

# **Preconditions for 'Efficiency and Equity' in Two-Tier Bargaining; the Case of Danish and Swedish Manufacturing Sectors**

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## **INTRODUCTION**

In the World Economic Forum's Global Competitiveness Report 2008-9 Denmark and Sweden are ranked as the third and fourth most competitive economies. Other rankings from the last few years have shown the same tendency: In spite of heavy tax burdens closely linked to encompassing welfare state regimes Denmark and Sweden are evaluated as some of the best places in the world to conduct business (The Economist 2009). Due to their encompassing welfare systems, these two countries are still characterised by social equality; or in the words of André Sapir these countries have been able to 'combine both efficiency and equity' (Sapir 2005) in the still more globalized economy. At the same time, it seems evident that there are no single factors that can explain the success of these economies. Rather it is the interplay between different policy areas like macro-economic policies, industrial policies and social policies seems to have been crucial (Dølvik 2008). Nevertheless, the both flexible and secure labour market regulation first and foremost based on sector-wide collective agreements is often emphasised.

The aim of this paper is to analyse and discuss how collective bargaining in the manufacturing sectors in Denmark and Sweden has contributed to enhance efficiency as well as equity in labour market regulation. Both in Denmark and Sweden the collective bargaining systems in the key-bargaining manufacturing sectors experienced significant structural changes in the 1990s. In both countries these bargaining systems are today characterised by centralised decentralisation or organised decentralisation; in other words systems with strong coordination between national level actors as well as between national and local level actors (Due et al. 1993; Traxler 1995). Both Danish and Swedish employers' associations and trade unions within the manufacturing industries agree that these new bargaining structures have paved way for both efficiency and equity in the regulation of the employment relationship. At the same time the shift towards coordinated decentralised bargaining has been much more profound in Denmark and Sweden compared to the equivalent sectors in the neighbouring countries Norway and Finland (Stokke 2008).

The bargaining systems in the manufacturing sectors in Denmark and Sweden are, nevertheless, facing some challenges. In both countries the unionisation rate among metal workers is comparatively high, but nevertheless declining in recent years. Potentially this development endangers the otherwise close coordination between sector level and company level bargaining. Most recently, the financial crisis has put pressure on the bargaining systems in the manufacturing sectors. Declining rates of unemployment and industrial growth is now being reversed.

Two research questions are guiding the paper. Firstly, what are the preconditions ensuring that the coordinated bargaining systems in the Danish and Swedish manufacturing sectors are delivering 'efficiency and equity' or in other words outcomes that are both flexible and secure; i.e. can be characterised as 'flexicurity'? Secondly, what are the similarities and differences between the two systems of coordinated bargaining within the manufacturing sectors in Denmark and Sweden?

Empirically the paper will describe and compare the institutional changes that have facilitated the process of coordinated decentralisation in this sector in Denmark and Sweden. In the Danish case this will include the amalgamation of employers' interest organisations in the manufacturing sector, a process linked to the demand of the employers for decentralising the bargaining system in the early 1990s and onwards. In the Swedish case, it will include the conclusion of the Agreement on Industrial Development and Wage Formation (*Industriavtalet*) from 1997 which provided a new framework for collective bargaining in the manufacturing sector. The aim of the agreement was to promote industrial development, profitability and competitiveness as well as securing favourable wage developments and sound conditions for employees in other respects. The agreement also paved the way for a coordinated decentralisation of the bargaining process.

Analytically the paper will depart from Traxler's discussions on horizontal and vertical coordination in bargaining systems (Traxler 2003). Methodologically the paper is based on documents, secondary literature and up to date interviews with selected representatives of the manufacturing sector organisations in Denmark and Sweden.

## **EFFICIENCY AND EQUITY IN COORDINATED BARGAINING**

In the second half of the 1980s and the beginning of the 1990s there was a growing awareness of the need to adapt the bargaining system to a changing international economic environment in both Denmark and Sweden. The establishment of the European Single market, the deregulation of the financial markets and the overall aim to keep inflation-rates low to a large degree changed the conditions for wage-settlements. This was not a straight forward process in any of the two countries. It was, however, a process which in both countries that led employers as well as trade unions to 're-draw their cognitive maps of the economy' (Culpepper 2008). In other words this paved the way for a shared understanding of the need to reform the bargaining systems; a development that first and foremost took place within the manufacturing sectors. It should also be added that the recognition of the need to adapt wage settlements to new economic realities were not unique for these two Nordic countries; more or less similar developments took place in other parts of Western European countries during this period. Indeed European integration and the opening of global markets affected all European economies (Soskice/Iversen 2001).

