

*Solidaritet mellan klasser:
Storlockouten och Saltsjöbadsandan*

[Solidarity between Classes: The Mass Lockout
and the Spirit of *Saltsjöbaden*]

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In the mid-1930s, Social Democrats had been in power for a few years, and because the Farmers' Party had struck up friendly relations with the labor movement, a red-green coalition of non-capitalist parties was sure to remain a viable contender for parliamentary control in the foreseeable future. The power and wealth of Swedish capitalists, many feared, was under threat. Capital's most important defender, the Swedish Employers' Confederation, might be wise to tread more lightly and accept some unwanted developments in the labor market. Indeed, according to sociologist Walter Korpi, an influential interpreter of the new power balance in Swedish politics, "för arbetsgivarna innebar den socialdemokratiska kontrollen över regeringsmakten en förlust. Frånvaron av en vänligt sinnad regering gjorde att de inte på samma sätt som tidigare kunde använda sitt yttersta vapen, storlockouten [For employers social democratic control of government was a defeat. The absence of a friendly government meant that they could not use their extreme weapon, the lockout, the same way as they had before.]."¹

¹ Walter Korpi, *Den demokratiska klasskampen--Svensk politik i jämförande perspektiv* (Stockholm: Tiden, 1981).

Among influential social scientists both in and outside Sweden, Korpi's view that capitalists' loss of "relative power resources" can explain the broad sweep of institutional and policy changes of the 1930s remains a favored and perhaps even dominant one. Gøsta Esping-Andersen, for one, has argued that especially after the 1936 general elections, which solidified the labor movement's hold on power, it became possible for the labor movement to push for major reforms "from a position of strength." Among the changes to come were the Basic Agreement of 1938, negotiated between organized capital and labor in Saltsjöbaden's Grand Hotel, at the edge of Stockholm's archipelago.² Similarly, and more recently, American political science experts on the welfare states Evelyne Huber and John Stephens endorse Korpi's and Esping-Andersen's power analytic perspective in arguing that after 1936 the Swedish Employer Confederation "abandoned its attempt to defeat the labor movement and entered into negotiations with LO, resulting in the Saltsjöbaden Agreement of 1938."³

² Gøsta Esping-Andersen, *Politics against Markets: The Social Democratic Road to Power* (Princeton NJ: Princeton University Press, 1985), 87.

³ Evelyne Huber and John D. Stephens, *Development and Crisis of the Welfare State: Parties and Politics in Global Markets* (Chicago: University of Chicago Press, 2001), 127.

While Korpi's own understanding of the Basic Agreement of 1938 is vague and elusive,⁴ Swedish political scientist Axel Hadenius asserts a clearly formulated causal connection between the power shift and the 1938 agreement. Employers, he argues, changed course, judging it wiser to head off legislative regulation of industrial conflict looming in the Riksdag. "Att SAF nu övergick till en negativ hållning i lagstiftningsfrågan berodde förmodligen på den ändrade syn man fått på staten i och med socialdemokrernas allt stabilare kontroll över regeringsmakten." Therefore, he continues, "en utvidgad arbetsrättslagstiftning skulle kunna öppna vägen för ingrepp i det fria produktionslivet överhuvudtaget ["That SAF now shifted to a negative position on legislation resulted presumably from their changed view of the state as the Social Democrats gained an increasingly stable control over the reins of government. ... [Therefore] ... an expansion of labor legislation could open the door for broader interventions against free enterprise."]."⁵ Hence--as this version of the story goes--in June 1935, SAF boss Gustaf Söderlund invited and persuaded the leadership of Landsorganisationen to work things out without legislation. That would mean freezing LO's party comrades out of deliberations about how to reduce costly and unnecessary industrial conflict. The end result: the famous Saltsjöbaden Agreement of 1938, whose spirit of autonomous and peaceful self-regulation of the Swedish labor market prevailed for a generation to come.

⁴ At one place Korpi says the agreement was a "symbol" of a declaration of independence by organized labor and capital from state control. This independence was a result of the "shift in the balance of power between classes." He does not clarify why LO, from a greater position of strength, would not want to take advantage of political control over the labor market. At another place Korpi says the Saltsjöbaden agreement was, again, a "symbol," but this time of a "historical compromise" between capital and labor in which unions agreed to cooperate with employers "to increase the efficiency of production, on the condition that the consequences for labour were taken into account." Most experts on the origins and details of the Basic Agreement would probably disagree, or at least not understand this formulation. Korpi, *The Working Class in Welfare Capitalism: Work, Unions and Politics in Sweden* (London: Routledge & Kegan Paul, 1978), 83, 86.

⁵ Axel Hadenius, *Facklig organisationsutveckling. En studie av Landsorganisationen i Sverige* (Stockholm: Tiden, 1976), 48.

