

Industrial Relations in Norway

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The Norwegian industrial relations system is marked by close co-operation between the state, the employers and the unions and by the high degree of institutionalization of labour relations in general and conflict resolution in particular. This co-operation arises partly from industrialisation at a time when democratic attitudes and processes were already established and from the need for national unity in the post-war reconstruction.

This co-operation and institutionalization is illustrated by the highly centralised trade union movement and in the formal aspects of the bargaining and conflict resolution system such as the Labour Court and the committees and other bodies associated with the incomes policy and tripartite bargaining system.

Norway is however a democratic country with a wide range of political beliefs including both strong socialist and liberal-capitalist influences. These conflicts of belief mean that while conflict resolution may be institutionalized there is still strong disagreement over many aspects of policy and political direction.

Introduction

Norway, today, is an industrialized society with a high standard of living. In 1978, per capita gross domestic product (at market prices) in Norway stood at US\$9778, compared to 9602 in the USA, 8766 in Canada, and 5514 in the United Kingdom. Per capita private consumption in 1977 was US\$4940 in Norway, 5600 in the USA, 4870 in Canada and 2580 in the United Kingdom.

The distribution of the labour force is not unlike that of other Western industrialized countries. The percentage of the total civilian labour force employed in industry (including mining, manufacturing, construction and utilities) in 1978 was 31.6 percent in Norway, 31.2 percent in the USA, 28.7 percent in Canada and 39.7 percent in the United Kingdom (OECD, 1980).

The trade union movement in Norway is one of the most centralized in the Western world. The main employee organization is the Federation of Trade Unions (LO), which encompasses 35 national unions. In addition to the Federation of Trade Unions, a number of other organizations and federations exists, giving a total percentage of organized employees in Norway of around 80. In the brief description and analysis to be given in this paper, we will focus on the Federation of Trade Unions, as this is not only the biggest but also the oldest and politically most significant employee organization in Norway.

The traditional counterpart of the Federation of Trade Unions is the Employers Confederation (NAF), which covers, however, a smaller part of working life than LO, as LO organizes people also in the public sector as well as in parts of working life where special employers organizations exists, such as in shipping and trade.

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Economic Structure

During the previous century and the first decades of this, Norway was one of the poorest countries in Europe – some say the poorest – with a migration rate to the United States second only to Ireland. In the second half of the 19th century, industrial development, largely in textiles and machine shops began to increase but it was not until the first decade of this century that cheap hydro-electric power enabled industrialisation to take off. Much of the earning capacity of Norway on the international market has, until quite recently, not been owing to industry at all, but to a relatively large commercial navy. Norway has, during most of this century, had one of the largest commercial fleets in the world. The growth of this fleet, which started around the middle of the previous century, was one of the chief factors behind the development of a mechanical industry.

Today, the Norwegian economy is biased in three directions, in the sense that there are three types of economic activity that hold exceptionally large and important positions in the total Norwegian economy:

Firstly, commercial shipping is still a major business, in spite of some recent setbacks and difficulties. Norway has practically no home market for her shipping services and is completely dependent upon a blooming and free international trade. More than 95 percent of the Norwegian fleet is never in a Norwegian harbour.

Secondly, Norway is by far the world's largest producer per capita of hydro-electricity. This has led to the development of a sizeable electrochemical industry, with emphasis on metals – such as magnesium and aluminium – and fertilisers.

Thirdly, Norway has, over the last twenty years, experienced the development of a sizeable offshore oil industry, with various accompanying activities onshore. Norway has about half of the Western European continental shelf and this shelf has proven to contain oil and gas in large – and still unknown – quantities. At the moment, Norway produces about five times her own consumption of oil and gas. This development has, in spite of the very large income brought to the country, not proven to be the unconditional blessing that a somewhat naive population and political establishment thought fifteen to twenty years ago. Norway has maintained full employment in the whole post World War II period. This has meant that the oil development, in spite of much use of foreign workers, has still drawn many human resources from other sectors. The traditional Norwegian export industries have been hit by this more than expected, with reduced exports as a result. The offshore oil development has also contributed to an increase in inflation, particularly through having to some extent taken over as the wage setting sector.

Some years ago one would perhaps have added a fourth sector: the fisheries. Norway has traditionally been one of the major fishing nations of the world. The relative importance of this sector has, however, declined to such an extent that it is no longer reasonable to hold it forth as an important part of the economy.

It is also worth noting that there is practically no industrial or other type of production or activity which can not be found in Norway. With an economically active population of less than two million people, it follows that most undertakings are small – often very small in an international comparison.

The Labour Movement

Norway's trade union movement, like that of most other nations, is the product of the industrial revolution. Led by the formation of craft unions in the 1880s it was preceded by massive labour agitation in the 1840s and early 1850s, this was a period of economic instability and high unemployment. Led by Marcus Thrane, nearly 300 workers' associations with a membership of 30,000 workers were formed within a few years. At a time when the entire number of industrial workers was only 13,000, this was a remarkable event which left a deep impression on the country.