Franz Traxler has argued that open international markets impose ambivalent pressures on national industrial relations actors, and that this is most evident in the case of collective bargaining. Intensified market competition has emphasised companies need for flexibility with regard to wage, working time etc. This creates a primarily employer driven strive for the decentralisation of collective bargaining to the company level. However, at the same time intensified market competition "has caused growing mutual externalities and interdependencies among all economic actors. Due to economic internationalisation, this mutual interdependence has grown not only within but also across countries. For instance, Europe's single market and, in particular EMU, have increased the mutual externalities of the national system of wage bargaining." (Traxler 2003:194). Further, Traxler identifies two basic responses to these ambivalent pressures. That is either a decentralisation in the form of deregulation crowding out multi-employer agreements, or the establishment of some form of 'organised decentralisation' (Traxler 1995). In the Danish and Swedish cases the response took form of organised decentralisation – a process that in the Danish case has been defined as 'centralised decentralisation' (Due et al. 1993). Still, in neither the

Swedish nor the Danish case can this be seen as the results of uncomplicated processes. In Sweden especially the employer side in the engineering industry pushed hard for a radical decentralisation of the bargaining process back in the 1990s. Other groups of employers tended to support this strategy (Elvander 2002).

In Denmark and Sweden the decentralisation of bargaining competencies to company level in the manufacturing sectors has been characterised by gradual processes, where specific bargaining issues in the consecutive bargaining rounds have been delegated to company level bargaining. The aim is not to describe these processes in detail here. However, two specific events should be highlighted for their importance for the overall development of the bargaining structures.

In 1991, all major employers' associations in the Danish manufacturing sector were amalgamated in The Confederation of Danish Industry (DI). Key-arguments among the employers for taking this step were the need to simplify the bargaining system (e.g. by reducing the number of collective agreements), and further, the wish to decentralise bargaining to the company level to meet companies increasing demand for more flexible regulation. The main aim was to ensure the competitiveness of Danish industries. Still, sector agreements now more in the form of frame-work agreements were kept in place. DI immediately became the new strong player among employers' associations, covering more than half of the total wage-sum paid by employers organised in The Danish Employers Confederation (DA). On the employee side The Central Organisation of Danish Metal Workers, CO-Industri, were formed in order to match the DI in the bargaining process. The CO-Industri is a bargaining cartel - an umbrella-organisation – today representing 12 LO affiliated blue collar trade unions in the manufacturing sector. This bargaining cartel is employing a fairly small secretariat and always headed by the president of the metal-workers federation (see also Madsen et al. 2009).

The important structural change in the Swedish bargaining system came in 1996-7 when eight trade unions within the manufacturing sector formed The Swedish Unions within Industry (*Facken inom industrin*) and then eventually succeeded in concluding the so-called Industrial Agreement with 12 employers' organisations in manufacturing. Even before that, in 1992, a core group of these unions established a joint bargaining council, first and foremost driven by the motivation to prevent employers from forcing through a radical decentralisation of the bargaining system. There are several reasons why the employers accepted the agreement in 1997. First, following the policy of decentralised bargaining the employers had in the 1993 and 1995 bargaining rounds seen an uncoordinated procedure of negotiations which eventually had become too costly. Second, the government had put pressure on the labour market organisations to take new initiatives in order to ensure that the wage-formation would not exceed the European norm; and third employers and trade unions had a common interest in reducing state interference in the bargaining system as well as to keep inflation low and thereby secure both competitiveness and job growth. Consequently, the employers chose to refrain from a radical decentralisation of the bargaining system (Elvander 2002, Kjellberg 2007).

There is no doubt that these changes in these key-bargaining sectors were significant, even in the longer historical perspective. Ever since the establishment of the Danish collective bargaining system in the 1890s and until the end of the 1970s, the system had moved towards a still more centralised system of negotiations. Especially, the trade union confederation (LO) had pushed for this development during the 1970s. However, throughout the 1980s the employers succeeded in introducing some elements of decentralisation. However, it was the bargaining rounds in the early 1990s following the formation of DI that confirmed the new bargaining structure (Due et al. 1993, Due/Madsen 2006). The Swedish Industrial Agreement from 1997 has been characterised as the most important innovation in the Swedish industrial relations system since the Basic Agreement signed at Saltsjöbaden in 1938 (Elvander 2002). The agreement introduced a new structure for wage negotiations, but also established systems for conflict resolution and mediation via 'impartial

chairs', introduced a number of partial committees etc. focussing on industrial development, and furthermore, underlined the status of the manufacturing sector as the key-bargaining sector.