There is reason to doubt the usual story as so told. For one thing, employers, contra Korpi, were simply not worried about the lockout's obsolescence. In February 1934, well after the Social Democratic took control, and not much more than a year before Söderlund and LO's Albert Forslund agreed to negotiate, SAF's vice VD Ivar Larson wrote to Finnish employer leader Axel Palmgren with the good news that "Vi äro . . . mycket tillfredsställda över att kunna konstatera, att *lockoutvapnet icke har avtrubbats utan ännu har kvar sin gamla skärpa.*" ["We are . . . very satisfied to be able to assert that *the lockout weapon has not been dulled but rather still retains its old edge.*"]⁶ Shortly before, as a matter of fact, SAF had scored an enormous victory after a long lockout in the building sector and a threat to extend the lockout into other key sectors of Swedish industry.

But, to be sure, legislation had not yet been passed in 1934. So, perhaps, one could nevertheless argue from a power resource perspective that employers still had reason to fear LO's influence over future legislation and therefore a statutory attack on capitalist power. Thus they still had cause to drop their support for government regulation of industrial relations. But again, historical facts get in the way: the LO leadership willingly forfeited the chance to weaken the capitalist class in joining SAF to obstruct legislation. According to Westerståhl, the general elections in the fall of 1936 gave the second chamber "en sådan sammansättning, att någon lagstiftning på det fackliga området mot det socialdemokratiska partiets vilja icke längre behövde befaras." [a composition such that any labor legislation against the Social Democratic party's opposition no longer needs to be feared.]⁷ A shift in power to labor's advantage should have reduced its desire to negotiate.

⁶ Ivar O. Larson, Vice VD i SAF, till Häradshövding Axel Palmgren, Helsingfors, 15 February 1934 [my emphasis], Palmgren papers, Åbo Akademin, Åbo, Finland.

⁷ Jörgen Westerståhl, *Svensk Fackföreningsrörelse--Organisationsproblem Verksamhetsformer Förhållande till staten* (Stockholm: Tiden, 1946), 204.

Puzzles

Sociologists' and political scientists' power perspective, which attempts to explain historical events like the Saltsjöbaden agreement with reference to underlying causal forces, thus poses a puzzle it cannot answer. Why would the Swedish trade unions have so eagerly dropped the idea of legislation if, with passage of measures against its Syndicalist and Communist enemies, they could also introduce at least a precedent for weakening the lockout and therefore the power of capital? For that is what legislation being considered could do. Two central concerns motivating politicians pushing for legislation was protection of "neutral tredje man" and prohibition of "samhällsfarliga konflikter." ["neutral third parties"... "socially dangerous conflicts."] Consider these very crucial facts: employers in Sweden routinely used the mass, sympathy lockout against neutral third parties—unorganized workers. Their lockouts also brought to a standstill certain economic activities that, as we will also see, people of all ideological persuasions could regard as socially necessary.

There is in fact one way in which the power resource perspective might help explain why LO would rationally have closed the door on an opportunity to weaken Syndicalists, Communists on the one side, and capitalists on the other, through legislation. As strange as it may sound, for reasons elaborated below, SAF's *sympathy lockouts strengthened the Social Democratic labor movement*. The LO leadership thus may have seen no compelling interest in state regulation of the mass lockout, employers "yttersta vapen" against the labor movement. Indeed, the historical record, it appears, shows no strong, outspoken desire on the part of the leadership of the Swedish labor movement to control it. They even affirmed employers' right to use it in their contracts.

Some facts: Employer organizations routinely locked out workers in a large number of firms when their unions took out only small numbers of workers on strike against only a few firms. In this case locked out workers were not strictly neutral, of course: their dues paid benefits for the strikers. But the story was different when employers, in response to a strike called by one LO union, locked out workers in an entirely different union that was not paying strike benefits to the principal disputants. It was routine practice for SAF to enjoin [påbjuda] member associations to lock out their workers even if they were not principals in the dispute and indeed in many cases when they would have preferred not to join the lockout.

The reason for enjoining sympathy lockouts was simple and clear. In case of lockouts, LO and its unions were obligated by their rules to pay lockout support. Thus with mass sympathy lockouts employers could administer a quick and effective “åderlåtning” to the confederation and its member unions’ conflict funds. LO would then intervene to push the principal disputants quickly to the bargaining table,

There is another twist to the story, and perhaps a peculiarly Swedish one. Organized employers even locked out *non-union members*. Taking out entirely innocent workers, neutral third parties by any reasonable measure, had become routine SAF practice as early as 1912—and possibly even before that. Before, it had been commonplace to keep operations going, if possible, with the non-unionized workforce. But that proved, “ohållbar [untenable],” according to SAF boss Hjalmar von Sydow, “enär då under en lockout en del organiserade arbetsgivare kunde arbeta och konkurrera med de övriga [because then during a lockout a number of organized employers could continue to produce and compete with the rest].” Those firms might even permanently capture market share. Also, it was sometimes hard to know which workers were actually organized or not. Secretly organized workers could continue to pay into union strike funds to support other striking and locked out workers. Therefore, early in the century SAF went over to a general policy of shutting all mills and factories entirely in the multi-industry sympathy lockouts it commanded and coordinated.⁸