Marcus Thrane's political ideas were drawn from various sources. Born in 1817, he went to France in his young days where he became acquainted with French socialist ideas. He

was strongly radicalized by the 1848 revolution in France. His later work in the Norwegian labour movement was based on a class analysis of society with the owners of property on the one hand, and the majority of the property-less on the other. In 1851, Thrane was arrested and jailed and the movement he helped to create was crushed. He eventually migrated to the United States where he spent the rest of his life until his death in 1890. The impact of his revolutionary work did, however, not end in 1851 and re-emerged with the birth of industrial unionism in the last part of the century. The significance of Marcus Thrane and the ideas and struggles of the labour movement in the late 1840s can be sought along the following lines:

- The need for workers to organize on a class basis as contrasted to craft-based unionization.
- The class-based organization of workers must encompass society as a whole, local units must unite in a national organization.
- His awareness of revolutionary movements in other countries linked the Norwegian labour movement to broader socialist developments of that period.

After the authorities crushed the Thrane movement, a couple of decades passed before the labour movement started to recover.

The first unions to emerge in the second wave were craft-based, including masters, as employers, as well as journeymen, apprentices and other workers. These craft unions maintained a loose affiliation to the so-called Left Party, which was, however, not left in the modern political sense, but rather resembled the British liberals (below).

The next step saw the emergence of a social-democratic labour movement. Craft-based unions were replaced by industrial unions with unskilled workers as the backbone of the union movement. The former masters with their contacts to the liberals disappeared and the Norwegian Labour Party was founded in 1887. In spite of its name, the party was originally intended to function as a union movement. With the founding of the Norwegian Federation of Trade Unions in 1899, the labour movement was separated into a union branch and a political party. They remained, however, closely linked to each other and when we speak today about the labour movement in Norway, both parts are included by this term. The policy to emerge in the early period of the modern Norwegian labour movement, was moderate social-democratic.

The next important political development emerged during the First World War with the victory of the Bolshevik revolution in Russia, which was clearly not unrelated to the second period of strong radicalization in the history of the Norwegian labour movement. It is intimately linked to the ideas of Martin Tranmael, who was the major theoretician and agitator in the Norwegian labor movement in the period around 1920. He was a socialist who believed in revolution as the vehicle for bringing the working class to power. Under the revolutionary impetus of this period, the Norwegian Labour party joined the communist international (Comintern) when it was formed in 1919.

New conflicts were, however, soon to emerge. The more reformist, social-democratic ideas were still alive and started to reassert themselves. The struggle now turned into a struggle between three competing tendencies in the labour movement: the Tranmael supporters, the more reformist social democrats, and the pro-Moscow section of the labour movement.

In organisational terms, these conflicts resulted in a split in the Labour Party and the creation of a Communist Party which remained loyal to Moscow. While the Communist Party has participated in parliamentary elections it has not received significant support from the electorate with the exception of the immediate post World War II period when the Communists won almost 10 percent of the parliamentary seats.

The labour movement to emerge out of these conflicts, was characterised by a stepwise merger between the Tranmael wing and the social democrats. The Comintern membership was brought to an end in 1923. The Norwegian labour movement was, however, still a highly radicalized movement. Up until 1935, when the first Basic Agreement was signed

between the LO and the NAF the policy turned more and more towards a social-democratic line, with emphasis on elections as the road to political power, and on the development of an ordered structure of bargaining and agreements in working life.

Political System and Social Policies

Constitutionally speaking, Norway is a parliamentary democracy. It is one of the few countries which has maintained a king as head of state. The present constitution dates back to 1814, implying that Norway was one of the first countries to develop a so-called modern democracy. During its first fifty years the constitution laid the foundation for a real distribution of power between the parliament (Storting), the king and the courts. In 1884, however, parliamentarism – the responsibility of the King's advisors to the parliament – broke through, largely implying the end of the personal power of the king. The power of the courts has also successively declined, along with the growth of a bureaucratic state apparatus with a broad authority to make decisions on the basis of its own judgment.

Political parties saw daylight along with the introduction of parliamentarism. The first two parties to emerge were a conservative (Tory-type) and a liberal-reformist (Whig-type) party. They dominated the political scene in the last decades of the previous century and the first three decades of this. From its emergence the Labour Party continuously increased its influence until it came into government in 1935. Today, the political picture is characterised by a number of parties. They generally form two "blocks" – a center to right one, and a socialist one ranging from moderate social democrat to two very small Communist parties on the extreme left. The socialists – with the Labour Party as the main element – have held the government for most of the post World War II period. In recent years the picture has changed somewhat, in that the electoral support for the center to right block has increased while it has decreased for the socialists. There are also internal changes within the blocks, particularly within the center to right one. Here, the center has recently experienced a heavy setback, while the Conservatives have grown. From an electoral support around 20 percent the Conservatives have grown to more than 30 percent. The last election – in 1981 – gave the first Conservative government in Norway for about 50 years. This government has the parliamentary support of the center parties, but they chose not to join the government.