In both Denmark and Sweden the system of coordinated or centralised decentralisation have been evaluated and to some degree even celebrated as well-functioning systems for the regulation of wages and working conditions. This has mainly been done by referring to figures regarding stable real-wage increases for employees in manufacturing; 2.2 % in Sweden on average per year between 1998 and 2007 compared to 0.5 % between 1978 and 1997 (prior to the Industrial Agreement). Comparative figures for the Danish sector are somewhat lower; 0.9 % increase in real-wages per year between 1997 and 2007 (Facken inom industrin 2008). In both countries the manufacturing industries have increased production and accordingly contributed significantly to improved export figures. Due to the introduction of new technologies and out-sourcing, employment in both countries has decreased slowly in the sector over the last decade. However, unemployment rates among metalworkers have been decreasing. Retirement and retraining are important explanations. Further, there are numerous statements from leaders of employers' associations and trade unions that the bargaining systems in the two countries are basically well-functioning and delivering balanced solution for industry as well as employees (Rølfer 2008, Due/Madsen 2007). It is equally clear that the financial crisis in many aspects has reversed the development. Especially, as manufacturing sectors in Denmark and Sweden are based on exports they have been hit relatively hard by the financial crisis.

## **PRECONDITIONS FOR VERTICAL COORDINATED BARGAINING**

The first research question guiding this paper concerns the preconditions for establishing these coordinated bargaining systems in the Danish and Swedish manufacturing sectors. Especially, what have been the preconditions for the vertical coordination of bargaining processes? That is preconditions ensuring that the bargaining systems are delivering 'efficiency and equity'; in other words outcomes that both bargaining parties recognise as integrative, flexible and secure. The following questions will be addressed: First, the centralisation of interest representation and how it influences the bargaining structure; second, who determines the level of bargaining; third, the role of the relatively high level of unionisation and the strong presence of shop-stewards; finally, some concluding remarks concerning the interplay between horizontal and vertical coordination in bargaining processes will be presented.

Both in the Danish and the Swedish case, the new bargaining structures were based on a *centralisation of interest representation*, however, with some significant differences. In Denmark concentration of employers' interest in The Confederation of Danish Industries by and large forced through a new bargaining structure which over the years delegated still more bargaining responsibility to the company level. However, the sector level agreements, still more in the form of frame-work agreements were respected throughout the process. In Sweden it was the concentration of employee interests in The Swedish Unions within Industry that marked the first steps towards the Industrial Agreement. The centralisation of interest representation suggests that this was an important precondition for the implementation and consolidation of the new bargaining structures. This suggests that it was crucial to bring in all the larger organisations involved in bargaining in the manufacturing sectors in the two countries. This in turn, supported by other studies (Due et al. 1993, Elvander 2002), suggests that the strong *horizontal coordination* (c.f. Traxler 1995 above) between organisations on both sides of the bargaining table has been an important precondition for the *vertical coordination* which developed via national (sector) framework agreements gradually leaving more room for company level negotiations.

In this sense the concept *centralised decentralisation* (Due et al. 1993) captures two important aspects of how the bargaining systems in these two countries have developed. First, interest

representation has evidently been centralised as a consequence of both mergers of organisations and the formation of new 'bargaining cartels' and 'umbrella-organisations'. Second, the decentralisation of bargaining competencies has been based on these new sector level structures and the agreements concluded at this level. In this sense this is not only about 'coordination' of bargaining processes, etc. or making sure that the delegation of bargaining competencies to the company level takes place in a 'organised' (versus a 'disorganised') way; this is a more binding cooperation between organisations if not simply a merger of organisations at sector level.