⁸ Exceptions were allowed by only on an individual case-by-case basis. Karl-Gustaf Hildenbrand, Örjan Armfelt-Hansell and Arne Törnqvist, *Sågverksförbundet 1907-1957* (Stockholm: Almqvist & Wiksell, 1962), 240; Sydow to Axel Palmgren, 17 December 1927 (Palmgren papers, Vol.7, Åbo Akademin, Åbo, Finland); SAF, “P.M. rörande oorganiserade arbetares förhållande under arbetskonflikt,” December 1934 (SAF, A555/20b); SAF, Minutes, Styrelse, 22 January 1920; VF, Minutes, Extra allmänt möte, 21 February 1920.

These practices created distinct possibility that SAF's extraordinary mass lockouts actually strengthened LO by driving workers into its unions. Being locked out disqualified a worker from all public unemployment relief jobs (*reservarbeten*). By 1928, even unemployed workers who *at one time* worked in the locked out sector were excluded; thus they were better off being union members eligible for union unemployment funds. Union membership dues, in effect, became premiums for lockout insurance. This might help explain why Swedish union membership in major sectors already comfortably cleared the 50 percent mark by 1923, some of them reaching 80 percent. Along with Denmark's, the Swedish non-agricultural labor force was by this time the best organized in the world. (Denmark was also a land of many lockouts). Moreover, it was a glowing exception to the almost universal *downward* international trend of the 1920s: LO witnessed a steady growth in organizational density from 41 percent in 1920 to 63 percent in 1930. In short, strong and militant Swedish employers, frequently using or at least threatening lockouts in the 1920s, probably strengthened Swedish unions.⁹

Thus might a power resource perspective help explain why LO closed the door on controlling lockouts and weakening capitalists in order not to undermine itself organizationally. However this explanation would be ultimately unsatisfying, for it would simply pose a new puzzle: If avoidance of legislation meant preserving employers' power, but at the same time strengthening unions, why would the road to Saltsjöbaden and beyond have produced such a stable consensual regime of industrial relations? In short, the question that needs an answer is this: what were the *substantive terms* of the emerging and subsequent samförstånd?

⁹ Klas Åmark, *Facklig makt och fackligt medlemskap—De Svenska fackförbundens medlemsutveckling 1890-1940* (Lund: Arkiv, 1983), 122; Anders Kjellberg, *Facklig organisering i tolv länder* (Lund: Arkiv, 1983), 269-319. It is unlikely that the Ghent unemployment insurance system explains Sweden's relatively high unionization rates, as Bo Rothstein supposes, for it was passed in 1935, and did not encompass much of the labor market until much later. Rothstein, "Labor Market Institutions and Working Class Strength," in Sven Steinmo, Kathleen Thelen, and Frank Longstreth, *Structuring Politics: Historical Institutionalism in Comparative Analysis* (Cambridge: Cambridge University Press, 1992). For an extended discussion, see Swenson, *Capitalists against Markets: The Making of Labor Markets and Welfare States in the United States and Sweden* (New York: Oxford University Press, 2002), 298-99.

My answer to this puzzle, which departs radically from the power resource perspective is that LO and SAF had already become satisfyingly engaged in what I call a *klassövergripande allians* [cross-class alliance] behind a shared goal in collective bargaining, a “*solidarisk*” *standardization of wages across industrial sectors, and in particular, control of high wages and militancy in sectors sheltered from international competition*. This argument is not entirely new: historian Klas Åmark for one, has suggested that this shared goal was an important component of a package of tacit understandings worked out alongside the Basic Agreement that explain more about *samförstånd* than the details of the agreement itself.¹⁰

What is new in my argument is the role of the lockout. *The mass sympathy lockout had proven to be an essential tool in achieving substantive, wage-related goals that both LO and SAF agreed on*. For this reason alone, LO had good self-interested reasons not to challenge the lockout with legislation that could be interpreted in a restrictive way. For example, I will explain in subsequent discussion the critical role the lockout played in facilitating the “cow trade” between the Social Democratic government and Bondeförbundet behind their crisis agreement of 1934 . A massive lockout threat from SAF gave LO and the Social Democratic government the pretext to intervene against militants in the unionized building trades, imposing a settlement that allowed the crisis building program to proceed, *as stipulated by Bondeförbundet*. It also imposed a drastic adjustment of the wage structure between the sheltered and internationally exposed export sectors. This adjustment was something that the majority of employers, workers and Swedish farmers were in deep agreement about. In short: behind the crisis agreement was not just a “red-green” or labor-land alliance. Capital too took part in and benefited from the deal. It was truly a highly encompassing cross-class alliance.