Norway is one of the so-called Scandinavian or Nordic welfare states. The data are somewhat uncertain, but Norway probably combines the rather high earnings per capita mentioned initially with the least hierarchical distribution of income and wealth among the Western, industrial nations. Taxes etc amount to slightly over 50 percent of GNP. There is a fully developed social security system in operation. The system covers, at least in principle, all eventualities. Hospital treatment is free, there are pensions for the old, the disabled, etc. Economically and administratively, it is all brought together into one comprehensive system called "the peoples' security".

The emergency of the Scandinavian welfare model has largely been accredited to the social democratic political movements, and the strong position they have held since the period between the wars. This is probably true enough. It has, however, been argued that the basis of the welfare state actually goes back to the previous century and consequently to "pre-social democratic" times (e.g. Therborn, et al., 1978). Norway had, for example, together with Sweden and Denmark, an illiteracy rate of less than 10 percent of the population around the middle of the previous century (Therborn, et al., 1978). The comparable rate for England was probably around 30 percent. To the extent that such figures are true, they reflect a basic difference in the way societies have used their wealth. In spite of her tremendous incomes, England could not afford to let more than two-thirds of her population learn to read and write while such extremely poor countries as Norway and Sweden – Denmark was somewhat better off relatively speaking in this period – must have spent quite a lot of their meagre resources on such goals (Scotland had, by the way, a "Scandinavian profile" at this time, with an illiteracy rate comparable to the Scandinavian

one). A similar picture emerges in relation to other welfare indicators, such as percentage of newborn children dying. Therborn does in fact argue that the greatest differences between the Scandinavian societies and the "European averages" could be found in the previous century. If one looks at what has been added by the social democrats, the relative position of the Scandinavian societies have not improved. Most European governments have adopted more or less of a welfare line in this century, at least in Northern and Western Europe.

The Norwegian Federation of Trade Unions (LO)

Centralization of Norway's labour movement began as soon as local unions were organized in the 1880s. Isolated small local unions soon saw the benefits of uniting in a central organization. Similar developments in the other Scandinavian countries, discussed at the first meeting of the Scandinavian Labour Congress in 1886, speeded up the unification of the labour movement. The Norwegian Federation of Trade Unions (LO) was formed in 1899 to be followed one year later by the founding of the Norwegian Employers' Confederation.

The Norwegian Federation of Trade Unions is an organization of 35 national unions with a combined membership, in 1979, of 740,000 wage and salary earners out of a total number of employees (people who work for others for pay) of somewhat in excess of 1.8 million (Central Bureau of Statistics, 1980). Each national union, in turn, is composed of branches or local unions of which there are more than 4000 (OECD, 1979). All manual workers in a given plant will normally belong to the same union, although some union locals may encompass more than one workplace. White collar employees in a given workplace, however, may belong to several different unions.

Concerning general policy, the LO is the governing body of the trade union movement. Through its three levels of authority – Congress, General Council and Executive Board – the federation formulates and administers policy for organized labour (LRN, 1975).

The supreme authority is the Congress which, however, meets only once every four years. Between sessions, authority is vested in a General Council which meets at least once a year. The General Council is a large body of 120 members, elected by national unions and regional groups with the addition of the 15 members of the LO Executive Board. It is the Executive Board, which includes the LO President, Vice-President, Treasurer and Secretary, which in practice exercises the power of the federation. This Executive Board meets weekly and controls the day-to-day developments in the union movement.

A number of unions have remained outside the LO. Out of the total of 1.8 million employees, approximately 80 percent belong to an employee organization. Excepting the LO, these organizations range from small unions with a handful of members to federations with a membership around 100,000 (for a review, see Central Bureau of Statistics, 1980). They comprise mostly non-manual employees and professionals. Their significance in the over-all development of labour relations in Norway has until recently been overshadowed by the dominant position of the LO (LRN, 1975): This may possibly undergo some changes in the future, a point we can not, however, pursue here.

The Norwegian Employers' Confederation (NAF)

The early centralization of employers and the creation of the NAF in 1900 is no doubt directly related to the centralization of the labour movement which preceded that of the employers by one year. While the highest decisionmaking authority is the General Meeting which usually takes place once a year, for all practical purposes it is the Central Board which has effective policy-making power while day-to-day decisions are made by the Executive Committee headed by a chairman who is also the Director General and thus the highest officer in the Confederation. It is this committee which conducts contract negotiations. Administratively, the NAF is divided into six negotiating departments with responsibilities

for the various industrial sectors. No individual NAF member may negotiate directly with a trade union. Such negotiations are conducted either by the NAF or in some instances by appropriate national associations. The power to declare a lockout is vested in the Central Board and requires a three-fourth majority before being implemented. In instances where a lockout would involve more than a quarter of workers under the NAF, the decision must be made at a special session of the General Meeting where it requires a three-fourth majority. The right of an individual employer to engage in a labour conflict is thus severely limited as is the right to engage in collective bargaining.

