCO). This 1946 collective agreement on works councils – *Företagsnämndsavtalet* – opened up for the voluntary formation of works councils, where employers and workers could meet to discuss matters of workplace management and production, personnel and workplace environment. The agreement was renewed and strengthened in 1958 and again in 1966, but then replaced by the 1976 MBL law (*Medbestämmandelagen*), which is our focus here.

Up until the early 1970s, labour market issues had been settled by central negotiations and collective agreements – an arrangement which was made possible by a long-standing tradition of extensive deliberations, common fact-finding investigations, and consensus making. Then, during the first half of the 1970s, the social democratic government effectively broke with the Saltsjöbaden spirit of state non-intervention. It stepped in with legislation on a number of areas, including the law on employee board representation in corporations (1972), the law on employment protection (LAS, 1974), and the law on the status of union representatives at the work place (1974). Furthermore, in 1975, LO launched their radical proposal on wage earner funds, which – if it had been implemented – would have entailed a gradual, 2 per cent per year, socialization of the Swedish economy.²² And finally, in 1976, just before the elections and a shift to a non-socialist government, parliament adopted the MBL law.

Whose reform? Ideas, strategy, and interest

Why then did Swedish parliament in 1976 legislate on an issue where labour market cooperation was already in place? Who wanted the MBL reform? Among researchers within the *power resource* approach to Scandinavian welfare state development, the initiative and driving force behind the Swedish law on workplace democracy has commonly been ascribed to the Swedish blue-collar trade union confederation, LO. In this vein, Gøsta Esping-Andersen's 1985 classic book on Swedish social democracy – *Politics against Markets* – contends that the impetus behind MBL was the LO, who wanted stronger workplace democracy policies.²³ Likewise, the contemporary handbook narrative of the origins of the MBL is still that the initiative to the reform came from LO, whose leadership 'considered legislation as necessary due to the unreasonable attitude of employers'.²⁴

Another influential line of research on the evolution of the Swedish welfare state model is the Uppsala school of rational choice game theory.²⁵ Within this 1975-1985 research program, two studies analysed MBL – and both depicted it as a reform that came about on the initiative of the LO, and constituted a 'win' for the Social Democratic Party over the non-socialist opposition parties. These models of rational choice games demonstrate how, in the final round of parliamentary negotiations over the legislative proposal, the two centrist parties – the agrarian *Centerpartiet* and the social liberal *Folkpartiet* – adjusted their final positions to accommodate the Social Democratic Party. Still, both studies also note the curious fact that

the agrarians and social liberals were largely in consensus with the general direction of the new law on workplace democracy.

As Hadenius notes, already by 1969, public opinion in Sweden, from right to left, was almost unison: Everyone was in some sense or other in favour of industrial democracy.²⁶ Notably, as we will return to in a concluding discussion, this seems to hold true for the pan-European arena as well. Indeed, parallel to the Swedish MBL reform, a wave of worker consultation reforms washed across Western Europe during the 1970s, in the wake of a wave of Eastern European superficially comparable reforms, with similar labels.²⁷

Unlike this larger perspective, game theory tends to boil down longer processes of multi-player political interaction to specific moments, where key actors are given single-move, binary choices.²⁸ Conversely, this article argues that taking a wider perspective, in terms of both time and concerning which actors were involved, can shed important light on how preferences took shape, and alternatives for action were structured; in a multi-step process of complex interaction.

‘Prepared to consult’

Starting in the wake of the second world war and the experiences of war-time cooperation in production, in much of Europe, support for worker participation reforms reached across the political spectrum. The late 1940s saw a pan-European wave of works council reforms.²⁹ At the forefront of this international trend, as early as 1945, the Swedish employers supported information to and cooperation with workers within the firm. Indeed, SAF argued that such activities could contribute to efficiency and a sense of security and well-being at work, which would be beneficial to all parties.³⁰

At a local meeting on the future of the Swedish economy, held by the Conservative party in Stockholm, SAF’s chairman, Gustaf Söderlund, stated that increased employee participation in the life and management of the firm was one of the most important organizational issues that businesses at the time should address.³¹ For the August 1946 SAF-LO central collective agreement on works councils, SAF initially wished for all employees to be included, but swiftly conceded to the demands of LO, that in firms where at least half of employees were union members, the unions should represent the workers in the works council.³²

In the perception of SAF, during the 1920s, social democracy had regarded worker participation reforms as a step on the road to socialize the industry.³³ In contrast, in the historic 1938 Saltsjöbaden agreement, Swedish social democracy renounced any ambitions to socialize the economy. In effect, in the eyes of SAF, it was the Saltsjöbaden agreement that opened the door to SAF-LO cooperation on matters of worker participation.³⁴

By 1945, there was a mutual realization on the part of LO and SAF that interests coincided concerning employee consultation in management decision-making inside the firm.³⁵ SAF’s policy in the late 1940s did not mention the term ‘democratization’, but otherwise the wording was almost identical with the post-war program of LO and the Social Democratic Party. Both SAF and LO agreed that workers and officials should have the opportunity to

influence the operating conditions of the firm, in order to increase their sense of security and job satisfaction, and the capability of firms to pay higher wages.³⁶ From 1945, SAF published information materials for their members, helping spread examples of good practice on matters of worker consultation. A 1945 fact-finding report, commissioned by the SAF together with the Federation of Swedish Industry, suggested various inroads for information to the employees in the firm, and encouraged the employers to create a good team-spirit within their establishments.³⁷

In 1952, SAF then set up a think tank, the Swedish Council for Personnel Administration (*PARådet*). The PA Council financed academic research on modern personnel administration, work organization, and leadership, and provided SAF members with professional consultants and advise on these matters.³⁸ At the time, work life research was conducted in a spirit of consensus, and SAF invited LO and TCO to join the board of the PA Council.³⁹ In a later interview, the contemporary managing director of the PA Council, professor Lennart Lennerlöf, describes the stance of the SAF in the late 1960s:

[SAF] probably did not want co-determination, but were prepared to consult. I think that was unique in the world. They invested resources, committed themselves to the practical implementation and invited the unions.⁴⁰

Until the mid-1970s, the PA Council remained the main source of financing for Swedish research on work life, and helped establish it as a field of research within Swedish academia.⁴¹ The PA Council was also a source of consulting services for Swedish firms, particularly on matters of worker participation. In 1972, 628 firms reported in a SAF survey that they were conducting experiments with participatory work structures. Less than half of these used external consultants, but among the few who did, the dominating consultant was the PA Council.⁴²

The SAF-LO-TCO Development Council

In a typical *Saltsjöbaden* spirit of cooperation between the parties of the labour market, a common SAF-LO-TCO Development Council for experiments and evaluation of workplace democracy was constituted in late June 1966. It promoted works council activity through research, experiments and educational efforts. During its' years in existence 1966-1977, the Development Council for Cooperation (*Utvecklingsrådet för samarbetsfrågor*) issued more than 50 publications, most of them research reports, but also educational materials. For example, the Development Council repeatedly published bibliographies over Nordic and international research on industrial democracy, thus helping spread industrial democracy as norm and policy template.⁴³ Already in 1969, the Development Council translated into Swedish the influential reports from the new-fashioned Norwegian project on industrial democracy, and its experiments with 'personnel participation' and semi-autonomous work groups within Norwegian metal, chemical and paper industry.⁴⁴

The Swedish SAF-LO-TCO Development Council also sponsored their own experimental research on new forms for employee influence, self-government and collaborative management of the work place. Experiments were conducted at big Swedish companies such as Husqvarna AB, Skandia, and AB Åkers Styckebruk.⁴⁵ These studies were joint projects with the PA Council (*PA-rådet*) – the body which SAF itself had instituted in 1952, and later invited LO and TCO to join.⁴⁶

Under the umbrella of the Development Council, SAF produced educational materials on how management should present information, such as the annual financial accounts of the firm, to the employee representatives at the company works council, and how management should organize for employees to come with suggestions.⁴⁷ SAF also held conferences on and documented examples of various forms of cooperative arrangements at the level of the firm.⁴⁸

In sum, from the early 1950s, SAF was an active initiator and promoter of the development of norms and knowledge in relation to employee influence and cooperative arrangements at the work place. According to the biography of a centrally placed SAF-affiliated researcher, Hans de Geer, the 1960s strategy of the SAF on matters of workplace cooperation was to ‘take and keep the initiative in relation to LO’.⁴⁹ In the perception of the SAF, LO was more tentative in its development of industrial democracy policy. But on the basis of which types of ideas was the SAF so optimistic about worker participation?

