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SWEDEN – A LONE BRIGHT SPOT

Wage formation and labour market antagonism

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Abstract

Economic inequality is a problem of global concern and labour unions may have an equalising effect on gender wage-differentials. In Sweden, the gender-wage differentials underwent a significant decline between 1960 and 1980s but had despite the early progress of equalising almost stopped, near to no progress have occurred since then. The Swedish labour unions are attributed to have impacted the early development and diminish, which cause one to wonder if they are behind the halt.

There is an abundance of research arguing for the correlation between the presence of women and equal outcome, a correlation that is absent in the Swedish case of wage formation. In order to clarify the paradox and contribute to existing research, this thesis approached the matter from the angle of insider-outsiders and the theory of split labour markets. Moreover, the thesis has analysed how the labour union agenda change in response to economic and political impact mechanisms and aimed to understand what the politics of presence fail to explain, why organisations implement gender equalising policies in times of low women presence while turning inwards and dismissing equalising policies in times of high women presence.

Through process tracing the thesis unveiled how economic and political mechanisms change the behaviour of labour unions, and the findings indicate that economic circumstances form the boundaries in which labour unions form their agenda. The findings indicate that high economic growth is a premise for equalising policies, while recession created an environment in which solidarity is neglected.

Keywords: Insider-Outsiders, Split Labour Market, Equalisation and Labour Unions

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Table of abbreviation

LO - *The Swedish Trade Union Confederation*

SAF – *The Swedish Employers Association*

SIF - *Swedish Union of Clerical and Technical Employees in Industry*

Metall – *Metalworkers' Union*

SUTGW - *The Swedish Union of Tailors and Garment workers*

VF - *The Swedish Metal Trades Employers' Association*

1 Introduction

Economic inequality is a topic of continues global concern that will prevail beyond our generation if not addressed adequately. One of such inequalities is the gendered-wage gap argued to be not only prevailing but a hinder for economic development (World Economic Forum 2018) and this thesis intends to look at a lone bright spot when it comes to gender equality: Sweden. The gender-wage differentials started to the decline in Sweden around 1960, progress attributed to the agreement to abolish separate wage rates for women and move toward a unitary wage structure. This agreement was concluded between the Swedish Trade Union (LO) and the Swedish Employers Association (SAF) (Tsarouhas 2009:59-61; Hirdman 1998:60). The equalisation of wages came to a halt during the 1980s, raising questions regarding whether this is a reflection of policy choices and if so, what caused the progress to halt.

In the influential book “*the Politics of Presence*”, Anne Phillips (1995) argues that presence and group composition within legislative bodies matter for representative outcomes. Scholars in the field indicate that women are the only effective actor voicing the concerns and interests of women (see, e.g. Wägnerud 2009; Childs & Krook 2009; Mansbridge 1999). High presence, as in a high degree of women representatives should reflect itself in a higher degree of policies representing women’s interests. However, the Swedish case is a paradox, as LO embraced the abolishment of separate women wages at a time were women representation within LO remain low. In the 1980s, when the representation was rather high, the progress of equalisation came to a halt (Larsson 2014:7; Alos & Nygaard 2018:3). Scholars of politics of presence have left a gap and fail to explain the reasons behind adopted equalising policies in a time of low representation and why high representation results in a halted progress (diagram 1).

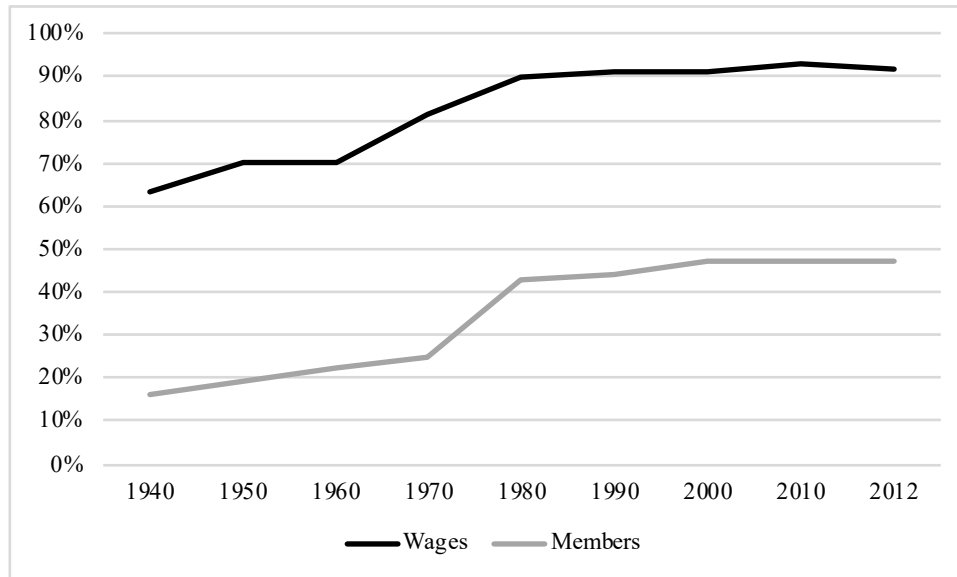
Moreover, the primary function of a labour union is to advocate and represent their members toward the employers and to protect and bargain for their increased welfare, improved working conditions, and wages (Volscho & Kelly 2012; Kelly 2005). Labour unions are not only a critical actor advocating for working-class interests but also an important intermediary actor for solving disagreements between workers inside the union. Important as the phase before advocacy includes internal negotiations and bargaining in terms of what agenda to pursue (Lindberg 2013). Negotiations that follow a pattern of deliberative democracy,

aggregating individual interests into organisational interests constituting the agenda (Hyman 1997; Phillips 1995: 150) and the outcome of such process tend to neglect gendered interests (Munro 2001).

Diagram 1

Women's wages compared to men's, 1940-2012. Percentage. Industry Sector.

Total proportion of women members in LO, including all affiliated unions, 1946-2012.



Source for the calculation of gender wage differentials: Larsson, 2014

Sources for the calculation of women members: Johansson & Bergold, 2013; LO-congress protocol 1946;1951;1956;1961;1966

In the diagram, we can see that women constituted 22,5% of the members of LO in 1960, but even more noteworthy is the composition of 1946 when only 16% of the members were women, and the first significant breakthrough occurred. LO delivered a report on how to equalise the gender-wage differentials. Here a scholar in the field of politics of presence might raise the importance of critical actors or mention that 16-22,5% might be above some form of threshold (Childs & Krook 2009). To complicate the matter further, note that only eleven women were attending the LO Congress of 1946 and only one woman was part of the negotiating body between 1946 and 1960 (Hirdman 1998; LO 1946) while 43% of the members were women during the 1980s.

In sum, the politics of presence fails to explain the paradoxical development of wage-differentials. To provide an explanation the thesis turns to a combination of two theories, the split labour market theory (Bonacich 1972;1979) and insider-outsider theory (Lindbeck & Snower 1986; Rueda 2005). These theories share the analysis of social relations and wage differentials as both a cause of and generated by the dualistic nature of the labour market. By

understanding the complex social world as dual, we see the world as composed by privileged groups and unprivileged groups, insiders and outsiders. Hence, this combination will allow us to understand what mechanisms impact the labour union behaviour (Duke 2018, p.6; Subašić, Reynolds & Turner 2008) and how that affects the wage formation process as a tool for equalisation.

1.1 Aim and Research Questions

Therefore, I contend that the insider-outsider and split labour market theory can provide the framework to understand labour market behaviour, wage formation and what cause unions to divert from their otherwise path-dependent behaviour (Acker 2006). These theories suggest that economic mechanisms and political mechanisms are the most potent mechanisms insofar that the actors in the labour market want to protect their jobs, wages and their position of power. As such, I predict *that the economic circumstances will either facilitate or impede the possibility of equalising wage policies.*

By applying the method of process tracing, this prediction will be transformed into a causal mechanism with variation in the value of economic circumstance. The causal mechanism will be probed by analysing two policy outcomes: the abolishment of separate women wages to understand what caused LO to adhere to women interests despite their low presence, and the Metalworkers Unions breakout from central negotiations led by LO. Thereto, the abolishment of separate women wages occurred in time of economic boom, while the Metalworkers breakout occurred in time of recession.

1.2 Outline of the thesis

This thesis will be structured as follows. The next section will discuss previous research on the topic of union behaviour and outline how economic circumstances and political context affect labour union behaviour, as well as the labour market wherein they act. Section three outlines the theoretical framework based on the insider-outsider theory and the split labour market theory, which will merge into a theoretical model. In section four, the research design and methodological considerations will be outlined. Section five constitute the analysis section and discuss the empirical evidence of the two policy cases. Afterwards, the thesis wraps up with a theoretical discussion and end with conclusions.

2 Previous research

This section will discuss previous research based on the two selected theories and divided into two sub-sections. Each section outlines one impact factor that has shown itself able to change otherwise path-dependent behaviour of unions. To mention, it will discuss different patterns of antagonism based on both ethnic, and gender divides, and how unions have changed their approach toward equalisation when economic or political factors impact their context.

Moreover, before moving further, the terms antagonism and agenda need clarification. The term antagonism is here selected words as conflict, as to describe the relationship between groups in the labour market, and the prime advantage is that it avoids moralistic assumptions on a theoretical basis. I here follow the arguments laid out by Edna Bonacich, and her idea that the word conflict tends to view in-group or between-group conflicts as one-sided, while antagonism views it as a process of mutual interaction (1972). As such, it allows the analysis to start with as few pre-conditioned assumptions as possible.

The term agenda has a central place in this thesis and has several meanings. However, in this thesis agenda are used to describe the union strategy, being the outcome of the aggregation of interests that the internal decision-making process entails. It is as such, not used to describe the list of matters discussed but used to describe unions main concerns and forwarded claims during the wage bargaining process (Kingdon 2014:3).

2.1 Economic mechanisms

Organisations tend to act path dependent, which may result in the persistence of hierarchies and inequalities. While organisations with explicit egalitarian goals tend to fail with equality, research indicates that societies that thrive and are opulent have a higher tendency to break hierarchical structures and inequality despite their persistent structure (Acker 2006). Duke argues that unions embrace less privileged groups as a measure to protect their position in periods of economic boom as the need for workers might result in their replacement (2018:32).

As mentioned, unions play a crucial role in intermediating interests between groups of labours as well as advocate for the enhancement of working-class welfare. This often has the effect of creating antagonism, as in the case of the US and their ethnic antagonism in the labour market. However, the level of antagonism has had various effect and manifestations. On the American West Coast, the labour market has witnessed reluctance towards immigrants and exclusionary tendencies as labour unions engaged in various activities to block Asian immigrants from entering the labour market. When posing the threat of losing jobs or facing the risk of being undercut by low-wage workers, union tend to act to protect their superior role in the labour market (Bonacich 1996). Meanwhile, in the American South unions has acted inclusionary of black workers, a behaviour caused by the shortage of labour. The common denominator between the two cases is suggested to be protecting the own group from being undercut by inferior working groups (Bonacich 2008).

The US provides further examples of how impact mechanisms and sudden changes to society affect the behaviour and level of equalisation. During WWII, as a direct effect of war, most male workers were exhausted, causing an imminent shortage of labours which entailed women workers to enter the industrial sector. A previously male-dominant sector now witnessed an influx of women worker. Unions meet with resistance, and the remaining male workers initiated strikes. Aiming to protect their superior position and restrict women workers to specific low-skilled jobs, at lower wages and succeeded (Milkman 1982). This illustrates how union behaviour create antagonism and a segmented labour market in response to economic change

Labour shortage is often mentioned as the cause behind diversion and change of agenda, and the behaviour of the Apartheid regime in South Africa is a prime example of how economic interests change behaviour. While the initial plan of the regime was to enforce the total exclusion of the South African population, shortage of labour and economic uncertainty caused the leaders to divert from their initial agenda. As the only available workers were black, the regime was forced to allow blacks into the labour market to ensure financial welfare. However, they added the implementation of townships as a measure to uphold division and segregation in society (Tilly 1999:90). While not an example of total equalisation or even equalisation, it highlights how economic concerns impact the behaviour or leaders and groups to adapt or change whether they want or not.