A number of employer associations remain outside the NAF; the most important being the Norwegian Shipowners' Association and commercial wholesale and retail outlets, but in collective bargaining in particular, these groups are strongly influenced by the prevailing policy of the NAF.

The Relationship Between the LO and the Norwegian Labour Party

A factor of considerable significance in the political life of Norway is the close link between the Norwegian Labour Party and the Norwegian Federation of Trade unions (LO). Prior to the creation of the LO, the Labour Party in fact performed, what one might call, trade union functions. In 1889, for example, the party came out strongly in support of a strike by 300 female match workers and organized nationwide support for the strikers (LRN, 1975).

The links between the LO and the Labour Party, which has been in power for most of the period since World War II, have remained strong. On a formal level this co-operation is anchored in a committee of co-operation where all questions of importance to the labour movement are being discussed. Additional informal contacts, dual membership and a common ideological position have helped to create a unified labour movement which is strategically separated into a political party and a trade union movement.

Wage Solidarity and Centralized Decision-Making

A feature which has achieved much prominence in Scandinavian countries is the union policy of wage equalization, or as it is sometimes called, wage solidarity. Organized labour in Norway, particularly at the level of the LO, has generally advocated a lowering of wage differentials between the white- and blue-collar sectors as well as within the sectors themselves. This policy should be seen in the context of the relatively strong egalitarian tradition in Norwegian society. The trend toward an equalization of incomes between blue- and white-collar employees since the turn of the century has been marked, as emerges from Table 1.

Table 1: Selected white collar occupations' yearly income as compared with that of industrial workers* 1900 - 1965.

Occupation	1900	1910	1920	1925	1930	1935	1940	1950	1965
Industrial worker	100	100	100	100	100	100	100	100	100
White collar (government employed):									
Train conductor	152	142	109	—	108	—	104	101	99**
Head, government office	443	376	298	210	255	265	212	200	206
White collar (employed by Oslo Municipality):									
Office clerk	212	184	121	134	139	137	135	102	100
Secretary (head of office)	602	481	224	259	289	284	230	173	172
White collar (private):									
Bookkeeper	—	157	—	—	—	—	—	119	114

* The comparison is between full-time employed in all occupations.

** The figure is for the year 1963.

Source: Seierstad, 1974.

More recent figures pertaining to industrial wage differentials produce a rather mixed picture. Despite the egalitarian profile of recent wage settlements which resulted in above average increases to lower income groups, the wage structure has remained largely unchanged. Taking the industrial average as 100, unskilled workers, for example, have improved their position only slightly: from 92 in 1971, to 94 in 1978. The traditional low income sectors, such as textiles, wood, shoe and food and beverage industries have remained at, or below, the 90 mark in relation to the industrial average, while construction and printing have remained above the average. Female workers, however, have increased their income from 78 of the industrial average in 1971 to 84 in 1978 (OECD, 1980).

The policy of wage solidarity is generally applied at the level of centralized and combined settlements. It is in fact one of the positive justifications for centralized bargaining. To the extent that wage drifts occur, they tend to have their origin in local bargaining and the application of production premium wage systems.

Even the income of management personnel shows to some extent the impact of the egalitarian tendencies in Norwegian society. Figures for 1979 show the following spread for middle to upper-middle managerial (monthly) incomes: They range from 17,634 Norwegian Kroner (US\$3,600) for technical directors to 11,759 N.kr. (US\$2,400) for heads of purchasing departments. (Norsk Arbeidsgiverforening, 1980). Given the high level of income tax in Norway, particularly at levels above that of the average income of industrial workers, management salaries in Norway must be considered to be modest.

Conflicts and productivity

Norway has experienced a relatively low level of labour conflicts, in the post World War II period.

The relatively low level of conflicts can perhaps be explained along the following lines: The highly sophisticated and centralized apparatus for conflict resolution both, within the LO and the NAF, is clearly important. An equally relevant factor is the close collaboration between the LO and the Labour Party which has been in power for most of the post-war period. It seems evident that the low level of unemployment in Norway is to some extent the outcome of government planning. Given the close collaboration between the Labour Party and the LO full employment has emerged as a high priority in the deliberations within the labour movement. The unions in turn, have never seriously opposed the principle of increased productivity. Increased productivity, including the introduction of new technologies for that purpose, is seen by the labour movement as an essential part of a viable national policy and as a pre-condition for the achievement of a democratic socialist society. Organized labour does not, on the whole, see increased productivity as an attempt to extract additional surplus value from the workers. The acceptance of increased productivity by the labour movement is certainly a key element in the generally peaceful cooperation between unions, employers and the government. Agreement on this important issue removes a potentially serious source of conflict from the bargaining process.