Rhenman’s ideas

From the mid-1960s, SAF’s chief academic authority on matters of worker participation was Eric Rhenman. He was a young civil engineer and economist who, at the age of 23, had just presented his licentiate thesis at the Stockholm School of Economics.⁵⁰ In the same year, 1961, SAF had instituted a policy group on the democratization of working life (*Referensgruppen för arbetslivets demokratisering*), tasked with developing SAF’s policy on the issue, in response to LO’s 1961 proposals.⁵¹ Rhenman joined the group in 1962, and was the main author of its final report, the 1964 book *Cooperation in the firms of the future (Samarbetet i framtidens företag)*.⁵² Conjointly, SAF also published Rhenman’s book *Industrial Democracy and Industrial Management*, which addressed the academic research audience and was soon translated into several languages.⁵³ The book was an early example of SAF’s later efforts to shape public debate in Sweden. The publication came with an ambitious and largely successful marketing plan, triggered a long and largely sympathetic debate in the main Swedish daily *Dagens Nyheter*, sold out and was re-published by SAF in paperback.⁵⁴

In terms of developing SAF policy, Rhenman’s two most important arguments were that employee consultation could be a crucial bonus for the productivity of business, but that current LO proposals for its realization were either imprecise, or rested on an outdated understanding of the organization of firms.⁵⁵ For example, the demand that works councils should act as a kind of ‘staff’ or advisor to the general commander or management of the firm mirrored an antiquated understanding of business organization and modern leadership, Rhenman argued.⁵⁶ In fact, management was not a matter of commands from the top, but a

decentralized process of two-way communication.⁵⁷ Furthermore, firms were open systems, where employees were crucial channels of communication with the environment of the firm. In contrast to Taylorism and the management trend of human relations, SAF's policy group report barely mentioned the productivity of the individual employee, but argued instead that the quality of company administration was the crucial factor behind efficiency.⁵⁸ Rhenman's limelight was on the managers, and their role in facilitating flows of communication within the firm, which in turn were key to productivity.⁵⁹

In sum, the policy group's final report suggested that transparency and employee consultation were of mutual interest for SAF and LO, but that the exact design of systems of consultation ought to be left to the individual firm, based on their mode of operation and needs.⁶⁰ Furthermore, the report questioned whether actual co-determination was really in LO's self-interest, since it would make employees co-responsible for management decisions – a double role and conflict of loyalties which LO during earlier decades had wanted to avoid.⁶¹ Furthermore, the report argued, empirical experience had showed that ordinary employees were often not very interested in matters relating to the overall management of the firm, and that formal rules for works councils were no guarantee of influence.⁶²

While the practical policy suggestions of the policy group report rhymed well with SAF's already existing and repeated policy statements⁶³, at a more abstract, theoretical level Rhenman's take on the life of the firm was actually new and internationally pioneering. Specifically, his conceptualization of *stakeholders*, *balance of interests*, and *productivity* were arguably original and internationally trailblazing contributions to economic thought.⁶⁴ Traditionally, stock holders had been identified as the legitimate stake holders in a firm, and its core purpose to generate profits. Rhenman's original contribution to stakeholder theory – today dubbed the Scandinavian stake-holder theory⁶⁵ – was a list of no less than seven categories of legitimate *stakeholders* in the firm; employees, management, customers, owners, suppliers, the state, and the municipality – all with both conflicting and overlapping interests, and all dependent on cooperation with each other.⁶⁶

Rhenman rejected both the leftist view of competing interests, and the conservative human relations approach to management, which viewed conflict in the firm as unnecessary, unhealthy and counter-productive to common interests.⁶⁷ In contrast, Rhenman argued that conflict inside of firms was unavoidable and healthy, and that avoiding or hiding conflict would be detrimental to productivity.⁶⁸ Instead, firms should set up and institutionalize multiple and varied types of mechanisms for conflict resolution inside the firm, based on exchange of information, common problem solving, and negotiation.⁶⁹ The role of management was to act as broker, and further a healthy *balance of interests*.⁷⁰

In essence, Rhenman argued that conflict between employers and employees was good for business – if managed in a productive and conflict mediating manner. Congruently, the 1964 SAF report argued that worker interests should maintain separate representation, and employee participation be advisory only, avoiding co-determination and co-responsibility for decisions within the firm. Here, the SAF report seems to have held out an open hand to the

unions, arguing that for the development of the works councils, the most valuable aspect of 'the Swedish system' was the direct cooperation between management and the elected representatives of the employees.⁷¹ Furthermore, the 1964 SAF policy group report on industrial democracy praised the historical role of Swedish unions for the Swedish economy:

The massive influence of the trade union movement on the development of working conditions in our country [has] contributed to the high productivity of our companies.⁷²

Simultaneously, Rhenman squared the circle by arguing that *productivity* itself should be re-defined, to include the interests of all the stakeholders in the firm, including, remarkably, the 'material and psychological needs' of the employees.⁷³ Conceivably, this was an early call for a redefinition of the concept of productivity, and new methods to measure it.⁷⁴

Interestingly, within Swedish business education and managerial practice, Rhenman's ideas may to a certain extent have become institutionalized.⁷⁵ Business historians argue that Rhenman's version of stakeholder theory – Scandinavian stakeholder theory – grew to reach 'hegemonic' status at the schools of management of Swedish universities, from the late 1960s and throughout the 1970s and 1980s.⁷⁶ Rhenman's influence also remained noticeable in the management practices promoted by the Swedish consulting business, where Rhenman himself was active – up until the early 1990s, when American consulting firms came to dominate the market.⁷⁷ Strand and Freeman argue, that Rhenman's management ideals are evident still today in the practices of successful Swedish multi-national companies, such as H&M and IKEA. Ostensibly, they argue, this 'Scandinavian Cooperative Advantage' strategy, based on Rhenman's multi-stakeholder approach to the management of the firm, may be more amenable to sustainable practices, than forms of capitalism elsewhere.⁷⁸

In sum, the first step of the analysis of SAF rationality in relation to the MBL reform focused on *SAF's ideas or ideology* in relation to MBL. The next section concerns the process of multi-actor *strategic interaction* on the issue of workplace reform.

Social democracy and the electoral arena

As mentioned in the introductory sections of this text, much of the earlier research on the evolution of the Swedish model of worker participation has depicted the 1976 MBL decision as a win for social democracy over both conservative employers and recalcitrant centrist parties in parliament. In contrast, in SAF's perception at the time, social democracy was being pushed to radicalize and seek conflict with the employers in spite of itself. The Social Democratic Party was squeezed from the left by the new radicalism in society, and from the right by the political inventiveness of the centrist parties.