Before moving on to the next impact factor, we should note that contention among scholars exists as to what causes and generates a particular behaviour. While some argue that behaviour is impacted by economic changes and material interests (e.g. Frymer 2018 in Duke 2018:22), others argue that antagonism between groups, gender or ethnic, are guided by plain and straightforward racism or prejudice (Calliste 1995). Racism or prejudice exists and may well cause particular behaviour, but economic factors can impact the level of equalisation between groups in a society.

In the case of unions, scholars argue that as unions aim to enhance their members' welfare and protect or strengthen their position in the labour market their agendas have to follow economic circumstances (Holden 1990; Davidsson & Emmenegger 2012:207). The assumption is that economic growth increases the amount of available rents to collect, hence, increases the tendency to form encompassing agendas aiming for equalisation while recession tends to cause exclusionary behaviour and protection of the core member interests.

2.2 Political mechanisms

Another factor that has an impact on the course of action and behaviour of unions is the political context. Duke indicates that the relationship between a union and a political party effect union behaviour, as they may apply pressure on the union to refrain from either exclusionary or inclusionary agendas (2018:31). Which is relevant in the Swedish case, as the relationship between LO and the Swedish Social Democratic Party (SAP) have been depicted as intimate, and SAP have been in government for most of Sweden's modern era (Tsarouhas 2008:3; Martin 1992:15)

However, if exclusionary tactics remain the most beneficial for the union members welfare, it is highly uncertain how impactful political pressure is to change or steer union behaviour. Scholars argue that changes to the labour market framework seem to impact their behaviour, changes that can take the form of direct intervention as an implementation of regulation against discrimination (Calliste 1995). Iversen suggests that union power is pre-conditioned by the governmental policies and mention that policies such as Keynesian full employment policies and strong social welfare impact the degree of freedom to act (1999).

Political-union relations can be exemplified by looking at how the political context during the British Mandate, 1920-1948, impacted union behaviour and chances to pursue inclusionary tactics. While Jewish unions intended to embrace Arab workers interests, the hostile environment at the political level hindered Jewish unions from forwarding an agenda of equalisation and acting inclusionary (Duke 2018:22). Furthermore, on the premise that the goal for politicians is to win elections, their agenda runs along with the opinion of the general electorate (Lindvall & Rueda 2015; Rueda 2005). As such, unions cannot forward agendas that might upset the general public as they then might risk the interference of political parties in the labour market, which would impact unions position.

Moreover, full employment policies tend to protect and facilitate unionism and hence, a high degree of bargaining power (Rothstein 2014: 291, 305). Thereto, strong unions have fewer incentives to adhere to outsiders, then the reverse (Emmenegger 2011). This became evident during the civil right era, in the US, when unions embraced the interests of non-unionised black workers that sparked their enthusiasm and large numbers of black workers joined the union. When the union had increased their bargaining power through the embrace of black worker interests, and the political context shifted toward the original union members benefit, the union dismissed the interests of black workers and recurred to the old agenda (Nelson 1996).

In sum, labour union behaviour is complex and can manifest itself different due to the strength of impact factors. Both Bernstein and Bonacich highlights the need to combine and to analyse different impact mechanisms to understand union behaviour, as the unions' agenda evolves in correspondence to as discussed here: economic mechanisms and political mechanisms. Hence, these will be used together with the theoretical framework outlined in the next section to probe whether the level of equalisation is affected by union behaviour.

3 Theoretical framework

To probe the effect of these impact factors on union behaviour, their wage policy, and the equalising effect of wage formation. This section will outline the theoretical framework. Built upon the two theories: the insider-outsider theory and split labour market theory and this section are divided into three sub-sections: the first discusses the insider-outsider theory, they second the split labour market theory, and these will be merged into a theoretical model in the

third sub-section. The theoretical model will provide an understanding of how the rest of the thesis plays out.

3.1 Step 1: Insider-outsider theory

As the name suggests, the insider-outsider theory analyses the behaviour of insiders and outsiders. The stronger group labelled as insiders, and in this thesis, they constitute the core of the union, being at the top of the union hierarchy and in control of the union agenda.

Therefore, union agenda and its effect on inequality in terms of wage-differentials, are, to a large extent a reflection of insider members interests (Duke 2018:22; Davidsson & Emmenegger 2012:211).

Lindbeck and Snower initially developed the theory as a way to understand why wages in the labour market stays above the equilibrium, contrary to the theory of demand and supply. To understand why unemployed individuals as outsiders did not undercut employed workers to gain access in the labour market, they argue that we have to analyse unions. They can organise workers (insiders) to cooperate while refusing to cooperate with outsiders. Therefore, if employers try to replace insiders with outsiders or threaten with decreasing wages, the union has the power to initiate obstructive activities, creating a productivity divide and a labour turnover cost. In sum, employers instead meet the demands of insiders as the price to replace them is higher than meeting their demands (Lindbeck & Snower 1986),

The theory has been used to analyse left-party strategies and indicate a tendency to navigate between insider and outsider interests. If a left-party move too far to the left, outsiders might turn away to right-wing parties, and if they move too far to the right, insiders might turn to other left parties. In sum, when embracing and deciding upon an agenda, parties have to calculate whether they can win or lose support (Lindvall & Rueda 2012; Rueda 2005). Labour unions thrive when they posit a large member base; therefore, this might apply to unions as they need to attract workers and their behaviour is as such similar to that of left-parties (Lindberg 2013).

In the Swedish labour market, unions have been able to reduce within sector wage differentials but unable to reduce the wage-differentials between sectors. Edin and Richardsson argue that this is evidence of conflictual behaviour between unions, based on

survival of the fittest (Edin & Richardsson 2002). Their argument follows the assumption that antagonism on the labour market emerges between groups of different economic status, or security in the labour market (Lindvall & Rueda 2014; Rueda 2005). Furthermore, Lindbeck and Snower argue that union thrive when the economic context enables high productivity and rents to be exploited, and a political atmosphere that allows and protect the right to initiate obstructive activities. Contrary, recession cause insiders to protect themselves from undercutting (Lindbeck & Snower 2001).

In sum, the insider-outsider theory examines the dualistic nature of the labour market based on the idea that the privileged are insiders and outsiders being the unprivileged. The insiders' behaviour is guided by job security and rents available to collect (e.g. Lindbeck & Snower 2001).

3.2 Step 2: Split labour market theory

Analogous to insider-outsider theory, the SLM theory argues that antagonism emerges when wage differentials exist between two or more groups in the labour market competing over returns from employers. These differentials beget competition as employers want to exploit these differentials and maximize their return by lowering the cost of labour. Similar to the insider-outsider theory, SLM argues that higher paid groups initiate various exclusionary or inclusionary tactics to avoid being substituted or downgraded (Bonacich 1979; Bernstein 1995;1998 & Calliste 1995). The main difference between the two theories is the way of discussing the obstructing activities and how the insiders protect their superior position.

They also differ in the regard that SLM depicts the labour market as a three-party conflict, that between high-priced labour and employers over rents, and low-priced labour as inferior actors with the sole purpose to compete. The SLM theory would explain the behaviour of unions on the American West coast in exclusionary terms, as they want to close the market to protect their superior position (Bonacich 1972). While the SLM tend to focus on exclusionary events, Bernstein shows that unions forward equalising agendas to diminish differences between groups, as to eradicate their competition. They assume that there is no advantage behind replacing one employer with another if the price is equal. Therefore, small wage-differentials can safeguard the job positions of the insiders (Bernstein 1998).

While most of the research in the field of SLM discuss ethnic antagonism, Bonacich argues that the same pattern is prevalent between all groups. With economic differences and wage differentials, comes antagonism (Bonacich 2008). Moreover, both the insider-outsider theory and split labour market theory argue that union behaviour follows the interests of the privileged and that the mechanism and cause of conflict between high- and low-priced labour is material interests.

However, the degree of division differs though and is dependent upon economic factors and political context (Duke 2018; Lindvall & Rueda 2014; Emmenegger 2011). To some degree, all strategies are ways for insiders to maintain their position of power and to prevent undercutting (Lindberg, 2013; Lindbeck & Snower 2001 & Bonacich 1979). The SLM theory discusses three types of strategies: exclusion, caste systems, and equalisation. All of which is strategies used to prevent interfering labour groups from undercutting the position of the insider (Duke 2018:23).

As discussed in the sections of impact mechanisms, labour market relations and union behaviour are complex to evaluate as diverse strategies are used. Factors which do not stem from the labour market have a profound impact on it, and the behaviour evolves and changes under the impact of several factors (Bernstein 1998). In sum, both theories in use for this thesis share the idea that the labour market presents itself with weaker and stronger labour-groups and that union behaviour directly affect the divide (Duke 2018; Lindbeck & Snower 2001).

3.3 Step 3: Theoretical model

In this section, the previous research and theoretical concepts will be summed up and merged into a theoretical model (figure 2). The primary objective of this model is to clarify the linkages between the different concepts, and not it is testing. The method and analytical framework to probe whether the propositions hold will be presented in the next section.

The model is divided into three boxes, representing the impact mechanisms, the decision-making arena and the union wage policy. The decision-making arena constitutes LO and its internal process of aggregating interests that form their agenda. Within this playground, I expect there to be insiders with direct and superior access to the agenda. It is indicated by the

solid line (A). The insiders' access and power over the agenda are independent of impact factors, but they may steer their behaviour.

Moreover, the outsiders are members within the union with little to no access to the actual formation of the agenda. It is manifesting itself in cases where the union are devoting relatively low attention toward their interests during the negotiations with the employer side. Thus, indicated by their dotted line (C), and their access hinges on support from the impact mechanisms.

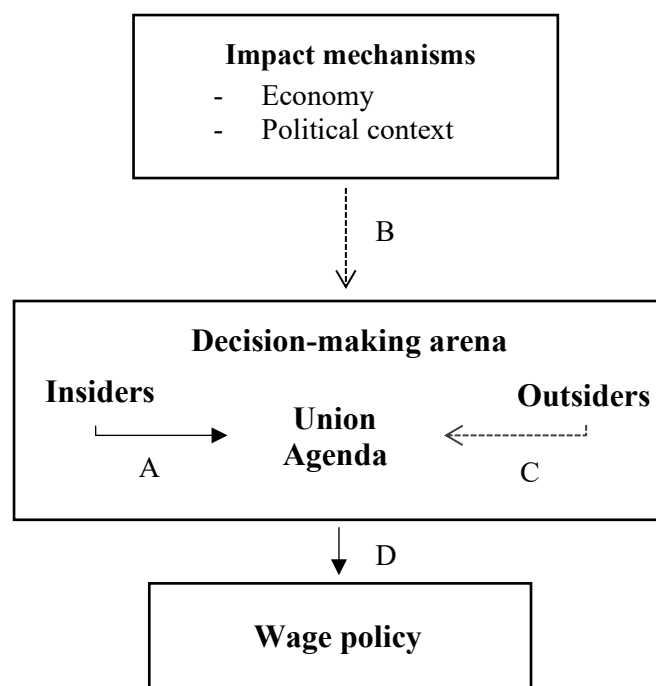


Figure 1 Theoretical model

The assumption is that the impact mechanisms: economy and political circumstances may turn the dotted line between outsiders and the agenda solid. Furthermore, the line between impact mechanisms and the decision-making arena is dotted to indicate their variation in strength. However, as will become evident in the next section, the success of the hypothesis hinges on the idea that these mechanisms steer the behaviour of the labour union. Finally, the agenda beholds the aggregated interests and are such connected to the wage formation box through a solid line (D) as some form of negotiation always occurs between unions and employers, regardless of the level of antagonism between insiders and outsiders. This theoretical model will be transformed into a causal mechanism discussed in the next section.