Conflict Resolution and the Role of the State in Labour Relations

The most important parliamentary act dates back to a series of massive labour conflicts starting in 1907 with a lockout affecting the entire pulp and paper industry and culminating in a massive strike in 1911 when miners walked out followed by a NAF directed lockout in sawmills, the paper industry and the iron industry. The government response, after mediation and arbitration had resulted in a compromise solution of the conflict, was to prepare a bill which was finally passed in 1915 as the *Labour Disputes Act*. The most significant aspect of this Act is that it distinguishes between disputes of right and disputes of interest. The former are disagreements over an existing contract and cannot be settled by strikes or lockouts, they must be submitted to the Labour Court. Disputes of interest are conflicts emerging in the process of negotiations for a new contract. Such conflicts must be submitted to a mediator but should mediation fail, strikes or lockouts can legally

be initiated. The final step in preventing or ending a conflict is compulsory arbitration through an act of parliament. Such action is in practice not frequently taken. These principles of the *Labour Disputes Act* govern the entire system of labour relations.

The Labour Court dates back to the same period and should be seen as complementing the *Labour Disputes Act*. It is composed of three neutral members, including the chairman, and two persons each nominated by the employers and the unions respectively. The chairman and one of the neutral members must have the qualifications of a Supreme Court judge. The jurisdiction of the court extends only to disputes arising from existing collective agreements (conflicts of right). There is no appeal from a decision of the Labour Court except on questions of the Court's jurisdiction.

While the parties in a dispute of right are unions and employer associations, complaints frequently originate with individual workers. These complaints are then raised by the union in the context of the contract. Such grievances are handled extremely rapidly. As a rule only a few weeks elapse between the filing of a grievance and the hearing before the court. While decisions of the court are made by majority vote of its seven members, in practice unanimity prevails whenever the three neutral members agree on a given issue. Decisions of the Labour Court are regarded as a precedent, a principle which possibly explains in part the surprisingly small number of cases handled by the court. During the period of 1916-1940 about 1600 complaints were filed but only half of them were actually dealt with by the court. The remainder were either settled by court mediation, a practice which has been encouraged from the beginning, or were withdrawn. Similar to the reality in the USA and Canada, approximately two-thirds of the grievances originate with unions.

Collective Bargaining

The system of collective bargaining reflects the centralization of the main actors and exhibits a high degree of institutionalized conflict regulation. Contract preparation, particularly in the form of discussions and the articulation of demands, take place at all levels in the union structure, ranging from the local to the LO. The most important preparations, however, take place between national unions and employer associations on the one hand and the LO and the NAF on the other. While the LO council approves the general principles for each set of negotiations, the real work in formulating contract policy is done by the Executive Board. Contract demands by a local union, if considered to be unreasonable, can be vetoed at the level of the national union, while the LO can weed out demands by national unions which it considers excessive.

The Basic Agreement is a unique innovation which is used only in Scandinavia. It has existed in Norway since 1935 and forms the first part of every collective agreement. It is negotiated separately between the LO and the NAF and removes a considerable area of conflictual issues from the regular bargaining process. Like the *Labour Disputes Act*, the Basic Agreement distinguishes between disputes of right and disputes of interest. Disputes over an existing contract must be submitted to the Labour Court. Strikes and lockouts are not permitted while the collective agreement is in force. The Basic Agreement also recognizes the right of employees and employers to organize and includes provisions outlining the responsibilities and the protection given to the local shop stewards. The local stewards perform an important role. They are consulted by local employers on all issues relating to changes in the production process and the work environment. Frequently, shop stewards will enter into special written agreements with employers concerning wages or working conditions. This practice is not prohibited by the Basic Agreement as long as these agreements do not conflict with the master contract for the enterprise.

The Basic Agreement recognizes the right of unions and employers to stage work stoppages over disputes of interest. It also recognizes the right of both parties to stage sympathy strikes and lockouts. This right to stage sympathy stoppages in support of another conflict applies even during the contract period, provided that the original dispute is lawful. In practice, however, this does not lead to many sympathy actions since such

action requires the prior approval of the LO or the NAF.

Collective bargaining in Norway can take various forms. The common approach has been for the LO to bargain centrally for its affiliated unions. The negotiated contract is then put before the membership for approval or rejection. If there is an overall majority of the entire membership in favour of a proposal then it is accepted even if there is a majority against it in any one or more national unions (OECD, 1979). Individual national unions, as well as locals, then bargain with their employer counterpart on issues of particular relevance to their members. This bargaining must, however, be within the framework of the overall general agreement.

Of the 17 negotiations which have taken place between 1946 and 1974, all but six have been centralized. Decentralized negotiations, which are less frequent, take place between national unions and their respective employer counterparts. Wage negotiations between all levels of government and its employees are always conducted on a centralized level (OECD, 1979).

A further aspect of this system of labour relation which reduces the area of potential conflict is the fact that many so-called fringes are legislated and thus removed from the bargaining process. Two further institutions in the conflict-reducing arsenal of the main parties concerned need to be mentioned briefly. Mediation, in existence since 1915, enters the process of negotiations in almost every case which threatens to erupt in open conflict. The cooling off period imposed by the State Mediator or the District Mediators frequently leads to a settlement. It has been reported that over any representative period as many contracts are signed through mediation as through direct bargaining (LRN, 1975).