Sisson (1987) has argued that employers determine the level of collective bargaining and thereby also influence the power-structures within the trade union movement. There is no doubt that the formation of the Confederation of Danish Industries by and large determined the basic conditions for the structure of negotiations in the sector; at least at national level. It has been argued that intra- and inter-organisational alliances and power-struggles must be included in order to understand the development in the bargaining structure in the Danish case (Ilsøe et al. 2007). In other words alliances between certain trade unions and employers' organisations as well as the actual strength of specific trade unions have influenced processes determining the level of bargaining. This is also the case in the Swedish manufacturing sector. The cooperation between unions in The Swedish Unions within Industry had the explicit aim to hinder a radical decentralisation of the bargaining system that some employers had pushed hard for, and eventually the Industrial Agreement hindered a process of radical decentralisation. Accordingly, the cooperation among unions did influence the level or more precisely the coordination between the levels of bargaining.

This leads to a more specific precondition for the vertical coordination of bargaining. The high level of unionisation in the metal-working sector appears to ensure not only the strength of metal-workers unions at sector/national level in Denmark and Sweden. The high level of unionisation also seems to be the foundation for a strong presence of shop stewards at workplace level. Membership figures have been declining in recent years in both Denmark and Sweden. Hence, just above 80 % of the workers in manufacturing are unionised in both countries (Kjellberg 2009). The strength of trade unions presence is, furthermore, linked to the so-called single-channel representation at workplace level, which means that the works councils in the two countries are linked to the basic agreements between employers and trade unions and not legislation which has produced dual-channel systems as we find them in for instance Germany and the Netherlands (c.f. Stokke 2008, Ilsøe et al. 2007). The absence of inter-union rivalry or tensions between unionised and non-unionised employee-representatives within the formal system of employee representation gives the trade unions/the shop stewards a strong base in the manufacturing sector in the two countries. The important point here is that this strong position is not the base for trade union radicalism, but rather the strong point of departure for the relatively open and flexible dialogue shops stewards often have with the employer representatives (Andersen 2004).

Wilthagen/Tros (2004) have argued that decentralisation of the bargaining processes coupled with strong (vertical) coordination from the national level increases the possibilities for reaching agreements that ensures both increased flexibility (for employers) and increased security (for employees); i.e. flexicurity. Referring to data from the Netherlands and Denmark, they find that coordinated decentralisation gives room for individual employers and employees to create tailor-made solutions with regard to flexibility and security needs, solutions that are more or less safeguarded by the sector agreements. To some degree contrasting this assumption, Traxler has argued that the problems of horizontal and vertical coordination impose conflicting logics. In order to enhance the vertical coordination central level bargainers should tailor their policies as closely as possible to the demands coming from rank and file. However, focussing on the interest of specific groups potentially conflicts with the need to identify inter-group interests on which horizontal coordinated bargaining must build. Equally, strong horizontally coordinated bargaining

tend to filter out specific demands and therefore potentially runs the risk to jeopardise support of the members (Traxler 2003:197).

Regarding the Danish and Swedish manufacturing sectors it has often been a challenge for central level organisations to gain the members support for signed agreements. The problem has probably been more profound in the Danish case due to the more far reaching decentralisation of the bargaining process; e.g. regarding wages. For that reason, the often 'softer' issues negotiated at sector level (improved schemes for further training, pensions, parental leave etc.) do not appear as attractive gains to rank-and-file. Accordingly, there are considerable risks that the result will be rejected in the membership ballot. On the other hand we can identify large groups of companies where management and shop stewards within the framework of the sector agreements are able negotiate specific regulation meeting the demands of the company and the employees. Accordingly, in both countries the sector agreements are accepted as useful tools for company level bargaining.

## **SIMILARITIES AND DIFFERENCES**

The second research question guiding this paper concerns the similarities and differences between the two systems of vertical coordinated bargaining within the manufacturing sectors in Denmark and Sweden. The following questions will be addressed: First, why there have been differences in the timing of reforms of the bargaining systems in Denmark and Sweden; second, comparative differences in the organisational structures in manufacturing, third, scale of formal versus informal bipartite cooperation within manufacturing and, finally, difference and similarities regarding company level bargaining especially on wage increases and the organisation of working-time will be discussed.