4 Research design and methodology

The following section will discuss the choice of process tracing as a method, outline the research design, including the hypothesized causal mechanisms. Moreover, to link the discussed theoretical assumptions to the empirical findings a methodological framework has to be outlined. The method of process tracing has been selected to probe whether variations in equalisation between groups are affected by the key impact factors discussed in previous sections (Beach & Pedersen 2016; Bennet & Checkel 2014:3).

4.1 Process tracing

Within the field of political science, process tracing has gained attention as a method for the identification of mediating causal mechanisms that link cause with outcome, the dependent variable with the independent. Thereto, the study of a causal mechanism allows us to outline the processes between a cause and an outcome, by studying and unpacking each part of the causal chain (Beach & Pedersen 2016:302; George & Bennet 2005:586). As such, the focus is not on examining the outcome but rather the causal chain comprised of mechanisms (Esaiasson, Giljam, Oscarsson & Wängnerud 2010:144-145).

For process tracing to be a suitable method in the field of political science research, methodological and research transparency is of utmost importance. We need to outline the causal mechanism that will be probed and guide its construction from the theoretical framework (Collier 2014; Bennet & Checkel 2014:9; Beach & Pedersen 2016). In essence, a discussion regarding how the causal mechanism links to the previous sections will follow below. As well as expectation in regards of what type of evidence that strengthen the existence of each of its parts, referred to as systems understanding of mechanisms (Beach 2017).

Understanding the process between X and Y in this way, differ from notions as the minimalist understanding of mechanisms and the idea of intervening variables. While researchers using the minimalist understanding also trace evidence for each part, it fails to explain how each part is interlinked resulting in the in-between parts, depicted in the figure below (figure 2), to remain empirically and theoretically understudied. The concept of intervening variables implies a need to obtain empirical evidence from across-cases and is therefore dismissed as it

rules out within-case research (Beach & Pedersen 2016:272; Bennet & Checkel 2014; Waldner 2014:132).

$$X \rightarrow M1 \rightarrow M2 \rightarrow Y$$

Figure 2 A causal graph

The above graph is a prototype to the actual causal mechanism presented below (figure 3), and function as a tool to highlight its different elements (Waldner 2014:128). Thus, the figure depicts the elements of the causal mechanism that starts with X, the cause and initiating effect running through various mediating parts (M1, M2) concluding at Y, the outcome. The casual process can be visualised as domino bricks falling, and X being the initiator (Bennet & Checkel 2014:6). Moreover, the arrows in the graph are of utmost interest to the understanding of the causal graph as they connect the mediating parts, “*in such a way that they are jointly sufficient for the outcome*” (Waldner 2014:131). The arrows are; therefore, integral parts of the causal mechanism and all hypothesized parts have to exist for the hypothesized causal mechanism to function (Beach & Pedersen 2016:35).

Furthermore, process tracing can be divided into four variants and the choice of variant depend on the research purpose (Beach & Pedersen 2016:304). These four belong to either, theory-centric or case-centric process-tracing. Research of case-centric art aim to examine and provide a comprehensive explanation of a single historical case, and therefore only produce case-specific explanations with low generalisability. I contend that this thesis is a theory-centric research on the basis of my use of systems understanding of mechanisms, which also enables stronger inference possibilities if the empirical analysis supports my hypothesis (Beach & Pedersen 2016:305).

Furthermore, within theory-centric research, we find theory-building and theory-testing, and in short, this thesis does not aim to trace where a causal mechanism failed or to establish evidence for what conditions are required for the flawed mechanism to function. Hence, this thesis is not of theory-building art. Instead, the hypothesized causal mechanism are based on existing theories and provide propositions regarding what empirical evidence I expect to find. These expectations are then probed through process tracing and sources evaluated (Beach & Pedersen 2016:305).

4.2 The causal mechanisms and propositions

With the above in mind, the following causal mechanism (figure 3) is constructed to probe whether economic variation generates difference in behaviour and in elongation difference in wage formation policy. Moreover, the causal mechanisms, the parts, are in the systemic understanding of mechanisms understood as semi-theories. Hence, the hypothesized causal mechanism has been constructed while extrapolating the previous research for pieces of evidence that can strengthen the assumption of similar behaviour in this case. The guidelines for such process are scarce and the idea is to search for probability, therefore, to assume behaviour using evidence from another context implies uncertainty (Beach & Pedersen 2016:319). The section continues by outlining the mechanistic propositions; how the parts are expected to function.

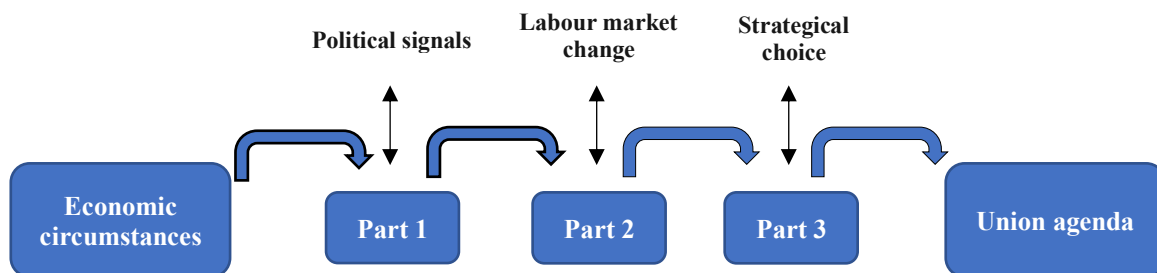


Figure 3 Hypothesized causal mechanism

The mechanism starts with *economic circumstances* as the cause, initiator of the domino-effect resulting in the formation of the union agenda, which affect the level of equalisation between groups. This is based on the centrality of economic and material interests in both insider-outsider theory (Lindbeck & Snower 1986) and the split labour market theory (Bonacich 1972;1979). The assumption is that times of boom increases production and creates low levels of unemployment, premises for an encompassing union agenda. Contrary, the effect of recession will result in decreased production and increased unemployment which is negative for equalisation and encompassing union agendas.

This will then set in motion a process starting with *political signals*, referring to political actors expressing their view on the economic situation. In time of boom the expectation is that the government would loosen the grip of the market and as such allow the labour market social partners to negotiate more freely. Contrary, in times of recession political actors would put constraints, or express the need for caution in terms of wage-and welfare improvements

for the workers. In short, this proposition is based in the intimate bond of unions and political parties and the indication that unions need to attract members and cannot act out of pure self-interests (Lindberg 2013; Rueda 2005).

Followed with the *labour market changes*. The expectation is based on the research of Milkman (1982) and Lindbeck and Snower (1986), that boom will lead to shortage of labour and announcement of export growth, which both creates a situation in which the union are unable to provide the labour market with workers of their own and forward encompassing agendas to equalise wages and protect the insiders. Contrary, times of recession will lead to overflow of labour, decline of export generating industrial squeeze and a free-for-all environment.

Ultimately, *strategical choice* within the Swedish labour movement. In times of boom the inside members embrace outsider interests as their own interests will not be affected by this appeal. Thereto, an appeal will raise the thresholds to enter the labour market and hence increase their own value. In times of recession, the reality of overflow of labour and decline in export and collectable returns affect the agenda and calls for dismissal of outsider interests emerge as insiders invoke that there are no room for catch-all agendas.

These propositions and the hypothesized causal mechanism will be transformed into two causal mechanisms, with variation in the value of economic circumstance: boom (table 1) and recession (table 2). These will also function as the analytical framework and are found on the next page. To probe the causal mechanism, we need to collect empirical evidence and the process of data collection will be discussed in the next section, 4.3.

Table 1 A hypothesized causal mechanism linking economic boost and the abolishment of separate women wages

Scope condition: LO's embrace of abolishment of women wages					
Causal mechanism	Cause	Part 1	Part 2	Part 3	Outcome
Theory	Economic boost	Political changes	Labour market changes	Strategical choices	Abolishment of separate women wages
Empirical propositions	Contextual circumstances generate stability, but shortage of labour which hinders further growth	Political leaders signal introduction of new economic policies in response to economic growth, and freedom for the labour market parties	Indication of increased productivity and increase of operating space generates calls for increased welfare	Labour union officials expresses support for the embrace of gendered interests	

Table 2 A hypothesized causal mechanism linking recession and the Metalworkers' Unions break from centralised negotiations

Scope condition: Metalworkers break from central negotiations					
Causal mechanism	Cause	Part 1	Part 2	Part 3	Outcome
Theory	Economic recession	Political changes	Labour market changes	Strategical choices	Break from centralised negotiations
Empirical propositions	Contextual circumstances generate low demand of workers, and low margins for wage improvements	Political leaders signal need for caution and restriction regarding the economy, and signal new reforms to help the industry	Indication of decreasing productivity and impingement of operating space generates irritation and frustration	Labour union officials belonging to the insider group calls for new system of wage formation	

4.3 Empirical manifestations and selection of material

This sub-section will present what type of evidence will be collected to establish whether the outlined hypothesized causal mechanism and its propositions hold. By collecting empirical data following the idea of evidential diversity, we can establish the materials relevance, independence and source reliability (Beach 2017; Esaiasson et al. 2010:291). For this thesis, historical archives, news articles and additional academic and statistical accounts have been used to trace evidence for each part of the causal mechanism. The section will start by discussing the cause, and then turn to a combined discussion of the rest of the parts as the evidence for part one, two, and three is triangulating between all sources.

Material concerning the cause will, first and foremost, be collected from academic sources and will be used to establish a framework and contextual understanding of the financial situation surrounding both cases. The initial intention was to solely use statistical databases such as the World Bank, OECD, or Statistic Sweden (SCB) but shortly into the process realised the complexity inherent to historical economic statistics. The period before 1970, is contended (Krantz 2000; Lindbeck 2000; Henrekson 1998). Therefore, I renounced my initial aim, and as the information is mostly function as descriptive and the thesis do not aim to question previous economic research: my belief is that economic scholars can provide this thesis with adequate information. Thereto, the empirical material following the other parts will allow cross-checking union leaders perception of the economy.

For the rest of the parts, the material will be collected from various sources and be used in a cross-tracing fashion. Moreover, the evidence is expected to be found in all of the sources, to all parts. Therefore, the rest of the section will outline historical archives and news articles.

Historical archive

To trace discourse within LO evidence have been traced using congress protocols available at the Swedish Labour Movement's Archive and Library (Arbark), and includes congressional protocols containing transcriptions of debates, affiliated unions motions and the responses from LO leaders. Additional reports and statistics regarding, e.g. wage- and membership development has also been examined.

From these sources, the expectation is to find evidence of for all of the parts regarding the economy, political discourse, the labour market reality and strategical choices. Due to the intimate bond between the Swedish Social Democratic Party and LO, the party leader usually visits the Congress and hold speeches that have been transcribed and can in part provide evidence for political signals of the political branch of the labour movement see the financial situation and outlook.

The LO Congress is a moment at which members discuss, negotiate and determine the framework for the course of action, the agenda, for the next five-year period but also discuss the past five-year period (LO 1976:7). Thus, evidence to probe whether part two and three can also be found and as such, the protocols constitute the backbone for the study.

Furthermore, from the historical archive at the Library of Gothenburg University a separate study of the journal, *Fackföreningsrörelsen*, published by LO between 1921-1975 out of which the following years have been analysed; 1956; 1957; 1958; 1959, and the first half of 1960. This journal publishes everything from summaries of board meetings, monthly economic reports, and most important, debate articles on topics such as women wages, wage differentials and other labour market concerns.