For example, in the spring of 1971, during the sudden radicalization of LO proposals on industrial democracy, SAF received underhand information that the new radical directives were a means for the social democratic government to support LO in its battle against leftist opposition.⁷⁹ Hence, SAF was initially not too worried by the new rhetoric.

Incontestably, the internal board meeting protocols of the Swedish Social Democratic Party confirm SAF's interpretation of events; that on the issue of workplace democracy, it was the Social Democratic Party who pushed to radicalize the LO, and not vice versa.⁸⁰ In the words of SAF historian Hans de Geer; in the radical climate of the late 1960s and early 1970s, the Social Democratic Party needed to strengthen its position, and work life was a good area for reforms.⁸¹

Secondly, the traditional accounts of social democracy as 'first movers' in relation to MBL also eclipse the competitive, pro-industrial-democracy role of the Swedish centrist political parties; the agrarian Center Party (*Centerpartiet*) and the social liberal People's Party (*Folkpartiet*). 'Almost every day, we experience how the bourgeois parties borrow our words', complained the frustrated social democrat minister of industry.⁸² Similarly, internal board meeting protocols show how, in 1969, party strategist Alva Myrdal complained that the centrist parties' youth organizations and their initiatives on industrial democracy were making it difficult to profile the Social Democratic Party on equality issues.⁸³ Furthermore, board protocols of the Social Democratic Party show also how, during the run-up to the 1973 election, the party planned to use the workplace democracy issue to reach out to the white-collar electorate.⁸⁴

Notably, Peter Swenson's book *Capitalists against Markets* confirms that this was also how the employers' confederation (SAF), too perceived events i.e., that on issues of industrial democracy, the centrist parties were pushing the Social Democratic Party in front of it.⁸⁵ In sum, internal meeting protocols from the boards of both the Social Democratic Party and SAF show how, at the time, both organizations perceived the centrist parties as the main competitors to the Social Democratic Party on issues of equality in general, and industrial democracy in particular.

When the SAF board met in March 1969, the SAF managing director noted that political interest surrounding the question of cooperation in the workplace was now substantial. Notably, this was already a year before the wild cat strikes in the government-owned LKAB mines in the winter of 1969-1970, which electrified leftists and set off a wave of radical activism at the work places.⁸⁶ Through the informal back channels within the SAF-LO-TCO Development Council, the SAF had learned that the LO felt pressured by the political activity in parliament:

Underhand contacts [-] have indicated that LO feels embarrassed by these activities and is likely to be forced to take their own initiatives.⁸⁷ [emphasis not in original]

A few months later, LO had indeed taken an initiative, and proposed to the SAF-LO-TCO Development Council to set aside funds for practical experiments with workplace democracy. Again, the SAF board perceived that the LO initiative had sprung from the competition with the non-socialist parliamentary parties, including their radical youth organizations.⁸⁸ A SAF representative in the Development Council noted that:

The political pressure in these issues originates not only from the youth organizations but also from the bourgeois parties, especially the People's Party. The latter's interest has contributed to LO's current position.⁸⁹

Likewise, the SAF board of directors noted that the LO had acted to forestall two reports on industrial democracy, which the social liberal People's Party (*Folkpartiet*) were expected to present a few weeks later.⁹⁰ Importantly though, the primary focus for the centrist parties was employee board representation, rather than the type of direct workplace participation that the MBL reform eventually came to codify. Consequently, in 1971, LO demanded board representation for employees⁹¹ – which was then turned into law by the social democrat government, during the run-up to the 1973 elections. As the chairman of the SAF board of directors remarked; 'Even if the LO is half-hearted concerning legislation, that however hardly applies to the political parties'.⁹²

1971 was the sudden and drastic programmatic turning point for LO on industrial democracy.⁹³ At its' conference in September, LO adopted both the proposal on board representation, and an early template to what would later become the MBL law.⁹⁴ Compared to the Saltsjöbaden decades of consensus making between the LO and SAF, the shift to a new ideological and confrontational rhetoric was stark and sudden.

During the late 1960s, paragraph 32 of the SAF by-laws had become the focal point of radical leftist agitation.⁹⁵ Paragraph 32 (formerly paragraph 23) of the SAF by-laws guaranteed the right of employers to freely lead and direct the organization and management of work – a right which LO had agreed to respect in the 1906 basic agreement with SAF. For the first time in the 1971 proposal, LO demanded the 'removal' from collective agreements of assent to paragraph 32. According to the new LO stance, with the 'abolishment' of paragraph 32, the unions should now co-determine the daily management of the firm.⁹⁶ In the words of the watershed program adopted by the September 1971 LO congress:

The *abolishment* of the employer's right to lead and distribute the work entails opening up new, wide-ranging areas for negotiations between the parties.⁹⁷ [Emphasis not in original]

Seemingly, the wording of the LO proposal has shaped even the academic interpretations of the achievements of the MBL law, as 'the abolishment of the principle of managerial prerogative'.⁹⁸ Consequently, the MBL remained a source of myth and controversy. Hence, the third section of the article looks at the MBL in relation to the *objective interests* of employers.

Debating the consequences of MBL

A viable interpretation of the relatively muted reaction of SAF to MBL is that the employers were perhaps early to recognize that the law would not, after all, encroach on the right of employers to lead and organize work, nor on the right of ownership.

The immediate effect of the MBL law was that employers were obliged to initiate negotiations with a trade union that had a collective agreement, before making major changes at the workplace. This made the MBL a strong tool for unions – when combined with other, binding legislation, such as the 1973 Employment Protection Act. However, the MBL in itself only gives the union the right to be informed and to be heard, to defer decisions, and to refer the issue to central collective negotiations, or – when relevant – to the Labour Arbitration Court. Hence, despite its name, the Swedish “Law on Co-determination in the Workplace” doesn’t oblige the employer to come to any agreement.⁹⁹ Strictly speaking, MBL doesn’t give the unions the right of co-determination in the sense of joint decision-making.¹⁰⁰

In the words of a 2015 LO guide to the MBL [line breaks in original]:

The Act on Co-Determination at Work doesn’t give employees any immediate co-determination. It doesn’t dislodge the fundamental right of the employer to alone decide over his business. The employer can implement whatever action he wants, unless otherwise agreed.¹⁰¹

How then, could the MBL be advertised as such a radical reform? An important part of the answer arguably resides in the fact that the MBL referred actual co-determination to the future, based on future collective agreements for which – it was expected – employees would go on strike.