Free collective bargaining, as we have seen, includes the creation of institutions and processes to regulate and reduce conflict. The final weapon in the hands of the state, that of compulsory arbitration has on the whole been resisted by both the LO and the NAF. The government has, however, introduced compulsory arbitration from time to time, but compulsory arbitration has never become a permanent institution within the framework of Norway's labour relations system.

Tripartite Income Settlements

We have touched upon the rather high degree of centralisation in Norwegian working life, and the corresponding element of a general incomes policy. To this a major new dimension was added in the 1970s when the government came directly into the negotiation process.

Two new institutions, created in the 1960s, play an important role in the new system of combined bargaining and settlements which emerged in the 1970s. The Contact Committee, with the Prime Minister as chairman and including the relevant Cabinet Ministers, representatives of LO and NAF as well as the organizations of farmers and fishermen, was initially seen as a discussion forum where the various parties could exchange opinions and discuss their basic assumptions prior to finalizing their respective strategies and demands for wage negotiations. In 1965, the government appointed an expert committee of three economists (the so-called Aukrust Committee, named after the research director of the Central Bureau of Statistics) to support the work of the Contact Committee. Two years later, under the chairmanship of Aukrust, the committee, now called the Technical Expert Group, was enlarged to include representatives from LO, NAF, fishermen and farmers as well as the relevant ministries concerned. The technical expert group, which became permanent in 1969, issues regular reports of alternative estimates of income and price developments (for details of the various models used, see OECD, 1979). The work of the Contact Committee has undergone important changes. While it functioned originally as a discussion forum, since the mid-1970s decisions of central importance are hammered out in the Contact Committee. The institutional machinery for the 1976 combined settlement included, in addition to the Contact Committee and the Technical Expert Group, various other committees. Issues of a more political nature were dealt with by a

committee headed by the Finance Minister while more technical issues were handled by several technical working groups. A newly created Internal Steering Group, consisting of representatives from the relevant ministries, did much of the necessary co-ordination. All affected parties were included in the work of the Steering Group.

The negotiations themselves proceeded on a centralized basis, partly on the traditional bilateral model and partly with the participation of the government, but the basic approach as well as the parameters of the settlement were already agreed upon by all parties at the level of the Contact Committee. The government approach, which was announced to the Contact Committee in January of 1976, was based on the following points (OECD, 1979):

- i) to moderate price and cost inflation,
- ii) to safeguard employment in the exposed industries,
- iii) to secure an average increase in real disposable income for wage earners of three percent, a somewhat larger increase for pensioners, and a considerably larger increase for farmers,
- iv) to reduce direct taxes.

The 1980 settlement added a new factor: transfers between employees. The Iron- and Metal-workers Union has for some time had the clause in its agreements that nobody is to earn less than 87 percent of the average wage in this industry. In the last settlement this principle was introduced as a rule to apply generally within the part of working life covered by the LO-NAF agreements. The way it was actually done is so complex that it can not be spelled out in detail here. The main outline is as follows: The first step is to define a limit below which nobody is to be, in the 1980 settlement this was set at 85 percent of the average wage in industry. To get everybody above this limit, various steps are taken, the primary one is still to distribute the total wage rise in such a way as to ensure that the low-income groups receive the highest percentage increases. However, this mechanism may not be sufficient to raise the low income groups above the critical limit, as relatively too much of the total increase can still go to the middle and high income groups. Hence, a further support to the low income groups can be achieved through transferring money from those who earn more to those who earn less. In essence, the high income groups will pay some of the wages of the low income groups and there is some automatism built into the system to ensure that some compensation is made for income distributions that do not take sufficient care of the need to raise the low income groups. This principle of transfer was introduced in the last settlement. It was, however, not stretched very far in this settlement, as the amount to be deducted from the wages is around 20 ore per hour (about 4 US cents). This amount is deducted from everybody and then distributed to the low income groups.

In a so-called combined ballot, where the votes from a number of unions are counted together, the settlement, largely developed by the parties together with the state mediator, went through, but with a very narrow margin. The majority was just above 50 percent. This probably has less to do with resistance from some unions against this expression of a solidaristic wage policy than with other aspects of the Norwegian system, which were perhaps more clearly brought to light by the 1980 settlement than what had been the case under the earlier settlements. The high degree of centralization seems, for example, to lead to a slow but steady curtailing of the local bargaining rights which in some unions, for example the Iron-and Metalworkers Union has enabled the workers to take out productivity increases in the contract period in the form of a locally negotiated wage drift. The settlement took, furthermore, quite a long time, about half a year. This implies that price level and other relevant conditions can change while the negotiations are going on. Furthermore, union officials with whom we have been in contact argue that the complexity of the settlements has now become so high that the average member has great difficulties in understanding not only what goes on but how much money he or she will get. In centralized, tripartite settlements it is also necessary for organizations outside LO to agree to the same pattern as LO does. In the 1980 settlement compulsory arbitration has been used to bring other organizations to comply with the LO-NAF-State pattern. This in

spite of the fact that compulsory arbitration is not supposed to be used to bring organizations in line with each other, but only when a conflict is a major threat against important interests of society as a whole.