News articles

The collection of news articles is based on two arguments: (1) to fill the gap between each LO-congress that occur each five-year, and (2) to enhance source independence and enable the collection of political signals, public opinions as well as additional information regarding the economic situation. Furthermore, when sampling the news articles, two keywords were, primarily, used: women wages (kvinnlöner) and wage formation (lönebildning).

During the collection process, an initial pre-study was conducted using the online databases available at Dagens Nyheter (DN) and Svenska Dagbladet (SvD). Moreover, to further build upon the evidential diversity, a new sampling process was done using the Swedish National Library database covering Swedish newspapers from 1645 to the present, to probe whether any additional evidence was of additional value. It shall be noted that this only includes daily news outlets. Hence, *Fackföreningsrörelsen*, is discussed under historical archives.

Keywords	Time Period	# of articles
Women wages	1946 – 1961	261
Wage policy	1946 – 1961	2378
	1976 – 1984	1794
Total		4433

The collected empirical evidence will undergo an evaluation to establish empirical certainty and uniqueness. As the evidence will be collected from several different sources, triangulation between collected empirical evidence becomes possible and, hence, the accuracy of the evidence stronger (Beach & Pedersen 2016:193).

However, as process tracing tends to proceed inductively, data may or will be discovered throughout the research process. As to escape the problem of infinite regress, a timeline for the analysis will be developed (figure 4; figure 5). Furthermore, the process of evaluation and sampling will follow the idea of theoretical saturation. Hence, the collection of data will stop when similar patterns occur (2016:196; Esaiasson et al. 2010:190-191) The years of the study were selected after a pre-study indicated that these years were essential and needed further evidence. Thereto, years not selected have been traced empirically through other sources deemed suitable following the idea of empirical saturation.

4.4 Argumentation for case selection

Two cases have been selected: (1) The abolishment of separate women wages in 1960, and (2) the Metalworkers Unions decision to divert from the central negotiation system in 1983. These cases are selected both out of methodological and historical reasons. Furthermore, if empirical evidence is found for all parts in one case, it only allows restricted claims of inference as a single case study only can prove that the hypothesised causal mechanism functioned in this particular case (Beach & Pedersen 2017; 2016: 319). Therefore, a second case is selected based on prior knowledge, which provides variation in terms of economic circumstances. By probing a second case where we have variation in the cause, it could render knowledge of the necessity of economic factors for the embrace of outsider interest and equalising wage policies (George & Bennet 2005.:246; Beach & Pedersen 2012).

The case selection has been guided by the cases historical importance for the Swedish labour market model, and hence the wage formation system and its ability to achieve equalisation of wages. First, the abolishment of women wages is regarded as important for the decline of the gender wage gap (e.g. Edin & Richardson 2002), and the metalworker's breakout from centralised negotiations is regarded as a critical juncture for the whole wage formation process in Sweden (Martin 1992:60).

Above these considerations, Sweden and Swedish unionism constitute an excellent example to study as to its encompassing unionism and its present, relatively, high level of equality and the freedom the Swedish labour market model provides to the social partners in the labour market (Davidsson & Emmenegger 2012:208). Hence, I argue that understanding the decision-making process of the labour unions, as it affects the labour market as a whole, is essential for the understanding of wage equalisation as representation fails to explain it.

4.5 Choice of time-period

Thus far, we have established the theoretical framework and discussed the methodological framework in terms in terms of how and what to analyse, the only missing part before the analysis is the establishment of a timeline for each of the cases. (Ricks & Liu 2018). Vital as it constitutes the backbone upon which the whole test using process tracing rest. Without an outlined time-period, a problem of infinite regress may emerge as there can always be more steps to take, as well as further events to study (Collier 2011).

As process tracers have the indulgence to study events in retrospect, thus the ability to outline critical junctures and moments in time otherwise deemed impossible (Bennet & Checkel 2014:26). In the timelines (see appendix), besides the outcomes as constituting the critical junctures, other points have been selected based on the occurrence of LO Congress. Thereto, in the first case, the first and second report of women wages delivered to LO in 1946 and 1950 are selected as events of importance.

4.6 Delimitations and thoughts

Before moving to the analysis, a few notes on the limits of the selected method. As the selected method enables an in-depth case-study analysis of the cases, the findings have limited level of generalisability (Beach & Pedersen 2016:330). The above-discussed notions

of transparency of research design and triangulation of sources will strengthen and enable strong validity and reliability. Also, the selected sources do not include interviews that are discussed as beneficial to process tracing research as it can provide a deep understanding of how actors relevant to the cases perceived the situations and help reconstruct the occurred event (Tansey 2007). Due to the somewhat substantial distance in time to the first case, and to some extent the second I considered interviews as either impossible or risking the reliability due to retrospective accounts.

5. Analysis

5.1 Abolishment of separate women wages

The question of wage formation and wage differentials have been of utmost concern within LO since its genesis in 1898, and the question of gender wage differentials was discussed as early as 1909 (Arbetartidningen 1951). However, the first substantial step waited until 1943, when LO answered demands from the women-dominated union, the Swedish Union of Tailors and Garment workers, and appointed a special commission for the investigation of how to tackle the gender wage differentials (Hirdman 1998:19,32). In 1946, this commission delivered a report that constitutes a launching pad for the discussion and debate inside LO, which ultimately led to the agreement between LO and SAF in 1960.

Before moving on to the analysis, the report in 1946 generated no significant changes on behalf diminishing the gender-wage gap. LO showed near to no interests toward the matter, and even the initiating union own newspaper showcased a total silence. In sum, the women were alone (Sund 1991:41). As discussed in previous sections, the assumption is that the economic circumstances were the cause behind the domino-effect that leads to the outcome: the abolishment of separate women wages, which marks the start of diminishing wage differentials between men and women workers (Hirdman 1998:60; Sund 1991:57). The following sections will probe the hypothesized causal mechanism following a sequential outline, guided by the five-year periods between LO-congresses.

Cause: Economic growth

To provide pre-understanding of the economic circumstances pervaded at the time between 1946 and 1961, a brief discussion to outline the Swedish economy follow. First, at the end of the Second World War in 1945, the world was to recover to a state of normality and Sweden

had an economic advantage on the world. It kept neutral throughout the war and had stable industries with on-going production (Krantz 2000). Thereto, Sweden was able to keep growing the years that followed, and at the end of 1960, the country was regarded as one of the world’s wealthiest countries in the world at the end of 1960 (Henrekson 1998).

Tabell 3 Swedish percental growth in GDP per capita in comparison to two groups of countries, 1925 – 1965. Constant prices.

	<i>Swedish growth in comparison to</i>	
	Sixteenth industrialized countries	The six richest countries 1970
1925-1935	20,5	19,2
1935-1945	11,9	19,9
1945-1955	-4,7	-16,5
1955-1965	-1,8	1,3

Source: Krantz 2000

The sixteenth countries: Australia, Belgium, Denmark, Finland, France, Netherlands, Italy, Japan, Canada, Norway, Switzerland, Germany, UK, USA, Austria, and Sweden.
 The six richest countries: Denmark, France, Germany, Switzerland, UK, and Sweden.

As the data are historical, there is considerable uncertainty in the accuracy of the numbers in the table above, and due to this, economic scholars depict different pictures of the Swedish economy. Krantz argues that Swedish economic ceded back starting already in 1950 and argue that the only reason behind the continuation of the rising Swedish welfare was the outside worlds development after the war (Krantz 2000). While others indicate that Swedish economic growth was exceptional until 1970 (Henrekson 1998), what remains certain is that the period between 1950-1970 is considered as the golden age of capitalism, and whether or not Swedish economy was booming during this period and how that affected the agenda of LO, and the equalisation of wages will become evident in the following sections.

Phase 1: 1946 – 1951, Post-war caution and metalworker power

... we shall not forget the enormous problems today's rulers face while attempting to restore our society. How these problems are solved will affect us and all of the working class throughout the world (August Lindberg at the 9th LO-congress held in 1946, LO 1946:3, my translation).

The government, the Social Democratic Party, and LO often ran their policies in synchrony with a holistic view balanced between providing the working class with improvements and keeping the general public satisfied (Kommissionen för ekonomisk efterkrigsplanering 1945; Dagens Nyheter (DN) 1945). Moreover, at the beginning of this period, growing numbers of LO members express irritation over the unfair situation over decreasing real wages. Which generated that the most voiced interest was broad wage improvements, and gender-wage differentials were side-lined from the agenda. The LO-chairman, August Lindberg, addressed the question of women wages as a problem of modest size, and as such, had LO's modest attention (Arbetartidningen 1946).

The first report regarding women wages delivered in 1946 called for central negotiations led by LO to solve the matter, with one proviso, the wage formation process was not to harm male wages and their improvements (Sund 1991:33, 34). Moreover, the enhancement of women wages hinged upon economic circumstances and the overall achievement of full employment. Thereto, LO argued that the women labour were less valued, and increased wages will affect their employability (LO 1946:197).

The argumentation from the Secretariat¹ followed that of the Swedish Commission for post-war economic planning, and the overall labour movement, a direct effect of the intimate relationship between LO and SAP - Expressed during the 13th LO Congress, as a great benefit for the working-class (LO 1946:5). Furthermore, the report argued that the solution of the issue of women was not a question of wage improvements, it was a question of education as to enlarge the labour market for women, so that they could leave low-wage sectors (Hirdman 1998:27,33). Meanwhile, members of Metall argued that employers use women labour as a way to keep cost low, enforce competition and undercut general calls for wage increases for the male workers (LO 1946:198). The discussion within LO at this moment was a question of equal pay, to minimise the risk of competition from women labour (Sund 1991:27). However, LO and the report wanted to solve the matter through centralised

¹ Elected representatives from affiliated unions that talk on behalf of LO

negotiations with SAF, but the members were by no means united, and the motion lost as the members argued it would only procrastinate its solution (DN 1946).

Despite increasing calls for wage and welfare improvements within LO, August Lindberg maintained a serious and cautious approach. He continued to argue that the question of gender wage differentials, was a question of modest size as men and women rarely occupy similar positions at the workplace (LO 1946:199). Moreover, the chairman argued for a continuation of the restricted wage policy throughout the congress period, as the industry and business sector need to recover and adapt. The Secretariat was to change their attitude toward the wage policy when the productivity increased (LO 1946:197; DN 1946).

The irritation and resistance to the forwarded wage policy continued and resulted in a complete gridlock at the negotiation process of 1948. Similar to 1945, the labour market peace was now the hand of Metall as LO and SAF had co-ordinated the wage negotiations and reached an agreement. Its ratification was in the hand of Metall, but they were reluctant as they believed the wage policy failed to meet their requirements. While they finally agreed on the proposal, this makes visible the hierarchal structure within LO (Expressen 1948).

LO was during the period, divided into two groups, whereas one favoured aggressive wage policies, and one favoured an agenda of caution. To induce some calm to the working-class, the minister of finance, Per Edvin Sköld, went public and argued for the need for continued caution as the Swedish industry still required space to recover. The argument that the Swedish economy rested upon the industry and that its success was cardinal for the success of the Swedish society kept being the prime argument and guide for how LO was to act (DN 1950a). The LO-chairman, Axel Strand, during his May 1st speech, talked about the fine art of limitation, suggesting that the labour movement need to be cautious to not damage the economy and the welfare of the general public (DN 1950b). According to economic reports, Sweden suffered by a large trade deficit caused by increased import that the Swedish industry was unable to meet as Sweden suffered from both shortage of labour (Höök 1949) and problems with absenteeism, caused by the absence of social welfare (Holm 1949). LO reports that they agreed with the government to join them in their agenda of stabilisation, aiming at restraints in all areas, motivated by the fact that stability in price may halt the decrease of real wages (LO 1951:4).