First of all there is a difference in the timing of the introduction of the new bargaining structures in the two countries. Both the Swedish and the Danish economies are small and open economies. Consequently, we should expect that pressure due to international competition would be more or less identical in the two countries. Nevertheless, the establishment of The Confederation of Danish Industries in 1991 and the subsequent bargaining round that year confirmed the coordinated or centralised decentralisation of the bargaining system. However, prior to that, the tripartite so-called Common Agreement (*Fælleserklæringen*) from 1987 marked the trade union acceptance of the need to keep inflation low, protect the competitiveness of business and eventually keep wage increases moderate. The key-focus of the Swedish Industrial Agreement concluded ten years later is on wage-development, competitiveness and the need not to exceed the European wage norm. The Danish economy was hit by recession in the second half of the 1980s, whilst in Sweden this recession came later – in the early 1990s. Very much against the tradition of labour market regulation the Swedish government intervened in the wage bargaining in the early 1990s, and in 1996 threatened once more introduce political initiatives, if the labour market organisations failed to agree on a new bargaining system. In Denmark, the government was part of the Common Agreement, however, the merger of industrial interest that paved the way for the new bargaining structure was solely the outcome of employer strategies. All in all economic crisis seems to be a key-element to explain the difference in timing (on crisis and institutional change, see for instance Culpepper 2008).

Power-struggles, formations of alliances among unions as well as employers and between unions and employers' organisations also tend to influence the timing of reforms. Concerning the employers side The Confederations of Danish Industries (DI) is clearly by far the dominant employer organisation today. Likewise, The Association of Swedish Engineering Industries is the dominant employers' association within the Swedish industry, still, this association does not have the same size and power base as DI. As a result, they cannot like Danish Industries dominate

wage-bargaining in the private sector, but are to a larger degree dependent on horizontal coordination among employers' associations. However, it should be noted that in both countries bargaining in manufacturing are two-tier bargaining systems, basically excluding the confederations from the bargaining process; that is the Danish and Swedish LOs as well as their counterparts on the employer side.

While the Danish metal workers bargaining cartel only consists of LO affiliated federations The Swedish Trade Unions within Industry represents a broader group of employees. This includes among others the LO union *IF Metall*, the white collar workers in *Unionen* and The Association of Graduate Engineers. The fact, that IF Metall cooperate closely with white collar and professional unions, have caused controversies with other unions within the Swedish LO. The IF Metall has been accused of by-passing the LO federations by giving priority to cooperation with the unions in the manufacturing sector. One reason why we do not find such cooperation among unions in Denmark may be that privately employed engineers in Denmark are typically not covered by collective agreements. They are typically employed on individual contracts contrary to what we find in Sweden.

The Swedish Industrial Agreement has a special character in the sense that it is a basic agreement setting the rules for collective bargaining and conflict resolution in the manufacturing sector. Furthermore, it led to the formation of formal bodies to which we find no equivalents in Denmark. First, the bipartite Industry Committee has the task to monitor and promote the application of the Industrial Agreement. The committee is also mandated to deal generally with issues aimed at creating good conditions for industry and its employees. Second, The Economic Council for Industry which consists of four independent economists appointed by the Industry Committee. The council has the task to produce recommendations on financial matters on behalf of among others the Industry Committee. Prior to the renewal of the agreements, the Economic Council for Industry compiles reports on the prevailing financial and economic situation. Summing up, these bodies represents a formalised set-up of institutions to produce 'shared understanding' of the application of the agreement and 'shared knowledge' of the broader economical development.

In spite of the absence of such councils linked to the manufacturing sector in Denmark we find the tripartite so-called Statistical Council, which produces information on economic and financial issues relevant for the wage bargaining process. Apart from that producing 'shared knowledge' in the Danish manufacturing sector on the one hand generally has a less formally institutionalised character. On the other hand this might also mirror the dominance of DI; this dominant employer organisation produces to a large degree the needed information, knowledge etc. within its own structure. On a more or less formalised basis this will to some degree include their counterparts in the bargaining process; the trade unions.

A crucial element in the vertical coordinated bargaining is the actual procedure for and content of company level bargaining, first and foremost regarding wage-increases. Wage settlement in the Danish manufacturing sector has basically moved from a *standard pay system* with centrally negotiated and more or less fixed pay rise to a system dominated by a *minimum-pay system*. Under this system, pay is negotiated locally, and the rates agreed via central bargaining are only the minimum pay rates. Apart from very few young and non-experienced workers, no one actually receive this minimum rate. The actual wage-level is to be negotiated at company level reflecting productivity and profit performance of the company. However, the increase in the centrally negotiated minimum rate sends an important message to company level bargaining on what is supposed to be the relevant level of increase. Conversely, company level bargaining on wage increases in the Swedish manufacturing sector is based on centrally agreed cost increases. This includes wage, working-time, leave schemes and other centrally negotiated issues. The agreed total cost increase then includes a wage increase to be distributed in company level negotiations. On top of this, the parties at company level can include additional pay rises, bonuses etc.

depending on the specific economical situation of the company. Further, more significant differences exist in the actual wage drift in diverse sub-sectors.