Industrial Democracy

The issue of industrial democracy has been on the political agenda since the turn of the century, not continuously, but with a certain degree of regularity.

When the utilisation of hydro-electric power for industrial purposes became a possibility around the turn of the century, a debate emerged about financing- and ownership issues. Norway lacked the capital necessary to finance the development of an electrochemical industry and the entrepreneurs of the period turned to foreign sources, particularly in Britain, France and Germany. This debate brought forth three different views: Firstly, the internationally oriented pro-industrialists who wanted industry and saw few objections to foreign capital and ownership. Secondly, the nationalist industrialists, who wanted industrialisation but only to the extent that it could be financed and developed by domestic resources. Thirdly, the anti-industrialists, who wanted to maintain Norway's rural character. The question of industrial democracy in its more modern sense played no great part in these debates, but was an issue of some importance. One argument against foreign ownership was that it would prohibit influence from the Norwegians – the workers included.

There was no clear outcome of the debate and the three basic views have been present in Norwegian politics until the present day. When the majority of the population, in a referendum in 1972 opted against Norwegian membership in the European Community, it was to some extent a demonstration of the strength of the forces of nationalism and independence.

Aside from a legislative effort at creating works councils in Norway in the wake of the Russian Revolution – a defensive measure by a bourgeois government when faced with the strong radical wave sweeping over the Norwegian labor movement at that time – collective bargaining was the only vehicle for worker influence in the inter-war period. The act on works councils, however, was rejected by the workers, and came to nothing (Dorfman, 1957). The immediate postwar period saw what can be called “the first wave” of efforts at industrial democracy, in the form of co-operation committees. The idea was drawn from various sources, one of them being wartime experience in parts of British industry transmitted via various channels, one of them being the Norwegian government-in-exile in London. “Industrial democracy” was one of the benefits to be granted the working people when the post-war settlements were to be effected. In spite of this political backing, the first introduction of such committees, in 1945, did not take place through legislation but through an agreement between the main parties in working life. This agreement was, however, negotiated under some degree of political pressure.

The rules about these committees – or rather councils as they are called now – have undergone a number of changes. Some main characteristics, as these councils emerge today, are as follows:

- The main point is that joint worker-management councils are to be established: on company level and often also on the factory or department level. The creation of such a council is compulsory in organizations employing 100 or more, while it can also be demanded by one of the parties in smaller organizations.
- The councils are based on the idea of equal representation by workers and management.
- The actual functions of the co-operation councils vary. The councils have a broad right to be informed about plans and other developments of importance to the workers. The councils are to discuss such issues as rationalization and other questions pertaining to production; education and training of the workers; health and safety measures insofar as these do not belong to the work environment committees; and welfare and personnel issues. To be informed and to discuss are, however, not the same as the right to make the ultimate decision. Generally, co-operation councils are advisory bodies:

management retains the ultimate decision-making authority. However co-operation councils now generally have some decision-making rights, either according to the rules themselves or according to delegation from management; this right can sometimes be broad but the main rule is that it is limited to rather narrow issues of personnel and welfare, such as the use of means set aside for welfare purposes, generally, means of a moderate size.

The next step in the development, was the emergence of a job redesign programme. The point of departure for this movement was an industrial democracy debate which emerged in Norway around 1960. Initially this debate focused on the issue of employee representation on board level and related changes in the formal power structure of enterprises (Anker Ording, 1965). This debate was, however, broadened when Emery and Thorsrud (1964, 1969) pointed out the relevance of participation.

They argued that democracy is not only a question of defining specific organizational structures and implementing them from above, it is also a question of what possibilities the "grass roots" have for exerting influence over the patterns of organization that are developed. Democracy is, in other words, not only patterns of organization, it is also a process of development. What Emery and Thorsrud did was to reactivate the participatory element of democratic theory (see Pateman, 1970) and hold this up against a rather one-sided "top level" definition. This made the discussion focus on the issue of the relationship between such means as board representation, committee representation, and so on, on the one hand, and the conditions under which people work, on the other. If people work under conditions which allow for very little development of insight and competence and little freedom to participate in decision-making processes, the basic human prerequisites for democracy are lacking. Hence, it became of critical importance to develop new forms of work organisation; forms which could give people the necessary freedom and competence.

The Norwegian programme started with field experiments at four work sites in selected enterprises (Emery and Thorsrud, 1976); the particular way of doing developmental work demonstrated in these experiments was, however, replicated in a few instances only. So far it can be said that direct replication of the field experiments did not take place to any important degree.

A broader set of planned and "project-like" changes were, however, triggered by these initial experiments, but these broader changes imply some major changes, particularly in the way the local development is designed and implemented. The emphasis has shifted to more local initiation and control, less research involvement, and a broader range of solutions being applied (Elden, 1979). (For a description of parts of this development, see Engelstad and Odegaard, 1979).