As stated previously, it was the 1971 LO proposal that came to form the core of the 1976 MBL law. The proposal was not very precise in its demands, but the main thrust was that the LO wanted a strengthening of collective bargaining rights to include the right to bargain over agreements on mechanisms for employee co-determination of the management of work at the level of the firm.¹⁰² For many years after the adoption of the MBL, a belief remained in many quarters that with time, the unions would demand collective agreements on employer-employee co-determination of issues such as personnel policy and work organization.¹⁰³ Furthermore, the LO proposal separated out the workplace democracy issue from wage bargaining, which meant that unions retained the right to go on strike for co-determination issues, even when a collective agreement on wages was in place (*den eftersläpande stridsrätten*). This broke with the tradition, that strikes and lockouts were not allowed while a collective agreement was in force (*fredsplikt*). This may have been the aspect of MBL that employers were most worried about – but in practice, during the ensuing decades, unions never came to make use of this right to strike for workplace democracy.¹⁰⁴

Regardless, as scholars of law were soon to point out, any such agreement on joint decision-making would have been incompatible with the Companies Act and other corporate legislation, which rested on the free market principle of the right of ownership. In fact, this was an objection that had been raised already by the Council on Legislation, which advises the Swedish government prior to their submitting a bill to parliament – but the objection had been brushed aside by law makers.¹⁰⁵ Still, confusion and uncertainty concerning the actual scope

of MBL remained for many years. A 1982 research report from a trade union think tank complained that:

MBL's intentions of far-reaching influence have created expectations which, in light of the right of ownership, are impossible to realize.¹⁰⁶

Not until 1982 did LO first acknowledge that the employers' right to manage work could actually not be subject to employee co-determination, due to the fundamental right of ownership as enshrined in the Companies Act.¹⁰⁷ Still, ever since the 1975 wage earner fund proposal, parts of social democracy envisioned instead a gradual socialization of the entire Swedish economy – which could then in turn allow for employee co-determination. This vision of the nature of the MBL as part of a long-term plan to socialize the Swedish economy was communicated not least via LO's basic courses for union representatives, which from 1977 up until 1991 received large government grants to educate employees about MBL.¹⁰⁸ Furthermore, with MBL, the main locus of Swedish research on work life shifted away from SAF's PA Council and the SAF internal technical office, to the state sponsored Swedish Center for Working Life (*Arbetslivscentrum*), which was instituted with the MBL reform, in 1977.¹⁰⁹ Hypothetically, this institutional shift may have contributed to the strength and tenacity of social democrat narratives of the MBL, its' origins and implications – at the expense of employer writing of history. Only by 1990/91 did the state financing for Swedish research on working life, and the associated information and educational activities, become a contentious issue in parliament and was reviewed by the National Audit Office.¹¹⁰

Conclusions and discussion

In summary, this article has shown that before the early 1970s radicalization of Swedish social democracy, the Swedish Employers' Confederation SAF was a long-term and active supporter of the strengthening of employee consultation at the level of the firm. An employers' organization's political preferences can be gauged by looking at three aspects: policy legacies; participation in policy groups; and the development of in-house expertise.¹¹¹ As this study has shown, by the late 1960s, on all three counts, SAF support for workplace democratization was strong.

Particularly, in terms of in-house expertise, from the mid-1960s, SAF endorsed and promoted the internationally new and original thinking of the Swedish economist Eric Rhenman. Expert ideas are influential because they predict likely effects of policy instruments; experts give advice on cause-effect relationships.¹¹² Notably, as its in-house expert, Rhenman did not try to alter the basic objective of SAF policy; efficiency and profitability.¹¹³ Rather, the crucial feature of SAF's policy templates in the 1960s was the positive, optimistic view of the role of unions in the economic life of Sweden. Arguably, SAF norm entrepreneurship in the 1960s must count as an outstretched hand; an invite to win-win, positive-sum cooperation. Crucially, according to the management ideas promoted by SAF at the time, strong union representation

and consultation in decision making at the level of the firm was in the subjective self-interest of Swedish business.

These findings beg the question why social democracy chose conflict rather than compromise? An auxiliary contribution made by this article concerns the MBL law as social democratic political strategy. On the issue of industrial democracy, Swedish social democracy faced political competition from both the right and from the left. The internal board meeting protocols of both SAF and of the Social Democratic Party show how both organizations perceived that by the late 1960s, it was the centrist political parties who were driving the political agenda on industrial democracy. This is pertinent, since timing is regarded as an important indicator of 'true' or 'real' interests.¹¹⁴ In this sense, social democracy was arguably not the 'first mover' on industrial democracy.

Simultaneously, from the left, the social democratic leadership faced radical activism at the workplaces, following the winter 1969/1970 wildcat strikes.¹¹⁵ Radicalism sprouted also within branches of the blue-collar union LO, such as the Metal workers union, and among policy relevant intellectuals. In retrospect, we know that these developments were paralleled in much of Western Europe, and likely were fuelled not only by societal developments in general, but also by contact with communist regimes, both indirectly via media, and via individual visits and travels, as well as international organizations.¹¹⁶

In response to the radicalization of its supporters, Swedish social democracy adopted a radicalized rhetoric. Over time, this strategy arguably came to shape both its' political self-understanding, as well as the perceptions of international research, of Swedish social democracy as the unrivalled champions of workplace democracy.

Finally, the article has highlighted the divergence between on the one hand, the social democrat advertisement of the MBL as a radical reform, and on the other hand, the reform's effects, which were arguably not revolutionary in a socialist sense.¹¹⁷ This gives an additional key to why SAF didn't oppose the reform more strongly. Strikingly, even though the name of the MBL law invoked 'co-determination' (*medbestämmande*), in fact, the MBL law did not give workers any direct co-determination rights. Furthermore, although surrounded by socialist rhetoric to this effect, the law never became a stepping stone in a larger project of socializing the Swedish economy.¹¹⁸

Acknowledgements

I wish to thank two anonymous reviewers; the editors of the special issue Thomas Paster and Jeppe Nevers; Johannes Lindvall; the Tampere University conference on Power & Governance; and a group of scholars at the Lund University Department of Business Administration who met up to discuss this paper on the work of the department's erstwhile professor, Eric Rhenman. The article was written while serving as acting lecturer at the Lund University Department of Political Science. It builds on my former research project 'Co-Determination Legislation in Europe during the Cold War', which was financed by the Swedish Research Council.

Declarations of interest: None.

References

Archives

Swedish Centre for Business History Archives (SAF)

Swedish Labour Movement's Archives and Library (ARBARK)

Literature and printed sources

Abrahamsson, Bengt. *Exemplet Jugoslavien och den svenska debatten om löntagarstyre*. Stockholm: AWE/Geber, 1976.

Arbetsmarknadsutskottet. *Betänkande 1990/91 AU: 16 'Arbetslivsforskningens organisation, m.m.'*. Stockholm: Swedish parliament, 1991.

Asping, Anders. *Företagsdemokratin och MBL. En empirisk och organisationsteoretisk utvärdering av en arbetsrättsreform*. Stockholm: Ekonomiska forskningsinstitutet vid handelshögskolan (PhD Diss., Stockholm School of Economics, 1986).

Baccaro, Lucio and Jonas Pontusson. 'Comparative Political Economy and Varieties of Marcoeconomics'. *Max-Planck-Institut für Gesellschaftsforschung*, discussion paper 18/10, November, 2018.

Berman, Sheri. *The primacy of politics. Social democracy and the making of Europe's 20th century*. Cambridge: Cambridge University Press, 2006.

Berman, Sheri. 'Ideas, Norms, and Culture in Political Analysis'. *Comparative Politics* 33 (2001): 231-250.

Björk, Lars; Peter Hellberg and Reine Hansson. *Ökat inflytande i jobbet: försök med förändring av arbetsutformning och arbetsorganisation i ett verkstadsföretag*. Stockholm: PA-rådet och Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1973.

Blyth, Mark. 'The Transformation of the Swedish Model. Economic Ideas, Distributional Conflict, and Institutional Change'. *World Politics* 54 (2001): 1-26.

Broström, Anders. *MBLs gränser – den privata äganderätten*. Stockholm: Arbetslivscentrum, 1982.

Carlsson, Rolf H. *Tidig med allt – alltid före sin tid. En biografi om Eric Rhenman (1932-93)*. Stockholm: Ekerlid förlag, 2013.

Cole, Robert A. *Strategies for Learning. Small-Group Activities in American, Japanese, and Swedish Industry*. Berkeley: University of California Press, 1991.