In response to LO-leaders and government rhetoric, Metall were loud opponents of the strategy of caution and restriction as they believed they had suffered enough during the war. During the Metall Congress in August 1950, members viewed the economic situation as positive as the industry showed productivity increases, premises for wage improvements. Parts of the union wanted to break out of LO as to achieve higher welfare and protect the interests of the metalworkers, not the demands reflecting the labour movement as a whole (DN 1950c)

At the end of 1950, the second report, regarding women wages and workers were released. Representatives from LO and SAF made a joint statement where they argued that a total equalization of wages between men and women workers is essentially impossible. Due to certain limits, based on their quality as workers (DN 1950d). The report argued that it remains unreasonable to form wages based on gender and that equal pay for equal work is reasonable. However, "...wages have to follow that of individual ability to produce, consideration taken to the total cost of production as it should remain the same regardless of gender..." (2nd report on women wages quoted at 10th LO-congress in 1951:262). The report, by default LO and SAF, valued women labour as less valuable despite the idea of equal pay for equal work. They were arguing that women were less versatile. Moreover, LO and SAF agreed that the primary responsibility for the gender-wage differentials should be in the hand of the individual union – not a subject for central negotiations between LO and SAF (Hirdman 1998: 42-43; LO 1951: 261-262).

Phase discussion

In the period of 1946-1951 the forwarded agenda were structured under the guidelines set by SAP, with LO in conjunction, and clearly followed the economic development. In terms of political changes, the government kept the price-and wage freeze policy established during WWII which kept both employers and workers in a tight grip and set the boundaries for labour market negotiations and the prospect for gender-wage equalisation.

Table 1.1 Summary of phase 1

Scope condition: Labour unions embrace of abolishment of women wages					
Causal mechanism	Cause	Part 1	Part 2	Part 3	Outcome
Theory	Economic boom	Political changes	Labour market changes	Strategical choices	Abolishment of special women wages
Empirical propositions	Contextual circumstances generate stability, but the shortage labour hinders further growth	Political leaders signal the introduction of new economic policies in response to economic growth	Indication of increased productivity and increase of operating space generates calls for increased welfare	Labour union officials express support for the embrace of gendered interests	Agreement
Empirical manifestations Phase 1	- Shortage of labour - Trade deficit - Industry in need of investment to meet the demands	- Caution - Recovery - Unity	- Recovery	- Caution - Fine art of limitation	Stabilisation agenda – guided by the government - Decentralised negotiation

During the studied period, the findings suggest that LO had a holistic view of society. Moreover, as the Swedish society was highly dependent on the industry, the wellbeing of the industry was of utmost importance. Moreover, the cooperation between the two branches of the labour movement, SAP and LO, manifested itself under the parole of fine art of limitation and the post-war commission.

The analysis suggests that none of the expected premises for equalising agendas are prevalent, thus, the behaviour and actions of LO follows the expectations under the hypothesised causal. LO act out of protecting their power, the jobs of insiders and view the question of women wages as a question of modest concern.

Phase 2: 1951 – 1956 – Indication of loosening up

In August 1951, the Swedish Minister of Commerce attended the Union of Swedish Food Workers Congress and argued for wage formation anchored in reality. He claimed that improving wages is no real achievement for the labour union movement. Instead, a far more complex task is to forward a policy that secures the private economy for the workers” (Svenska Dagbladet (SvD) 1951).

In response to questions of how wage increases would affect the economy, Ericsson responded that the economy needed stability and not the risk of inflation – Implying that wage increases would generate increased inflation and hence, reduced real wages. This argumentation was a month later, at the 14th LO congress, expressed by Axel Strand manifests the intimate bond between the two branches of the labour movement (LO 1951:5).

Axel Strand went from addressing the question of women wages as modest, to outlining women concerns as not the most important for women. Instead, policies that could facilitate the journey from domestic work to the labour market were needed (Expressen 1951). Corresponds with the second report on women wages, who on the one hand, argues that equal pay for equal work is reasonable. While on the other, argue that women are less valuable and wage improvements would force them out of the labour market (LO 1951:263).

The Secretariat argued that the current state of the Swedish economy only allowed them to forward restricted wage demands. Sweden's large trade deficit worried the union and indicated a slow recovery pace of the industry (LO 1951:4). However, among members, the irritation over stagnated wages augmented and just months after the Congress LO publicly argued for the need to compensate the working-class and cannot form their policies out of concerns for the overall society before their members' interests forever (DN 1951).

LO failed to achieve equal pay for equal work, separate women wages were still in all agreements and both SAP and LO, dismissed all calls to solve the issue through legalisation. A reality that caused problems for Axel Strand, and during a radio-interview he came under scrutiny as the interviewee wonder in not equal pay in its essence was a question of democracy. He responded, gender-wage differentials might be a question of democracy, but legalisation will not result in any progress on behalf for women workers. He emphasised,

wages, and wage formation are decided through negotiations between LO and SAF, and not through state legalisation (Arbetartidningen 1951).

At the beginning of 1955, the scope for any form of wage improvements remained dim. The Minister of Finance, Sköld, stated that the unions need to continue their restricted agenda and threatened by state intervention to calm the market if not (DN 1955a). Upon which LO responded that at some moment, the working-class has to be remunerated for its suffering and hardship during and in the post-war period. Wage improvement cannot be wandered off by the threats of inflation in eternity (DN 1955b).

While this initially might be seen as an indication of a new wage policy entering the LO-agenda, and possible scope for women wage improvements, it was not. Instead, LO ended up in a two-fronted conflict, as SAF called upon Strand and emphasized that the economic situation required wariness, and SAF ordered 500 000 workers in lockout as they saw any demand of wage improvements as directly damaging the competitiveness of Swedish industry and the Swedish depression (DN 1955c). Four days after SAF announced lockout, the government intervened with a commission and hindered a complete productivity stop (SvD 1955). Meanwhile, a process inside LO started and ended with the announcement that LO will pursue restricted wage demands as long as the industry was recovering (DN 1955d).

In what seems like an attempt to calm LO and any demands for wage improvements, the Swedish prime minister, Erlander, went public to innuendo that the government had overestimated the ability of LO to unify the labour movement under the parole and goal of securing low levels of inflation (DN 1955e).

Phase discussion

Between 1946-1956, LO conducted two extensive studies regarding women wages and women labour. In sum, LO and SAF had at the end of 1950 agreed that wages should follow the individual workers' ability to produce, regardless of gender. However, both parties still viewed women as a less valued labour force, and they, therefore, received less pay (Holmberg 1956).

While the economy started to create rents for LO and its affiliated unions to collect, the economic circumstances with high inflation created an environment in which LO was forced

into restriction. By the employer SAF, but also by the political branch of the labour movement, SAP. Moreover, the irritation within LO was pushed back by the impact factor of political signals.

Table 1.2 Summary of phase 2

Scope condition: Labour unions embrace of abolishment of women wages					
Causal mechanism	Cause	Part 1	Part 2	Part 3	Outcome
Theory	Economic boom	Political changes	Labour market changes	Strategical choices	Abolishment of special women wages
Expectation for the causal mechanisms to hold	Contextual circumstances generate stability, but shortage of labour which hinders further growth	Political leaders signal introduction of new economic policies in response to economic growth	Indication of increased productivity and increase of operating space generates calls for increased welfare	Labour union officials expresses support for the embrace of gendered interests	Agreement
Empirical manifestations Phase 1	- Shortage of labour - Trade deficit - Industry in need of investment to meet the demands	- Caution - Recovery - Unity	- Recovery - Restrictions	- Caution - Fine art of limitation	Stabilisation agenda – guided by the government - Decentralized negotiations
Empirical manifestations Phase 2	Inflation causing real wages to decline	- Similar agenda as pursued during 1946-1951 - Threats of state intervention	- Lockout to stop demands for improvements	- Started as last phase - Irritation over the welfare of union members	Centralized negotiations - Caution while probing for improvements

Phase 3: 1956 – 1961 – Breakthrough

Our tactics, and our methods, as a union have to be adapted to real conditions. We cannot form these ingenuously or allow ourselves to form these after our preconceived notions or principles (Axel Strand at the 15th LO Congress in 1956:8, my translation).

In 1956, the shortage of labour in the Swedish labour market started to be tangible and hindered revitalisation of the economy. Moreover, LO expected women to constitute the foremost labour pool as they were the only available non-activated part of the society (Holmberg 1956:24). In effect, LO witnessed a significant influx of new members to LO and the organisation reached a milestone as the worlds most unionized country. Half of the influx of members were women workers, addressed as positive as it strengthened the bargaining power (LO 1956:5; Lundström 1957). However, as a direct consequence of an increasing member base, an increased set of interests wanted to be part of the LO agenda. Axel Strand stated:

...all groups and individuals strive for the greatest possible freedom to act out of their sole convenience, in accordance to his or her interests, but if this maxim leads to competition that produces a situation of better or worse off, the question arises of halting those who have failed (LO 1956:8).

To the 15th LO congress, the initiator of the first report on women wages, SUTGW, delivered a motion expressing impatience over the slow progress of equalisation. While women had received wage increases equivalent that obtained by men, the gender-wage gap persisted (LO 1956:190). They also pointed to the fact that women are in demand due to shortage of labour, and it should therefore be of LO's interest to forward demands to achieve fair wages for women (LO 1956:193).

...according to the report on women wages, it is up to each contracting part, to arrive at their organisational wage policy conclusion. Taking their sectors condition into account (LO 1956:197).

The Secretariat responded by defending LO, claimed that no individual union had called for assistance during the last Congress period and that there is no sign of conflict caused by the question of women wages. Thus, as long as wage formation were handled in a decentralised

fashion and no affiliated union called for help, LO was not to blame (LO 1956:196). Maria Brandt responded with frustration toward the unions' ignorant approach to women wages, and questioned the whole idea of wage policies based on solidarity:

To all men here at the congress, have you considered the fact that a true act of solidarity would be for you to relinquish parts of your wage increases to your fellow women colleagues. Then, your statements of unreasonable, and unjustifiable wage differences would be more than hollow words (Maria Brandt at the 11th LO congress 1956: 206).

However, LO calculated the prospect for wage improvements during 1956-1957 as minimal and continued their path of restricted wage demands (Lind 1956b:400), explained by the unstable atmosphere for the Swedish export-dependent industries (Aftonbladet 1956). Moreover, at a meeting with LO, the Swedish minister of finance, Gunnar Sträng, stated that the uncertain development has caused the government to consider whether their control over prices and inflation were sufficient. He continued to argue that the social partners had to consider the overall economic situation and have a holistic view, Sweden above the members, Otherwise, the government would intervene in the wage formation process (Expressen 1956b).

In an article in LO's journal, *Fackföreningen*, James Rössel who worked in the labour commission writes that the gender-wage differentials are an effect of women diversity and not men's intentional and conscious resistance (Rössel 1957:13). While blaming women and officially supporting some form of equalisation of wages, LO tried to protect other spheres in the labour market from women interference. The night jobs.

“... the requirement for a restriction of the night-time work ban, not to mention the requirement of abolition of the prohibition – is not borne by the women involved in industrial work themselves, nor by their trade union” (Blomgren & Bolin 1957, p.310)

Something of a tipping point to the question of gender-wage differentials was the investigation conducted by the Swedish National Labour Market Board that indicated that women labour force was less sensitive to cyclical and seasonal variations than their male peers. Their findings contradicted the general notion expressed by LO throughout the period, that women were less valued, capable and that their jobs were susceptible to wage increases.

This reality also counters the general understanding that it would be reasonable for women to be affected first and stand back for male workers as they are family providers (Blomkvist 1958:481-482).