To achieve worker autonomy on group level, a number of specific means were used within the overall framework of the programme, such as job rotation, new patterns of recruitment and training, new wage systems, etc. These are means without any specific intrinsic value in themselves and were used when thought to lead to positive consequences. However, these means have been the object of a fairly broad diffusion. Wage systems are changed here, job rotation introduced there, but without the overall framework of the programme. This implies that this type of diffusion sometimes has its problematic aspects but must nevertheless be recorded as being important.

As the years go by, and the distance in time to the first field experiments lengthens, we find that the most important development is perhaps the emergence of new ideas of reform where the ideas of the industrial democracy programme have merged with other ideas to form structures that partly carry in them these ideas but partly reflect new ones. The work environment reforms of the late 1970s represent such a new combination (below).

While the 1960s saw a focusing on job redesign and conditions for participation from

the "grass roots", the pendulum took a swing the other way in the early 1970s when employee representation on the governing bodies of the companies was introduced.

In companies employing more than 200, a company assembly is compulsory. Its establishment is not dependent upon demand from the employees. The employees are to elect one-third of the members, a minimum of four. The assembly will consequently have a minimum of 12 members. The residual members are elected by the shareholders/owners, provided that the company is not in banking. In banking, the government in cases of larger commercial banks, or local political authorities in cases of local banks, have the right to elect the majority of the members of a body similar to the company assembly. In companies that employ more than 50 and do not have a company assembly, the employees can demand the right to elect one-third, a minimum of two, of the members of the board. There are no rules about board representation in companies with company assemblies. However, it is presumed in the motives of these amendments to the company legislation that if the employees ask for it, they will get board representation also in these companies. Generally they have done this, creating double representation in the companies that employ more than 200. All employees take part in the elections.

The most recent development of importance to the issue of industrial democracy is the *Work Environment Act of 1977*. The relevance of this act for industrial democracy is to be sought in the point that workplace activity is emphasised as the chief vehicle to improved workplace health and safety. The reform came about as a result of the environmental debate emerging in the industrial world in the sixties, a debate which led to efforts at improving the general environment as well as the work environment in most industrialised societies. Most such efforts at workplace reform are based on the point of view that the main task of the political apparatus is to develop standards or norms defining what is allowed and what is not in working life. This was the tradition in Norway too. One did, however, also realise that this approach has various shortcomings (Gustavsen, 1980; Gustavsen & Hunnius, 1981; see footnote on first page). It does, for example, not deal very well with complex situations, characterised by an inter-play between a number of factors in the environment. Such situations become too complex to be dealt with through a system of specifications. Specifications do, furthermore, have a bureaucratisation effect in the sense that they function not as minimum requirements but as ultimate targets. To implement specifications one must, furthermore, have a sizeable public labour inspectorate—this service must in fact be built out to proportions far beyond what any society has up to now been willing to do. Consequently, it is necessary to raise the question of an alternative approach: a way of dealing with the problems that can ensure a more efficient coping with complex issues as well as the avoidance of the various bureaucratisation effects. The approach to emerge in Norway is based on activating the workers themselves, within a framework of enterprise-level development programmes (for a more thorough description, see Gustavsen, 1977; 1980; Gustavsen & Hunnius, 1981). Hence, health and safety in work has become an important issue in the development of workplace democracy.

Concluding Remarks

We have now presented, however briefly, the individual parts which shape, direct and influence Norway's labour relations system. One aspect above all stands out: The high degree of institutionalization of labour relations in general and conflict resolution in particular.

The high degree of state intervention, both direct and indirect, the participation of employers and unions in policy formation as well as in the administration of labour related legislation is strengthened by the existence of the highly centralized organizations of employers and employees. A great deal of potential conflict is absorbed, resolved or suppressed before it reaches the top level of LO and NAF.

But there are other factors which help to explain the high level of co-operation between

the state, the employers and the unions. The late arrival of industrialization in Norway meant that democratic institutions and processes were relatively developed with the result that many of the bitter industrial struggles we have witnessed elsewhere in Europe and North America have no parallel in Norway. A case in point is the right to organize which was never seriously challenged in Norway.

The German occupation during the Second World War and the need to unite efforts in a major reconstruction when the war ended, has probably contributed to the relatively peaceful picture which Norwegian labour relations present. The relatively peaceful picture presented by Norwegian society in general, and working life in particular, sometimes brings observers from other countries to presume that Norway is an almost conflict-free society. This, however, is not the case. There is a strong consensus concerning methods of conflict resolution, but there is no similar consensus on what policies to pursue. In fact, the existence of a strong labour movement with a recent history of radicalism, combined with a system of free enterprise makes for a number of debates and conflicts over such issues as socialization, public control and so on, whose parallels are not found in, for example, the United States or Canada, at least not as broad debates engaging the political mainstreams. The conflict between various socialist positions and between the socialists on the one hand and the proponents of a liberal-capitalist society on the other is a marked feature of everyday Norwegian politics, and will continue to be so in the future.

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