- Dahlin, Ann. 'Ett arbetsliv för arbetslivet'. *Publikt*, 2008-08-19. Stockholm: Fackförbundet ST/The Swedish Union of Civil Servants. <http://www.publikt.se/artikel/ett-arbetsliv-arbetslivet-9807> [Accessed 2018-03-01]
- Dahlström, Edmund. 'Polen och polsk sociologi'. *Sociologisk forskning* 2 (1967): 108-113.
- Dahlström, Edmund. *Den pågående kulturrevolutionära klasskampen i Kina*. Göteborgs universitet, Sociologiska institutionen, 1975.
- Dahlström, Edmund. 'Efficiency, Satisfaction and Democracy in Work. Conceptions of Industrial Relations in Post-war Sweden'. *Acta Sociologica* 1 (1977): 25-53.
- Dahlström, Edmund. *Power relations at the workplace: Research and policy on working life democratization and welfare*. Uppsala: Maktutredningen, 1989.
- De Geer, Hans. *I vänstervind och högervåg: SAF under 1970-talet*. Stockholm: Allmänna förlaget, 1989.
- De Geer, Hans. *Arbetsgivarna. SAF i tio decennier*. Stockholm: SAF, 1992.
- Denzau, Arthur T. and Douglass C. North. (1994) 'Shared Mental Models: Ideologies and Institutions'. *Kyklos*, 47 (1993): 3-31.
- Ebbinghaus, Bernhard. 'Unions and Employers'. In: *The Oxford Handbook of the Welfare State*, ed. Francis G. Castles et al, 1-18. Oxford: Oxford University Press, 2015.
- Engwall, Lars; Staffan Furusten; and Eva Wallerstedt. 'The Changing Relationship between Management Consulting and Academia: Evidence from Sweden'. In: *Management consulting: emergence and dynamics of a knowledge industry* ed. Matthias Kipping and Lars Engwall. New York, NY: Oxford University Press, 2002.
- Esping-Andersen, Gösta. *Politics against markets: the social democratic road to power*. Princeton: Princeton University Press, 1985.
- Fackföreningsrörelsen: Official journal of the Swedish Confederation of Trade Unions, LO*. Stockholm: Landsorganisationen i Sverige, LO.
- Flodhammar, Åke. *Personal: en kurs om personaladministration i samverkan.Handledning för studieledare och lärare*. Malmö: Brevskolan, och Stockholm: Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1970.
- Hadenius, Axel. *Medbestämmandereformen*, Stockholm: Almqvist & Wiksell, 1983.
- Hansson, Sigfrid. *Arbetarrörelsen i Sverige*. Stockholm: Tiden, 1922.
- Hedin, Astrid. 'The Origins and Myths of the Swedish Model of Workplace Democracy'. *Contemporary European History* 24, 2015: 59-82.
- Hedin, Astrid. 'Cold War isomorphism: communist regimes and the West European model of worker participation'. *European Journal of Cultural and Political Sociology* 3, 2016: 201-242.
- Hedin, Astrid. 'Illiberal deliberation – communist regime travel controls as state capacity in everyday world politics'. *Cooperation and Conflict* 53, 2018: Online first, 1-23.
- Industriarbetsgivarna. 'Co-Determination at the Workplace'. <http://www.industriarbetsgivarna.se/in-english/employers-information/co-determination-at-the-workplace> [Accessed 2018-03-01].

- International Labour Organization (ILO). *Workers' Self-Management in Yugoslavia*. Geneva: International Labour Office, 1962.
- Jansson, Jenny. *Manufacturing consensus. The making of the Swedish reformist working class*. Uppsala: Acta Universitatis Upsaliensis, 2012.
- Kjellberg, Anders. 'The Swedish Model of Industrial Relations'. In *Trade Unionism since 1945. Towards a Global History, Volume 1*, ed. Craig Phelan. Oxford: Peter Lang, 2009.
- Kjellström, Anders. *Normbildning och konfliktlösning. En studie av SAF's roll i växelspelet mellan lag och avtal*. Stockholm: SAF, 1987.
- Korpi, Walter. 'Conflict, Power and Relative Deprivation'. *American Political Science Review* 4 (1974): 1569-1578.
- Korpi, Walter. 'Power Resources Approach vs. Action and Conflict: On Causal and Intentional Explanations in the Study of Power'. *Sociological Theory* 3 (1985): 31-45.
- Korpi, Walter. 'Power Resources and Employer-Centered Approaches in Explanations of Welfare States and Varieties of Capitalism: Protagonists, Consenters, and Antagonists'. *World Politics* 58 (2006): 167-206.
- Landsorganisationen i Sverige. *En stark facklig utbildning och folkbildning*, Stockholm: LO, 2005.
- Lennerlöf. *Mitt arbetsliv. En rekonstruerad forskningshistoria*. Stockholm: Premiss, 2008.
- Lewin, Leif. *Ideologi och strategi. Svensk politik under 130 år*. Stockholm: Carlssons, 2017 (6th edition).
- Lindvall, Johannes. 'The Real But Limited Influence of Expert Ideas'. *World Politics* 61 (2009), 703-30.
- LO, Företagsnämndsutredningen. *Fackföreningsrörelsen och företagsdemokratin*. Stockholm: LO, 1961.
- LO. *Demokrati i företagen. Rapport till LO-kongressen 1971*. Stockholm: Bokförlaget Prisma, 1971.
- LO. *Industrial Democracy. Programme adopted by the 1971 Congress of the Swedish Trade Union Confederation*. Stockholm: LO, 1972.
- LO. *Medbestämmandelagen. Med kommentarer av LO*. Stockholm: Landsorganisationen, LO, 2015.
- Mares, Isabela. *The Politics of Social Risk. Business and Welfare State Development*. Cambridge, UK: Cambridge University Press, 2003.
- Marklund, Carl. 'The Social Laboratory, the Middle Way and the Swedish Model. Three Frames for the Image of Sweden'. *Scandinavian Journal of History* 34 (2009): 264-285.
- Marklund, Carl. 'From the Swedish Model to the Open Society. The Swedish Power Investigation and the Power to Investigate Power, 1985-1990'. In: A Elmgren & N Götz. (eds)(2016) *The Political Culture of Nordic Self-Understanding: Power Investigation*, London: Routledge, 20-29.
- Martin, Cathie Jo. 'Nature or Nurture? Sources of Firm Preferences for National Health Reform'. *American Political Science Review* 4 (1995): 898-913.
- Martin, Cathie Jo and Duane Swank. *The Political Construction of Business Interest*. New York, NY: Cambridge University Press, 2012.

Meidner, Rudolf and Anna Hedborg. *Löntagarfonder*. Stockholm: Tiden (i samarbete med Landsorganisationen), 1975.

Meyer, John W. & Brian Rowan. 'Institutionalized Organizations: Formal Structure as Myth and Ceremony'. *American Journal of Sociology* 83 (1977): 340-363.

Midgaard, Knut. 'Politics as Rational Action'. *Scandinavian Political Studies*, 10 (1987): 171-188.

Paster, Thomas. *The Role of Business Interests in the Development of the Welfare State and Labor Markets in Germany*. London and New York: Routledge, 2012.

Paster, Thomas. 'Bringing Power Back In – A Review of the Literature on the Role of Business in Welfare State Policy'. *Max-Planck-Institut für Gesellschaftsforschung*, Discussion Paper 15/3, 2015.

Paster, Thomas. 'How do Business Interest Groups Respond to Political Challenges. A Study of the Politics of German Employers'. *New Political Economy* 23 (2018): 674-689.