The report, came at a moment where the economic circumstances started to present itself as favourable, causing LO to suddenly expect wages to increase during 1959 and 1960 (Expressen 1959). Thereto, the women labour was now vital and essential for the Swedish economy and industry (Arbetartidningen 1959a). LO expected the production in the industry to increase by 4,5% for each year of the 1960 and estimated that they now would have room to demand and provide their all their members with wage and welfare improvements (Axelson 1960). In terms of profits, the industry expected them to increase by approximately 25-30% (Arbetartidningen 1959c).

All in all, the economic situation was favourable, and wage increases deemed possible and the leaders within LO argued for substantial increases. So, at the end of 1959, LO announced their recommendation for the next round of negotiation stated:

The current system with separate wage rates for women is abolished. We instruct our affiliated unions to apply the same wage rates for women and men. In cases where women perform the same work as men, the same wage rate shall apply. The piece rate is calculated according to the same principles as for male workers (Blomkvist 1959, p.363).

Following this declaration, Metall decided to push for the total removal of the notion of women and male workers and move toward a unitary notion, workers. Their push also included a general minimum wage increase (Dagens Nyheter 1959).

Furthermore, during the period between the 14th and 15th LO Congress, the organization continued to witness a significant influx of members that would have been more significant were there any more presumptive workers. Sweden suffered an immense shortage of labour, a shortage that span through most sectors of the labour market (LO 1961:2). Regarding the new wage formation directive, LO saw it as a great interest to the men that women wage was arranged in a better way than before, as they argued that male wages were affected by undercutting from women labour (LO 1961:191)

Phase discussion

The initial phase of this period leading up to the agreement to abolish separate women wages initially followed the same pattern as the second phase. A pattern that were kept in place be threat of intervention in the wage formation process by governmental officials, as Gunnar Strängs threat to intervene in 1956 (Expressen 1956b). However, something happened when the labour market report of 1957-1958 concluded that women were less volatile on the labour market than their male co-workers. Add to this that the economy started to grow significantly in 1958-1960 and suddenly LO embraced the abolishment and move toward a unitary wage structure.

In, sum the combination of the market report indicating that women workers threatened the superior male position on the labour market, and the economic boom generating rents to collect created an environment in which LO embraced an encompassing, wage-equalising agenda. As for the hypothesised causal mechanism, the empirical evidence of political approval to pursue a more aggressive wage policy are scarce, however, due to the intimate bond between LO-SAP established empirically in phase one and two, I contend that, with some caution, SAP was either informed or even complicit in the decision.

Table 1.3 Summary of phase 3

Scope condition: Labour unions embrace of abolishment of women wages					
Causal mechanism	Cause	Part 1	Part 2	Part 3	Outcome
Theory	Economic boom	Political changes	Labour market changes	Strategical choices	Abolishment of separate women wages
Expectation for the causal mechanisms to hold	Contextual circumstances generate stability, but shortage of labour which hinders further growth	Political leaders signal introduction of new economic policies in response to economic growth	Indication of increased productivity and increase of operating space generates calls for increased welfare	Labour union officials expresses support for the embrace of gendered interests	Agreement
Findings phase 1 1946-1951	- Shortage of labour - Trade deficit - Industry in need of investment to meet the demands	- Caution - Recovery - Unity	- Recovery - Irritation	- Caution - Fine art of limitation	Decentralised - Stabilisation agenda – guided by the government
Findings phase 2 1951-1956	- Inflation causing real wages to decline - Slow recovery	- Similar agenda as pursued during 1946-1951 - Threats of state intervention	- Lockout to stop demands for improvements	- Started as last phase - Irritation over the welfare of union members	Centralised -

5.1.1 Case discussion

The analysis of the abolishment of separate women wages started under the assumption the economic boom would lead to equalising behaviour, and hence the abolishment of separate women wages. Moreover, the phases were divided into five-year periods following the occurrence of LO Congress and had all been probing for evidence connected to each of the parts of the causal mechanism seen in table 1-1.3.

In terms of economic growth, it played a crucial role, but the Swedish GDP per capita relative to others (Krantz 2000), not as crucial. The picture is somewhat complicated due to the war, even though Sweden stayed neutral throughout the war, it had to adapt to increasing demands that had accumulated during the war, causing a trade deficit. In other words, when the politicians and LO leaders discussed recovery, they aimed at modern adaptation of the industry. The results, however, show that as long as the economic environment were bad, the political signals kept LO back and the only way to pursue demands of wage improvements were seemingly that of a single union strike. The economic circumstances were unfavourable for the probability of equalising agenda until 1958-1959 when the industry demonstrated significant productivity increases.

The analysis indicates that negative political signals stopped after the Swedish National Labour Market Board concluded their report showing that the superior role of men workers was threatened. The economic circumstances, political signals and labour market changes were interlinked in an iterative process, and while the support of the hypothesised causal mechanism is modest, I contend that the analysis strengthens the assumption that equalisation occurs due to pressure from key impact factors. As discussed under phase two, the empirical evidence for political signals indicating new reforms or economic policies are scarce between the years 1956-1960. However, the empirical findings in phase one and two can, with some caution, support the idea that SAP was either allowing or supporting LO with their agenda. Hence, the case of the abolishment of separate women wages finds moderate support for the causal mechanism.

There are several reasons behind the inability to establish empirical saturation for political changes between 1956-1960 as the magnitude of data available caused problems for the analysis and the probe of the causal mechanism. Specific sources neglected due to time limits, sources that might be able to provide further knowledge regarding the political discourse and

behaviour during that time and either dismiss the claim of moderate support or strengthen the causal mechanism. However, the magnitude of data was helpful to establish the uniqueness and reliability of the source, and as such, I contend that the references hold for a critical examination (Beach & Pedersen 2016: 330; Esaiasson et al. 2010:191-192).

5.2 Metalworkers union breakout of central negotiations

The Swedish process of wage formation was between 1956-1983 set in a framework of centralised negotiations led by LO and SAF (Martin 1991:5). If the discussion above were permeated by how LO went from cautious to forward an encompassing agenda focusing on equalisation, the period this second case analysis tackle, were less stable and the relationship between LO and SAP labelled as “the war of the Roses”. Disagreements on everything from tax reforms to labour market reforms emerged (Tsarouhas 2008:113).

The assumption is that the recession caused initiated a process that leads to the outcome: Metall’s break from central negotiations with LO. This occurred under great protest from the rest of LO (Tsarouhas 2008:15). However, Metall viewed the break as a possibility to allow their members to receive more than they would if they stayed with LO (Martin 1991:51). The events of 1983 are viewed as the start of what became the wage formation process been in place since 1997, from which wages in Sweden are set by the agreements formulated by the export-dependent sector (Danielsson Öberg & Öberg, 2015: 79). The following sections will probe the hypothesised causal mechanism following the same sequential outline as the last case analysis.

Cause: Recession

In 1965, the first tangible signs of weakness in the Swedish economy began to sipper through, and in 1970 the economy came to halt, and the GDP started to decline. Between 1970 and 1993, the manufacturing industry’s share of Swedish GDP fell from 26 per cent to 18 per cent (Henrekson 1998).

Tabell 4 Swedish percental growth in GDP per capita in comparison to two groups of countries, 1965– 1995. Constant prices.

	<i>Swedish growth in comparison to</i>	
	Sixteenth industrialized countries	The six richest countries 1970
1965-1975	-9	-2,5
1975-1985	-10	-3,8
1985-1995	-10	-7,7

Source: Krantz 2000

The sixteenth countries: Australia, Belgium, Denmark, Finland, France, Holland, Italy, Japan, Canada, Norway, Schweiz, Germany, UK, USA, Austria, and Sweden.

The six richest countries: Denmark, France, Germany, Schweiz, UK, and Sweden.

The world witnessed the worst financial time since WWII, caused by external shocks like the spiking oil prices (OPEC crisis). Swedish growth was significantly affected and was lower relative to comparable countries. For example, Sweden had only 61% of the growth of the OECD average (Krantz 2000). In comparison to the first case, the outlook was negative. We will now see how the unstable world economy affected wage formation and LO's agenda for equalisation

Before going into the subsequent analysis, the gender-wage differentials since 1960 has witnessed a rather substantial decline. In the industry sector, women wages increased from 70,2% to 86,4 relative that of male wages and from 66,7% to 82,5% among the blue-collar workers in general. According to LO, this was a direct effect of the hard work and wage policy forwarded by LO through central negotiations (LO 1976:264).

Phase I – 1976 – 1981

Despite the adverse economic circumstances, LO report that they have been able to pursue an agenda that have preserved their members' purchasing power. Made possible as LO and SAP united in the cause of full employment and the renewal of working life (LO 1976:3). The prime minister Olof Palme expressed great pride over the agenda jointly constructed by the two branches of the labour movement. The broad reform package had pushed unemployment to an all-time low as only 1,2% were unemployed (Olof Palme at the 19th LO Congress in 1976, LO 1976:14).

The dependency on export and the industry continued to be expressed by LO, a dependency they expected to increase as the international economy were unstable (LO 1976:266). The success of Swedish export was the decisive factor for the Swedish welfare to improve according to LO, and their agenda aimed at securing Swedish competitiveness (LO 1976:268). While discussing wages at the Congress, members questioned the solidarity-based wage formation as unclear and questioned the calculation of women work as guided by arbitrary judgement (LO 1976:233,276). Furthermore, for the question of equalisation between groups, several unions started to question the whole idea of central negotiations and since 1951 forwarded wage policy. The irritation was two-sided; on the one side, the non-export-dependent sectors arguing for the unfairness that workers in the industry have had more significant wage improvements (LO 1976:226, 227). On the other, Metall, who argued that other unions only had unsubstantial claims, and they questioned whether they were justified (LO 1976:247).

Olof Palme expressed the following during a visit to the Metall Congress in 1977: "the industry can take Sweden out of the crisis, we need to safeguard its cogency" (Olof Palme at the Metall Congress 1977, in Lindblom 1977). The Congress was held the year after SAP lost the election to the centre-right parties, which seem to have spurred the irritation among the Metalworkers as they later went public arguing that the government is pursuing policies in direct clash with the labour unions. They called upon the labour movement to unite in total coordination to enforce change (Bertil Lundin, chairman of the Metalworkers Union, in Althén 1977:4).

As the Swedish Minister of Industry, Nils G. Åsling, presented stimulus packages to save the Swedish industry one can see that as adhering to Metalworkers demands, but in reality, this made the industry to rationalise their production, and in effect, 800 jobs were lost (Salomonsson 1977). In what can be seen as a countermove and preparation, the Transport workers' union raised their membership fees to enable and strengthen their capacity to strike and go into conflict with their employers (SvD 1978).

Sweden witnessed a financial downturn in 1979, close to a recession and the industry was on the decline. The room for wage or welfare improvements were, therefore, minimal (Thiessen, 1979; Hedengren, 1979). The economic circumstances, in combination with the state policies,

made the accumulated irritation within parts of LO to tilt over into obstructive actions. In the wage negotiation process of 1979, a local Metall union in Hallstahammar, called 500 workers to strike with the main argument that the wage-differentials between white- and blue-collar workers cannot continue to dilate (Steen 1979). Or as Brynolf Backman, chairman at Metall in Hallstahammar stated: "I support co-ordinated negotiations, but it cannot result in our defeat" (Steen 1979: my translation).

The employers had seemingly nothing to offer, and while the white-collar workers had received significant wage increases, the LO sector had moderate success in their bargaining process, which made Metall call more workers into the strike. Now over 8000 workers were engaged in the strike, supported by the chairman of national Metall chairman, Leif Blomkvist. While he officially continued to support the centralised and coordinated wage formation process, he started to question its value (Ekström 1979a). SAF tried to seize the moment and announced that they wanted to decentralise the wage negotiation process and give more power to local parties and motivated their stance by pointing at the on-going strikes as a sign of discontent among workers (Ekström 1979b). SAF also wanted the government to implement tax reliefs to enable increased levels of employment and hence, productivity.