Working time is the second key-issue in the collective agreements. With regard to company level bargaining, it is especially the organisation of working time; i.e. the flexibility in working time arrangements that is on the bargaining agenda. The negotiating responsibility for the organisation of working time has in the Danish case to a large degree been transferred to the company level. This has given enterprises greatly enhanced possibilities for introducing flexibility, e.g. wide-ranging powers to organise flexible working hours. This was achieved through a loosening-up of the collective agreement provisions since the mid 1990s. In this aspect, the collective bargaining parties in the manufacturing industry became trendsetting for the working time regulation in other industrial sectors. Generally speaking the regulation has provided an opportunity for local trade-offs between the parties, which can be viewed as a form of flexicurity agreements at enterprise level (Ilsøe et al. 2007). Within the Swedish manufacturing sector the collective agreements also give room for company level agreements on the organisation of working time. For instance, the dominant agreements in the two countries (*Teknikavtalet* and *Industriens Overenskomst*) both contain a 12 months reference period, meaning that on average the number of working hours must not exceed a normal working week calculated over a 12 months period. Consequently, this leaves room for quite flexible working time arrangements in both countries. However, trade unions probably more so in Sweden than in Denmark, have been very attentive concerning the actual developments regarding working time flexibility.

## CONCLUSION

With regard to the first question guiding this paper, it seems evident that the rather strong concentration or centralisation of interest representation on both sides of industry has been an important precondition for the coordination of bargaining in Denmark and in Sweden. Indeed, the horizontal coordination appears to be a precondition for the vertical coordination in the manufacturing sectors. But more than that is needed. Although the rate of unionisation is comparatively high among metal-workers in the two countries, the strength of vertical coordination seems to depend on this relatively high rate of unionisation and the presence of shop stewards at workplace level in the by far larger part of companies. Therefore, a relative modest decrease in the membership base might have critical consequences for the rank-and-file acceptance of bargaining results (nationally and locally) which in turn might endanger the vertical coordination of bargaining processes.

The second question guiding this paper concerns similarities and differences in vertical coordinated bargaining in Denmark and Sweden. There are striking similarities in the fact that in both countries new bargaining structures were established in respectively the early and the late 1990s. Multi-employer bargaining was also kept in place through sector agreements, and further, coordinated or centralised decentralisation was incrementally developed in both countries. However, some striking differences also exist regarding the timing of reform, organisational structures and the actual form and to some degree content of vertical coordinated bargaining.

Differences in organisational structures to a large degree appear to be consequences of traditional organisational structures, power-struggles and alliance building. The most significant difference is the dominance of DI among the Danish employers. On the one hand, this seems to create a certain stability in the Danish bargaining system. On the other hand, the future of the bargaining system to a large degree depends on the willingness of DI to develop the system. In Sweden, the comparatively smaller Association of Engineering Industries cannot in a similar way as DI dominate private sector bargaining. Employers and unions in the Swedish service sector have from time to time proved to be more than reluctant to accept the leading role of the manufacturing sector parties

in the bargaining process. A structural problem for the manufacturing sector is the still declining number of employees in the sector whilst the number is increasing in the service sector.

It might be due to the more stable situation at national level that the depth of decentralisation, especially regarding wage negotiations has been more developed in the Danish than in the Swedish manufacturing sector. It appears that Danish employers are less worried about excessive wage-drift due to, for instance, local union radicalism, and at the same time that Danish unions to a greater extent trust that shop stewards will not be forced to sign unfair agreements in local level bargaining.

The financial crisis is definitely putting the bargaining under pressure in manufacturing. Unemployment is increasing rapidly, in particular in export-oriented manufacturing industries. This will beyond doubt have significant impact on coming rounds of collective bargaining in both countries. For a number of years wage-increases, working-time flexibility and a number of softer issues have dominated the bargaining agendas. This might however change now. The ability to maintain workplaces, for instance, within the Swedish automotive industries, or the ability to create new jobs and along with this initiatives regarding education and training, can easily become key-issues in the coming rounds of negotiations. The decline in production and job losses could lead to the assumption that the bargaining systems as such will be under pressure in the two countries. However, this might not be the case. Employers and unions – capital and labour – might have common interests in securing the future for the manufacturing industry in both countries. Eventually, the crisis might strengthen the bargaining systems.

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