Pauli, Petra. *Rörelsens ledare. Karriärvägar och ledarideal i den svenska arbetarrörelsen under 1900-talet*. Göteborgs universitet: Avhandling från Institutionen för historiska studier, 2012.

Pontusson, Jonas. 'The Comparative Politics of Labor-Initiated Reforms. Swedish Cases of Success and Failure'. *Comparative Political Studies* 25 (1993): 548-578.

Rhenman, Eric. *Företagsdemokrati och företagsorganisation. Om organisationsteoris tillämpbarhet i debatten om arbetslivets demokratisering*. Stockholm: Svenska Arbetsgivareorganisationen and Företagsekonomiska Forskningsinstitutet, 1964.

Rhenman, Eric. *Industrial Democracy and Industrial Management: A Critical Essay on the Implications of Industrial Democracy*. London: Tavistock, 1968.

Riksrevisionsverket. *Utbildning och information inom områdena medbestämmande och arbetsmiljö*, Stockholm: Riksrevisionsverket Förvaltningsrevisionen, 1990.

SAF. *Kontakt och samverkan inom industriföretagen. Riktlinjer för intern information*. Stockholm: Svenska arbetsgivareföreningen och Sveriges industriförbund, 1945.

SAFs referensgrupp för arbetslivets demokratisering. *Samarbetet i framtidens företag*. Stockholm: SAF, 1964.

Schiller, Bernt (1973) 'LO, paragraf 32 och företagsdemokratin'. In *Tvärsnitt. Sju forskningsrapporter utgivna till LO:s 75-årsjubileum 1973*, 282-398. Stockholm: Bokförlaget Prisma and LO, 1973.

Schiller, Bernt. *"Det förödande 70-talet". SAF och medbestämmandet 1965-1982*. Stockholm: Allmänna förlaget, 1988.

Schmidt, Vivien A. 'Does Discourse Matter in the Politics of Welfare State Adjustment?'. *Comparative Political Studies* 35 (2002): 168-193.

Schmidt, Vivien A. 'Discursive Institutionalism: The Explanatory Power of Ideas and Discourse'. *Annual Review of Political Science* 11 (2008): 303-326.

Self-reference, 2015

Self-reference, 2016

Self-reference, 2019

- Sjöblom, Gunnar. *Party Strategies in a Multi-Party System*. Lund Political Studies, 1968.
- Strand, Robert and R. Edward Freeman. Scandinavian Cooperative Advantage: The Theory and Practice of Stakeholder Engagement in Scandinavia'. *Journal of Business Ethics* 127 (2015): 65-85.
- Stureson, Lennart. *Arbetslivsforskningen i Sverige – en lägesbild*. Stockholm: Forskningsrådet för arbetsliv och socialvetenskap (FAS) och Verket för innovationssystem (VINNOVA), 2008.
- Stymne, Bengt. *Att organisera för medbestämmande: en diskussion på grundval av Utvecklingsrådets försöksverksamhet*. Stockholm: Personaladministrativa rådet. Utvecklingsrådet för samarbetsfrågor, 1977.
- Svenska Arbetsgivareföreningen. *Företagsanpassat samarbete: exempel på samarbetsformer vid 11 svenska företags, redovisade vid en konferens i Uppsala 1966*. Stockholm: Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1967.
- Svenska Arbetsgivareföreningen. *Årsredovisning i företagsnämnden: en vägledning för presentationen*. Stockholm: Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1968.
- Svenska Arbetsgivareföreningen. *Förslagsverksamhet: riktlinjer och praktiska råd*. Stockholm: Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1971.
- Svenska Arbetsgivareföreningen. *Försök: rapporter från sju företag som söker nya vägar till ett bättre samarbete på jobbet*. Stockholm: Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1972.
- Svenska Arbetsgivareföreningen. *Vidareinformation: en handledning för företagsnämnden*. Stockholm: Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1972.
- Swenson, Peter A. 'Bringing Capital Back In, or Social Democracy Reconsidered: Employer Power, Cross-Class Alliances, and Centralization of Industrial Relations in Denmark and Sweden'. *World Politics* 43 (1991): 513-544.
- Swenson, Peter A. *Capitalists against Markets. The Making of Labor Markets and Welfare States in the United States and Sweden*. Oxford: Oxford University Press, 2002.
- Swenson, Peter A. 'Misrepresented Interests: Business, Medicare, and the Making of the American Health Care State'. *Studies in American Political Development* 32 (April, 2018): 1-23.
- Thorsrud E & Emery, F E. *Medinflytande och engagemang i arbetet. Norska försök med självstyrande arbetsgrupper*. Stockholm: Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1969.
- Tofft, Karin & Sylvia van Schaik. *Om företagsdemokrati. En nordisk bibliografi efter första världskriget*. Stockholm: Utvecklingsrådet för samarbetsfrågor SAF-LO-TCO, 1976 (3d edition).
- Victorin, Anders. 'Co-Determination in Sweden: The Union Way'. *Journal of Comparative Corporate Law and Securities Regulation* 2 (1979): 111-140.
- Whyman, Philip (2003; re-printed as e-book 2018) *Sweden and the 'Third Way'. A Macroeconomic Evaluation*. Milton Park, UK: Routledge.
- Wren, Daniel A.; Arthur G. Bedeian, and John D. Breeze. 'The foundations of Henri Fayol's administrative theory. *Management Decision* 40 (2002): 906-918.

¹ Swenson, 'Misrepresented Interests'.

² Blyth, 'The Transformation of the Swedish Model'; Whyman, *Sweden and the "Third Way"*, 143-159, 153.

³ SAF's reluctance to engage in partisan politics characterized the time period from the 1930s up until the late 1970s. See Swenson, 'Bringing Capital Back In', 535-537.

⁴ Swenson, 'Misrepresented Interests'.

⁵ Mares, *The Politics of Social Risk. Business and Welfare State Development*; Swenson, *Capitalists against Markets*; Schiller, "Det förödande 70-talet".

⁶ Korpi, 'Power Resources and Employer-Centered Approaches', 183; Korpi, 'Conflict, Power'; Korpi 'Power Resources Approach'. Paster, *The Role of Business*.

⁷ Paster, 'How Do Business Interest Groups Respond'; Paster, 'Bringing Power Back In'

⁸ Paster, 'How Do Business Interest Groups Respond'; Paster, 'Bringing Power Back In'

⁹ For business interests and codetermination policies in Germany, see Paster, *The Role of Business*, 135-159, 158. Paster interprets industrial democracy as a deviant case in relation to the business accommodation model. See also note 18, on the difference between German *Mitbestimmung* and Swedish *Medbestämmande*.

¹⁰ Cf. Schiller, "Det förödande 70-talet".

¹¹ Indeed, Swedish social democracy's unequivocal stance in defence of reformism and democracy may have been the crucial variable that saved the country from authoritarian take-over in the 1930s, by avoiding polarization and enabling cross-class compromise with business support. See: Berman's comparison of the ideological choices of Swedish versus German social democracy, in *The Primacy of Politics*; and Swenson on Swedish employers' support for cross-class compromise in the 1930s, in 'Bringing Capital Back In', 514-515.

¹² Baccaro and Pontusson, 'Comparative Political Economy', 16.

¹³ Martin, 'Nature or Nurture?', Martin and Swank, *The Political Construction of Business Interests*.

¹⁴ Martin and Swank, *The Political Construction of Business Interests*, 155-157.

¹⁵ Swenson, 'Bringing Capital Back In'.