Meanwhile, the wage differentials between white-and blue-collar workers continued to increase and had blue-collar workers as the loser (Hedengren, 1979; Kellerborg 1980b; Eklöf 1980). Also, the government announced austerity, which affects social welfare programs (Kjellander 1980). The on-going recession in Sweden called for changes, according to SAF, as they argued that the current framework for worker-employer relation is damaging the industry (Kjellberg 2011). While not directly adhering to SAF, the government needed to secure the peace in the labour market and offered LO and SAF a tax reform if the parties reached a wage-agreement (Qvist, 1980).

The period between 1976-1981 was intense, which led to the crescendo in 1980 when Sweden witnesses the most significant labour conflict ever witnessed. Thereto, to achieve the change SAF wanted, they called upon the government to intervene and change the Swedish labour market model. SAF's aim to transform the Swedish labour market model failed as SAF and LO reached an agreement that needed to be agreed upon by all the parties of the labour market. However, Metall hesitated and had the labour market peace in their hands but did

agree under pressure from the rest of the LO-sector (Ersman 1980) and the notion that the export suffered significantly, and industry workers risked their jobs (Petzell, 1980).

The financial situation affected everyone, and a new form of antagonism between groups of labour emerged, with representatives from Metal and SIF in the forefront. In a series of revealing debate articles between Staffan Kellerberg (1980ab) from Metall and Berit Zethraeus (1980) from SIF, we can witness growing antagonism. As the wage formation process of 1980 generated high wage improvements for white-collar workers than that of industrial workers, the wage differentials between the two labour groups increased. To what Metall responded, "it seems like everyone agrees on the idea of wage differentials, but only under the terms that white-collar workers gain from the situation" (Kellerborg, 1980a). Zethraeus responded by merely stating that they were happy to allow their large group of women workers to gain as much as they can (1980). To what Kellerborg responded, the solidarity based-wage policy has to enlase the whole labour market. Otherwise, it fails (Kellerborg 1980b).

Phase discussion

The analysis indicates that the lack of labour market policies aiming for the protection of the workers in conjunction with adverse economic circumstances irritated the unionised workers. The irritation and antagonism ran not only between LO-unions but between white-and blue-collar workers as the wage differentials were increasing between the two groups (Ekström 1979ab). This new pattern of antagonism made LO affiliated unions increase members fees to enable obstructive activities (SvD 1978), which finally ended up in a mass strike in 1980 (Kjellberg 1980). In sum, the solidarity-based wage policy was under scrutiny from several angles, and the lines of antagonism were running between low-wage and high-wage groups within LO, and between high-wage groups within LO and white-collar workers. This situation was beneficial for SAF that seized the moment and tried to break the centralised negotiations through lockouts and calls for governmental intervention.

Table 2.1 A hypothesized causal mechanism linking recession and the protection of insider interests

Scope condition: Metalworkers break from central negotiations					
Causal mechanism	Cause	Part 1	Part 2	Part 3	Outcome
Theory	Economic recession	Political changes	Labour market changes	Strategical choices	Break from centralised negotiations
Empirical propositions	Contextual circumstances generate low demand of workers, and low margins for wage improvements	Political leaders signal need for caution and restriction regarding the economy	Indication of decreasing productivity and impingement of operating space generates irritation and frustration	Labour union officials belonging to the insider group calls for new system of wage formation	

Empirical findings phase 1	Worst financial situation since WWII	Workers against the workers Rationalisation Centre-right government	Irritation and frustration New form of antagonism	Strike System of centralised wage formation under scrutiny	Centralised
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Phase 2 – 1981 – 1983

We have for the first time in modern times been forced to go into great conflict. For the first time, we have experienced a consequence of years of deteriorating real wages. And, for the first time in nearly fifty years, we have been able to feel how political power is no longer used to enforce reforms for the good of the majority, but to erode and degrade already achieved progress (LO-chairman Gunnar Nilsson at the 20th LO-congress, LO 1981:3, my translation).

There were only adverse reports, both unemployment was increasing, and real wages reduced, affecting the LO member the hardest (LO 1981:373). Thereto, LO viewed the government as working directly against the labour movement and for the Swedish shareholders (LO 1981:374). In sum, LO argued that the governmental policies, in conjunction with the economic circumstances, made their chances for successful wage bargaining, impossible.

In response to the mass strike of 1980, Leif Blomberg from Metall was upset and irritated as he argued that Metall and LO were ready to sign an agreement early on but others (read PTK) "cheated us, tried to force themselves into a better deal with combat". He continued by stating that they all knew that the space for wage improvements was limited due to declining production, and the strike only damaged industry workers, as they were to re-create what has been lost (LO 1981:380). Metall held the firm view that the solidarity-based wage policy only was possible if white-and blue-collars unite, otherwise the wage differentials between the two groups would rise. Leif Blomberg called upon LO and the affiliated unions to coordinate their actions because what happened in 1980 were not to be repeated (LO 1981:382). The Secretariat held the same stance while arguing that coordinated and central negotiations are the only possible way forward to achieve solidarity based on diminished wage-differentials (LO 1981:374-375).

LO viewed the economic and employment situation in 1983 as distinctly negative, from every point of view. They estimated the unemployment levels to rise throughout 1983-1984 and called upon the state to stimulate the economy through lowered taxes, and directly targeted aid toward low-wage groups (Johansson 1983b). They were worried that if the market governs their wages, they will create competition between low-and high wage earners to squeeze wages down. With a specific notion that women see their wages as a "supplement" and their presence in the labour market will hinder wage improvements if we allow employers to (LO 1981:23). Moreover, the only thing that kept unemployment from skyrocket during this period was the continuous expansion of the public sector (Brodda 1983). However, this caused a bit of a catch-22 situation as more state-led interventions to create jobs, and lowered taxes would generate higher inflation levels and damage the real wages and the already employed.

Ostensibly, a parallel negotiation process was on-going at the beginning of 1983, one between LO and SAF one the one hand, and on the other one between Metall and VF. LO tried to coordinate their members under the parole of solidarity-based wage police, while SAF wanted to damage the process which caused their central negotiation to a halt (Barkman 1983). Both parties initiated or threatened to engage in obstructive activities to achieve their goals (Johannesson 1983; Rolfer 1983; Stålnert 1983). Meanwhile, representatives from Metal were side-passing the central negotiation process, by continuing the negotiations with their

employer association VF. Leif Blomberg called it: as long as there are returns to collect, I cannot turn away and dismiss the interest of my members (Expressen 1983a).

In March 1983, the Metalworkers Union diverted from the central negotiation system led by LO as they believed they were to achieve a better agreement alone. The reason behind the decision was the idea to provide the industry with space to transform and to it, create a prosperous industry sector that can compete in term of export. As before, increased productivity spill-over into an increased return that may enhance the welfare of the workers (Leif Blomkvist interviewed in Expressen by Frankl 1983).

While the diversion from LO's central negotiations was a move of sidestepping LO which caused internal antagonism, the chairman of Metall were loved among his members (Johansson 1983a). With a united member base, Leif Blomberg argued that their agreement acted as a norm, that could help the other unions in their aim to achieve the wage increases they wanted (Johansson 1983b).

However, the outbreak and the Metall agreement broke with the LO agenda and during the months following the outbreak, the atmosphere between Leif Blomberg and Stig Malm were tense. While the Metalworkers argued that their agreement would function as a norm and help other LO-affiliated unions to achieve wage increases (Johanson 1983), Malm warned Blomberg that everyone abandons the idea of wage policy based on solidarity, the labour movement will end up in a situation of a free-for-all. Malm indicated that LO would do everything they can to unite the unions within the LO-family (Expressen 1983b). However, Blomberg answered by merely stating that Metalworkers are Metall's priority (Expressen 1983a).

Metall continued to develop arguments against the solidarity-based wage policy, the economic analyst Ingemar Engman outlined arguments for its reformation. The main idea was that the policy and system of central negotiations failed to achieve "the best possible outcome" for their members. He continued by stating that economic downturn unevenly affects the business sectors, and with a wage-policy based on solidarity, they were unable to collect the rents they were entitled. Hence, the wage policy should be obsolescent and embrace negotiations at the branch level (Engman 1983). Other LO affiliated unions responded:

As usual when strong and privileged groups forward their opinions, they justify their own egoistic interests through muddy argumentation. National responsibility: The groups better off shall assume liability by gaining advantages at the expense of others. While, others should show allegiance by the means of self-denying (Forssberg, Gerdin, Jansson & Nyström 1983²).

Phase discussion

The analysis of phase two starts in a period directly connecting to the mass strike of 1980 that left imprints on the atmosphere within LO. Metall argued that LO had been cheated by PTK that had managed to dismiss LO's call for joint negotiations and equalisation of wages between the white-and blue-collar movement, which at this moment were increasing. That cemented the antagonism discussed in the first phase.

The analysis further shows that the government continued to implement what LO saw as anti-working-class reforms. These reforms and the economic circumstances damaged LO's intention of uniting the affiliated unions under a common agenda. Hence, the antagonism damaged the between blue-collar union relationship as white-collar unions forwarded an agenda that threatened the privileged position of especially the Metalworkers. Thereto, Metall and their new chairman Leif Blomberg saw it as his responsibility to advance his members interests, and he argued that wage-differentials between the different sectors could not proceed with Metall as the loser.

² Göran Forssberg, Roger Gerdin, Björn Jansson, and Lennart Nyström were secretary analysts at the Swedish Clothing Workers' Union, the Swedish Wood Industry Workers' Union, the Swedish Food Workers' Union and Swedish Factory Workers' Union.

Table 2.2 A hypothesized causal mechanism linking recession and the protection of insider interests

Scope condition: Metalworkers break from central negotiations					
Causal mechanism	Cause	Part 1	Part 2	Part 3	Outcome
Theory	Economic recession	Political changes	Labour market changes	Strategical choices	Break from centralised negotiations
Empirical propositions	Contextual circumstances generate low demand of workers, and low margins for wage improvements	Political leaders signal need for caution and restriction regarding the economy	Indication of decreasing productivity and impingement of operating space generates irritation and frustration	Labour union officials belonging to the insider group calls for new system of wage formation	
Empirical findings phase 1	Worst financial situation since WWII	Working against the workers	Irritation and frustration New form of antagonism	Strike System of centralised wage formation under scrutiny	Centralised
Empirical findings phase 2	Financial situation affects business sector unevenly Unemployment	Public sector kept unemployment from skyrocket Labour market policies – reversed robin hood	White-collar vs. Blue-collar	Metall breaks out from LO's negotiation to protect its members Antagonism	De-centralised

The study showcases a moment in time under which the whole labour movement was in distress. As the relationship between Stig Malm, leader of LO was deteriorate are empirically certain, likewise, is it empirically evident that Metall saw it as their right as the backbone of the Swedish economy to divert from centralised negotiations as they see it fit. The debate between Engman and Forssberg, Gerdin, Jansson and Nyström highlight the tension between

the different unions. In sum, the findings of phase two provides considerable support for the hypothesis that recession creates an unfavourable environment for the embrace of encompassing agendas.

5.2.1 Case discussion

The within-case analysis of this, the second case, was conducted with the expectation the recession would cause non-equalising behaviour of the labour unions, under the assumption that the breakout from centralised negotiations was a means to protect insider interests — the metalworkers' superior position.

The data demonstrates that the hypothesised causal mechanism linking economic recession with the break from centralised negotiations holds insofar that evidence is found supporting the proposition for each part. The economic circumstances were unfavourable as unemployment went from low 1,2% to 3,2% in 5 years, and rationalisation of the industry caused people to lose their jobs. The political signals were working against the working-class or at least the industry but also concerning austerity of social welfare. Due to decreased productivity and increasing unemployment, the wage improvements halted relative that of white-collar workers creating a new line of antagonism, which finally led to a break from centralised bargaining. The main reason seems to be feelings of “it is our turn to eat”, and as VF was able to provide Metall with wage improvements, solidarity with the LO-sector was side-lined.