¹⁶ Cf. Schmidt, 'Does Discourse Matter'.

¹⁷ Cf. Paster, 'How Do Business Interest Groups Respond'

¹⁸ Notably, the name of the 1976 Swedish law on *Medbestämmande* (MBL) is deceptively similar to the internationally re-known German *Mitbestimmungsgesetz*, and both have the same formal translation into English; Co-determination. However, the two laws cover two different categories of industrial democracy policy issues. The 1976 German law on *Mitbestimmung* concerns board representation. Sweden too has a law on board representation, adopted in 1972. In contrast, the Swedish MBL law concerns worker participation in management decision-making at the level of the firm. Its' closest German equivalent is the 1972 law on *Betriebsräte* (works councils), which however have a different design. German *Betriebsräte* are separate from union representation and have stronger decision-making authority. In sum, the German conception of *Mitbestimmung* is different in both forum and design compared to Swedish *Medbestämmande*.

¹⁹ Meyer & Rowan, 'Institutionalized Organizations: Formal Structure as Myth and Ceremony'.

²⁰ Swenson, *Capitalists against Markets*, 315-316, and 408 note 39.

²¹ Hedin, 'The Origins and Myths of the Swedish Model', 66-68.

²² Meidner and Hedborg, *Löntagarfonder*.

²³ Esping-Andersen, *Politics against Markets*, 297.

²⁴ Kjellberg, 'The Swedish Model of Industrial Relations', 173.

²⁵ Lewin, *Ideologi och strategi*.

²⁶ Hadenius, *Medbestämmandereformen*, 61ff.

²⁷ Hedin, 'Cold war isomorphism'.

²⁸ Midgaard, 'Politics as Rational Action', 179.

²⁹ Hedin, 'Cold war isomorphism', 222.

-
- ³⁰ SAF. *Kontakt och samverkan inom industriföretagen*, 1945, quoted in Asping. *Företagsdemokratin och MBL*, 541.
- ³¹ Quoted in Kjellström, *Normbildning och konfliktlösning*, 63-64.
- ³² Kjellström, *Normbildning och konfliktlösning*, 69.
- ³³ SAF's referensgrupp för arbetslivets demokratisering, *Samarbetet I framtidens företag*.
- ³⁴ Ibid. 45.
- ³⁵ Ibid. 45.
- ³⁶ LO/SAP, *Arbetarrörelsens efterkrigsprogram – Sammanfattning i 27 punkter*, quoted in Kjellström, *Normbildning och konfliktlösning*, 68-69.
- ³⁷ Kjellström, *Normbildning och konfliktlösning*, 66. See also SAF, *Kontakt och samverkan*.
- ³⁸ Cole, *Strategies for Learning*, 262
- ³⁹ Lennerlöf, *Mitt arbetsliv*.
- ⁴⁰ 'Man ville nog inte ha medbestämmande, men man var beredd att samråda. Jag tror att det då var unikt i världen. Man satsade resurser, engagerade sig praktiskt och bjöd in facken. Så småningom kom de fackliga även med i PA-rådets styrelse.' Dahlin, 'Ett arbetsliv för arbetslivet'; Cf. Lennerlöf, *Mitt arbetsliv*.
- ⁴¹ Stureson, *Arbetslivsforskningen i Sverige*, 6.
- ⁴² Cole, 'Strategies for Learning', 270.
- ⁴³ Tofft & Schaik, *Om företagsdemokrati. En nordisk bibliografi*.
- ⁴⁴ Thorsrud & Emery. *Medinflytande och engagemang i arbetet*. Cf. Cole, *Strategies for Learning*, 251, 270.
- ⁴⁵ Björk et al., *Ökat inflytande i jobbet*.
- ⁴⁶ Stymne, *Att organisera för medbestämmande*.
- ⁴⁷ Svenska Arbetsgivareföreningen, *Årsredovisning i företagsnämnden*; Svenska Arbetsgivareföreningen, *Förslagsverksamhet: riktlinjer och praktiska råd*; Svenska Arbetsgivareföreningen, *Vidareinformation*; Flodhammar, *Personal: en kurs om personaladministration i samverkan*.
- ⁴⁸ Svenska Arbetsgivareföreningen, *Företagsanpassat samarbete*; Svenska Arbetsgivareföreningen, *Försök: rapporter från sju företag*.
- ⁴⁹ De Geer, *I vänstervind och högergång*, 297-298.
- ⁵⁰ Engwall, et al. 'The Changing Relationship', 42.
- ⁵¹ LO/Företagsnämndsutredningen, *Fackföreningsrörelsen och företagsdemokratin*.
- ⁵² Carlsson, *Tidig med allt*, 297.
- ⁵³ Rhenman, *Företagsdemokrati och företagsorganisation*; Rhenman, *Industrial Democracy and Industrial Management*.
- ⁵⁴ Carlsson, *Tidig med allt*, 253-255.
- ⁵⁵ SAFs referensgrupp, *Samarbetet i företagen*, 78, 136, 152.
- ⁵⁶ Rhenman, *Företagsdemokrati och företagsorganisation*, 10, 58-59.
- ⁵⁷ On the Technical Division within the SAF and the post-MBL strategy of the SAF, see Schiller, "Det förödande 70-talet", 154-155
- ⁵⁸ On this point, Rhenman was likely inspired by the French manager and economist Henri Fayol, whose ideas stood in stark contrast to Taylorism. Fayol's 1916 book *Administration industrielle et générale* was translated into English in 1949, into Swedish in 1950, and re-published in Swedish in 1965, with a new preface by Eric Rhenman. (Cf. Wren et al. 'The foundations of Henri Fayol's administrative theory'.) However, Engwall et al highlight instead Rhenman's dialogue with the American management classics at the time: Philip Selznik's 1957 *Leadership in Administration*, James March's and Herbert Simon's 1958 *Organizations*, and Richard Cyert and James March's 1963 *A behavioral theory of the firm*. (See Engwall et al., 'The Changing Relationship', 36-53). A further clue is provided by Rhenman's biographer Carlsson, who claims that in 1959, as a visiting scholar at Carnegie Tech in Pittsburg, Rhenman held a 'blustery exchange of opinions' with Herbert Simon, whose positivist approach Rhenman viewed very critically – but who generously referred him to Philip Selznik instead, who then became an important source of inspiration for Rhenman. (See Carlsson, *Alltid före sin tid*, 226-227.)