In sum, the empirical data supports each of the parts and as such, strengthen the hypothesis that economic circumstances set in motion a domino effect causing privileged groups to protect their interests above others. Therefore, the findings give the hypothesized causal mechanism considerable support. However, I would like to highlight that more research is needed to strengthen the order of the parts. Neither the analysis of labour market relations nor the actual behaviour in the labour market is straightforward, in any sense. The process resembles an iterative process, in the sense that they interact and are affected by a severe number of factors. For example, Metall were staunch opponents of a restricted agenda in phase one, when it became evident that the white-collar workers had achieved better wage improvements. However, all the other parts of the causal mechanism were at phase one evident, but no split between the LO-affiliated unions occurred. One explanation could be that Metall was biding their time and waited until everything reached a tipping point of no return.

To clarify the order and at what point split occur, further research using quantitative studies is suggested. To examine at what moment unemployment, production, and wage differentials reach the actual point of no return.

5.3 Between-case discussion

The two cases analysed and discussed above can be seen as critical junctures for the labour movement, the wage formation process in Sweden and the equalisation of wage differentials. The discussion that follows will highlight their differences regarding support of the causal mechanism. How the empirical findings have implicated the analysis and whether the initial statement that variation in economic circumstances is the prime impact factor for equalising wage policies to emerge.

The results clearly show that a study of labour unions and their behaviour in conjunction to wage formation without analysing their perception of the economic circumstances is futile. The notion of financial circumstances permeated both case analyses, and the empirical evidence is strong for this claim. Therefore, the cases show considerable support for the cause factor and show that the behaviour changes due to variation in the economy. Hence, the equalising effect of wage policies and wage formation.

However, the emphasis on the economy and the holistic approach regards to the society differed between the two cases. Which can be explained solely by the variation as in boom and recession but could be problematised as it may depend on how close the relationship is to political parties. The analysis clearly shows that SAP and LO had an intimate bond throughout the first case, but the relationship deteriorated in the second phase. Not only because SAP lost the election and role as the leading a political party, but also because of their agendas and view on, e.g. taxes started to drift apart. This could be an alternative explanation to the behaviour of Metall and changed their perception of responsibility for the good of society, hence, their breakout from centralised negotiations.

The relationship to the political branch of the labour movement may complicate the analysis of the first part and how political changes impacted the rest of the causal mechanism and the outcome. In the first case, the behaviour of SAP affected the strength of labour market changes and the strategical choices of LO, even though the empirical evidence is scarce

between 1956-1960 as discussed above. The second case both the relationship between SAP and LO worsened, and LO viewed the centre-right party as pursuing anti-working-class policies. Whether the behaviour or policy outcomes are affected solely by the economy or by ideology remains uncertain and would need further research.

Furthermore, regarding part three and strategical choices, the empirical evidence shows great variation in behaviour and indicate that it depends on political changes and labour market changes. Some matters complicate the ability for definite conclusions even as the mechanism is empirically supported. We cannot dismiss the fact that the new patterns of antagonism could play a significant role in the behaviour of LO and its affiliated unions. In the second phase, most discussions and the subject of importance surrounded the fact that white-collar-workers and their union achieved better wage improvements which put LO under scrutiny for its incapacity to follow or outperform. Metall tried to push LO from the inside to change their wage policies, but then the largest strike and lockout in Swedish history occurred. The differences between 1946-1960 and 1976-1983 may also be explained by the unique bargaining power that Metall as a single union had, and the willingness of VF to break the centralised wage formation system.

In sum, I believe that the second case study strengthens the causal mechanism while the first indication that it needs to be put under more pressure. One reason behind this might be differences in time and the available data. During the analysis, it became tangible that news during the period of 1946-1960 and 1976-1983 differed remarkably. Regarding details, the period of 1946-1960 was slightly problematic while the 1976 and 1983 provided news in abundance. Thereto, the leaders of LO during 1946-1960 were less public regarding their views and actions, while the leaders during 1976-1983 were their direct opposite in that regard. Both Leif Blomberg (Metall) and Stig Malm (LO) were discussing and debating wage formation and wage policies in public, which enabled an intense study between the different LO Congresses.

5.4 Generalisability

The results of a case study using the method of process tracing have limited possibilities for generalisability. However, as the results provide the causal mechanisms moderate to considerable support and on the basis that the causal mechanism is semi-theories, I contend

that we can expect labour unions in a similar context to behave as LO. Moreover, the cases indicate that equalisation only occurs under economic and politically favourable circumstances and suggest that applying the causal mechanism in other cases may indeed show similar results. Thereto, further research to establish at what value of the impact mechanisms unions divert from their path-dependent behaviour could provide valuable insights and enable across-context generalisability.

6 Theoretical discussion

This thesis started with stating that the politics of presence fails to explain the development of Swedish wages, and the equalising of gender-wage differentials. From the above discussions, we can conclude that competing interests and unions that need to aggregate interests, quickly produce antagonism in times of scarce returns.

Moreover, the analysis shows that group composition matter concerning high-income and low-income groups. Evidence that supports the arguments forwarded by the insider-outsider theory (e.g. Lindbeck & Snower 1986), but the notion that the gender composition matter finds no support. Based on two findings: first, the number of women involved with wage formation and elected to attend Congress were minimal. Second, the question of gender-wage differentials might have been brought up by women, but men constructed its solution. I contend that Metall and workers within the industry were the epi-centre and the core insiders who decided to abolish separate women wages were a way to prevent undercutting. Similar to the behaviour of male industry workers during WWII (Milkman 1982). Depending on how one interprets the notion of “effective actor for voicing the concern and interests of women” (Mansbridge 1999), the conclusion differs. The above analysis indicates that women-workers in a male-dominated sector have higher wages than women-workers in the women-dominated sectors (LO 1976:264). Findings that indicate that the interests are forwarded sector wise based on material interests and as such male-dominated unions neglect to help other sectors. However, if women were to achieve higher wages, their position in the union hierarchy would increase.

The analysis supports the theoretical assumptions on several occasions. The Metalworker strike of 1945 was an example of how insider-outsider theory would assume unions to act when they want to forward demands and pressure the employers (Lindbeck & Snower 1986).

There to, the relationship between SAP and LO as well as LO's holistic approach toward the society is in line with the idea put forward by Rueda that the agenda has to balance between insider interests and outsider interests and if upsetting too many, they lose power (2005; Lindvall & Rueda 2014). The SLM (Bonacich 1972;1979) theory helps to clarify the antagonistic behaviour in both cases, but maybe most applicable to describe the different lines of antagonism found during 1976-1983. As such, SLM could explain the break out from LO by Metall as merely trying to counter undercutting from the white-collar workers.

In sum, I contend that that results from the analysis strengthen the idea that groups behave in an antagonistic manner following the level of privileged status. The strength of this thesis is the combination of the theories as it now enables an understanding of how to analyse the new forms of antagonism that emerged in this case. In other words, when the direct threat of undercutting from low wages groups was minimal or at least not of the utmost concern and Metall risked being sidestepped by the white-collar workers they left the solidarity-based wage policy as a measure to protect their superior role in the labour market. I contend that the results strengthen these theories and their assumption that behaviour follows material interests and the protection of a superior position in the labour market.

7 Conclusion

This thesis set out to probe the prediction that the economic circumstances either facilitate or impede equalising wage policies. The results provide moderate support for the case of the abolishment of separate women wages and considerable support for the causal mechanism in the case of Metall's breakout from centralised negotiation led by LO. The main conclusion to be drawn from this is that representation and group composition matter less than economic differences between groups, suggesting that solidarity only occur when the privileged group believe it is necessary and enhancing their superior role in the labour market. Moreover, I argued that unions change their behaviour in connection to the economic development and that boom would create an environment in which unions create equalising wage policies and that unions would create wage policies with non-equalising effect. By applying process tracing as a method and the construction of causal mechanism, I was able to establish a connection between economic circumstances and either equalising or non-equalising union agendas.

Furthermore, the thesis contributed to the understanding of labour market behaviour at large and labour union behaviour specifically. The thesis has been problematising the assumptions put forward by the politics of presence theory and shown that unions acting as an advocator for the wellbeing of their members tend to neglect workers from other unions and hence antagonism within confederations such as LO emerge. The thesis has also shown that the lines of antagonism evolve, changes and disappear depending on the level of threat of undercutting and the amount of available rents to collect. As Bonacich (1972) argues, the social relations in the labour market are complex, which has occurred evident in this thesis. I, therefore, contend that labour market research without a broad overview is futile.

Finally, as the case of the abolishment of separate women wages find moderate support, I encourage future research to both have a broader search field in terms of data collection but also look more closely to how unions and political parties interact as the political mechanism might impact from both the position in government and opposition. Future research should examine recent cases by interviewing union members and leaders to examine the reasons behind the current policies forwarded by LO. Ultimately, the thesis indicates self-protecting behaviour we should be open toward discussions of how wage formation function as even the most equal country fails to achieve what has been discussed since 1909,

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Data material

LO

LO-congress protocol 1941, 1946, 1951, 1956, 1961, 1976, 1981 & 1986.

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Appendix

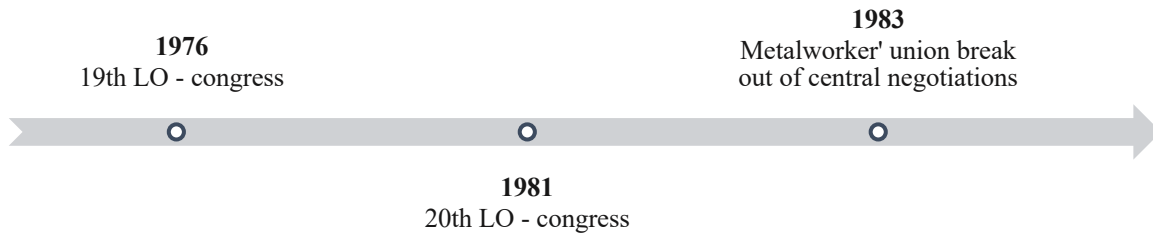


Figure 5 Timeline for probing the case of Metalworkers Unions outbreak from central negotiations

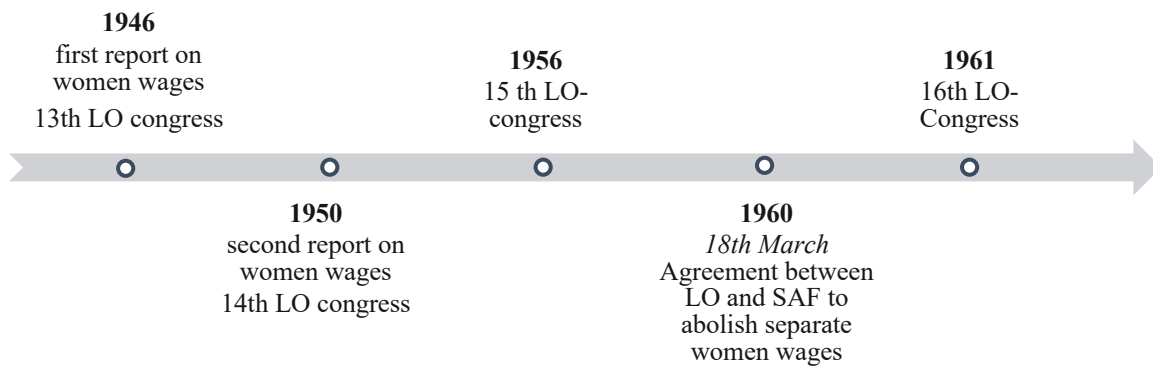


Figure 4 Timeline for probing the case of the abolishment of separate women wages