-
- ⁵⁹ SAF's referensgrupp, *Samarbetet i företagen*, 118-154, 175-180, 201f.
- ⁶⁰ Ibid. 170, 176, 184, 190. Rhenman, *Företagsdemokrati*, 119-120.
- ⁶¹ SAF's referensgrupp, *Samarbetet i företagen*, 133-136, 170-173, 176-180.
- ⁶² Ibid. 150-153.
- ⁶³ SAF, 'Förslag till slutrapport från AU:s referensgrupp för samarbetsfrågor till Arbetsutskottet av Svenska Arbetsgivareföreningens styrelse', 14 april, 1970, 1-18.
- ⁶⁴ Strand and Freeman, 'Scandinavian Cooperative Advantage'.
- ⁶⁵ Ibid.
- ⁶⁶ Rhenman, *Företagsdemokrati*, 28, figure 5. Cf. Strand and Freeman, 'Scandinavian Cooperative Advantage', 72, figure 3.
- ⁶⁷ Rhenman, *Företagsdemokrati*, 74-79, 10, 37, 55.
- ⁶⁸ Ibid. 55.
- ⁶⁹ Ibid. 41-44.
- ⁷⁰ Ibid. 29, 35-56.
- ⁷¹ SAF's referensgrupp, *Samarbetet i företagen*, 185-186.
- ⁷² Ibid. 191. Full quotation: 'Den fackliga rörelsens stora inflytande på utvecklingen av förhållandena på arbetsplatserna i vårt land är välkänt för alla. Om man bedömer detta inflytande med utgångspunkt från de tre mål som uppsatts, kan det i varje fall hävdas, att detta inflytande bidragit till den höga produktivitet, som våra företag har men naturligtvis också till intressebalans, som åtminstone i stort sett nu föreligger. Den fackliga rörelsens roll i det senare avseendet är helt klar för alla. Dess insats för att åstadkomma hög produktivitet har diskuterats men sannolikt varit betydelsefull.'
- ⁷³ Rhenman, *Företagsdemokrati*, 129.
- ⁷⁴ Ibid. 88.
- ⁷⁵ Berman, 'Ideas, Norms', 237-241; Schmidt, 'Discursive Institutionalism'
- ⁷⁶ Strand and Freeman, 'Scandinavian Cooperative Advantage', 75-76. Engwall et al., 'The Changing Relationship', 45.
- ⁷⁷ Engwall et al., 'The Changing Relationship between Management Consulting and Academia', 45-50.
- ⁷⁸ Strand and Freeman, 'Scandinavian Cooperative Advantage', 75-81.
- ⁷⁹ de Geer, *I vänstervind och högervåg*, 300.
- ⁸⁰ Hedin, 'The Origins and Myths'. Cf. Schiller, "Det förödande 70-talet", 68.
- ⁸¹ De Geer, *Arbetsgivarna. SAF i tio decennier*, 156.
- ⁸² LO, Företagsdemokratidelegationen. Övriga handlingar rörande företagsdemokrati. 'Statsrådet Krister Wickman. Anförande vid SAP:s partikongress måndagen den 10 juni 1968'. File F20C:25, ARBARK.
- ⁸³ Hedin, 'The Origins and Myths', 66-67.
- ⁸⁴ Ibid., 67.
- ⁸⁵ Swenson, *Capitalists against Markets*, 315-316, 408 note 39.
- ⁸⁶ Hedin, 'The Origins and Myths', 70-73.
- ⁸⁷ 'Underhandskontakter mellan ombudsman Olle Gunnarsson, LO, och ordföranden i Utvecklingsrådet, herr Lars Wirström, har givit vid handen, att LO känner sig besvärad av dessa aktiviteter och sannolikt kommer att tvingas tilltaga egna initiativ.' SAF board meeting protocol, March 20, 1969, '§4, Inom utvecklingsrådet för samarbetsfrågor aktuella frågor', 9.
- ⁸⁸ SAF board meeting protocol, September 18, 1969, '§5 Frågan om samarbete mellan företagsledning och anställda – LO:s skrivelse till Utvecklingsrådet den 2 juni 1969'.
- ⁸⁹ Hans Wirström: 'Det politiska trycket i dessa frågor härrör icke enbart från ungdomsorganisationerna utan även från de borgerliga partierna, främst Folkpartiet. De sistnämndas intresse har bidragit till LO:s nuvarande ställningstagande.', SAF board meeting protocol, September 18, 1969, '§5 Frågan om samarbete mellan företagsledning och anställda – LO:s skrivelse till Utvecklingsrådet den 2 juni 1969'.

⁹⁰ SAF Board of Directors (*Förbundsdirektörsstyrelse*), November 21, 1969, '§7 Försöksverksamhet med nya samarbetsformer i företagen'.

⁹¹ SAF board meeting, February 17, 1972, '§5 Styrelserepresentation för de anställda'.

⁹² 'Även om LO är halvhjärtad betr lagstiftning så gäller detta emellertid knappast de politiska instanserna.', SAF Board of Directors, January 17, 1972, 18.

⁹³ Pontusson, 'The Comparative Politics', 565f; Schiller, 'LO, paragraf 32 och företagsdemokratin', 282-398.

⁹⁴ LO, *Demokrati i företagen. Rapport till LO-kongressen 1971*. Translated as: *Industrial Democracy. Programme adopted by the 1971 Congress of the Swedish Trade Union Confederation*.

⁹⁵ Hedin, 'The Origins and Myths', 2015, 72, 75-76, and footnote 66.

⁹⁶ LO, *Demokrati i företagen*, 25.

⁹⁷ 'Ett avskaffande av arbetsgivarens rätt att leda och fördela arbetet innebär att det öppnas nya, vidsträckt områden för förhandlingar mellan parterna.' LO, *Demokrati i företagen*, 13. Conspicuously, this text passage doesn't have a clear equivalent in the English language translation of the 1971 programme.

⁹⁸ Pontusson, 'The Comparative Politics', 566.

⁹⁹ The main exception is if an employer tries to hire a sub-contractor who can be shown to disregard collective agreements and existing good practice in the industry – which the union can then veto. See for example *Industriarbetsgivarna, Co-Determination at the Workplace*; LO, *Medbestämmandelagen. Med kommentarer av LO*, 28-31.

¹⁰⁰ See also footnote 18.

¹⁰¹ 'Medbestämmandelagen ger inte löntagarna något omedelbart medbestämmande. Den rubbar inte i grunden arbetsgivarens rätt att ensam besluta om sin verksamhet. Arbetsgivaren kan genomföra vilka åtgärder han vill, om man inte kommit överens om något annat.' LO, *Medbestämmandelagen. Med kommentarer av LO*, 6.

¹⁰² Hadenius, *Medbestämmandereformen*, 78-82.

¹⁰³ Cf. for example Victorin, 'Co-Determination in Sweden', 130.

¹⁰⁴ Schiller, "Det förödande 70-talet", 133.

¹⁰⁵ Broström, *MBLs gränser – den privata äganderätten*, 75-76.

¹⁰⁶ "MBLs intentioner om långtgående inflytande har skapat förväntningar som – med hänsyn till äganderättens kärna – är omöjliga att förverkliga." Broström, *MBLs gränser*, 18.

¹⁰⁷ Broström, *MBLs gränser*, 87-89.

¹⁰⁸ Hedin, 'The Origins and Myths', 76-77. See also: Landsorganisationen i Sverige, *En stark facklig utbildning och folkbildning*, 42-44.

¹⁰⁹ Lennerlöf, *Mitt arbetsliv. En rekonstruerad forskningshistoria*.

¹¹⁰ Arbetsmarknadsutskottet, 'Arbetslivsforskningens organisation'; Riksrevisionsverket, *Utbildning och information inom områdena medbestämmande och arbetsmiljö*.

¹¹¹ Martin, 'Nature or Nurture'

¹¹² Lindvall, 'The Real But Limited Influence'.

¹¹³ Cf. Paster, 'Bringing Power Back In', 10ff.

¹¹⁴ Cf. Korpi, 'Power Resources and Employer Centered Approaches', 181: "When imputing interests to actors [–] one alternative is to observe the time order in which different actors enter into the policy-making process".

¹¹⁵ Hedin, 'The Origins and Myths', 70-73

¹¹⁶ For the efforts of communist regimes in relation to Swedish policy elites, see Hedin, 'Illiberal deliberation'; for the role of communist regimes in radicalizing the policy recommendations of international organizations, see Hedin, 'Cold war isomorphism'.

¹¹⁷ In fact, the actual design of the MBL law served to protect workplaces from anti-democratic activism. See Hedin, 'The Origins and Myths', 75-77.

¹¹⁸ Cf. Marklund, 'The Social Laboratory'