Not coincidentally, the actual details of the Basic Agreement of 1938 worked out at Saltsjöbaden also served the *klassövergripande allians* [cross-class alliance], for reasons detailed below—after a discussion of the lockout. In contrast with Åmark, I argue that the actual details of the agreement, not just a set of secret, shared understandings alongside it, help explain the subsequent *samförstånd* [consensus]. In particular, restrictions on the use of secondary strikes and boycotts served the cross-class alliance for the simple reason that they were common in the building sector and responsible for high wages there. They were practically non-existent in export-oriented industry.

¹⁰ Klas Åmark, “Diskussion,” in Sten Edlund et al., eds., *Saltsjöbadsavtalet 50 år-- Forskare och parter begrundar en epok 1938-1988* (Stockholm: Arbetslivscentrum, 1989), 112.

To sum up, this paper argues the following:

(1) An important reason for SAF to resist legislation and propose negotiations leading to Saltsjöbaden was a concern to protect the lockout from legal restrictions. Why?

(a) The lockout had proven extraordinarily important for imposing and maintaining managerial sovereignty, which employers saw as essential for Swedish industry's competitiveness in international markets.

(b) The lockout was now also proving enormously successful in imposing control over the intersectoral wage structure for the same objective, and the new SAF leadership hoped to continue using it for further progress in that realm.

(2) LO had little interest in imposing restrictions on lockouts. Why?

(a) The sympathy lockout probably bolstered its membership levels and finances.

(b) More important, lockouts gave dominant interests in LO the ideologically respectable pretext to intervene against high-wage, militant unions in the sheltered sectors, especially in the building trades.

(3) Therefore, the *samförståndsanda* that marked relations between capital and labor in Sweden was both a cause and a consequence of the 1938 Basic Agreement negotiated at Saltsjöbaden. Why?

(a) Because of recent experience in 1934 with what I call the *vänligt sinnad lockout* [friendly lockout], especially in settling the protracted conflict in the building trades with a dramatic wage reduction favored by both LO and SAF. This settlement sealed the *kohandel* [cow trade] with *Bondeförbundet* [Farmers' Party] over the Social Democrats' crisis program, bolstered trust between capital and labor, and strengthened their mutual resolve to avoid legislation.

(b) By including details that reduced militancy in the building trades, the *Huvudvtal* [Basic Agreement] helped preserve and advance a

growing spirit of consensus developing over shared interests in a more solidaristic leveling of wages across the Swedish labor market.

In making these arguments, I also want to assert that a social scientific approach to explaining the Basic Agreement of 1938 and the enduring Saltjöbadsandan [Spirit of Saltjöbaden] must rely on careful interdisciplinary research about economic interests that divide as well as unite classes. Therefore sophisticated power analysis requires detailed interest analysis, rooted in solid historical evidence and fine-grained analysis of labor market actors' market-driven motivations. In doing so, in contrast to existing power analysis, it must take examine how diverse material interests generate conflict within class organizations and therefore the potential for a sharing of broad interests between them.

The Lockout

One problem with the conventional power resource analysis of Sweden's "historical compromise" of the 1930s was that this was not the first time that SAF rejected legislation to restrict various boycotts, blockades, and other sympathy actions commonly used by labor militants. An earlier instance took place in 1911; Social Democrats were not in power, and were not likely to get there soon. Employers rejected a bill supported by the Conservative government of Arvid Lindman, amended to appeal to the Liberals, because it threatened restrictions on employers' most important weapon: *the sympathy lockout*. "Utan rätt till sympatilockout kunna arbetsgivareorganisationerna lika gärna upphöra att existera [Without a right to the sympathy lockout, the employers organizations might just as well cease to exist]," wrote SAF chief Hjalmar von Sydow in SAF's tidskrift *Industria*.¹¹

¹¹ "Arbetsaftalslagstiftningen," *Industria*, 28 February 1911, p. 130; "Svenska Arbetsgivareföreningen och arbetsaftalslagstiftningen. See also "Enhälligt mötesbeslut mot regeringsförslaget," *Industria*, 16 March 1911, and "Arbetsgivarna och arbetsaftalslagstiftningen—Industrin uttalar sig mot regeringsförslaget," *Göteborgs handels- och sjöfartstidningen* 6 March 1911, 3.

Employers had good reason to protect the lockout in 1911, just as it would later, in 1935. (The difference was that, later, LO had reason to agree.) SAF had recently accomplished some great successes. Their first major breakthrough in shaping the country's system of industrial relations came in 1905, when engineering employers in Verkstadsföreningen locked out workers at 83 member companies in response to strikes at 23 firms. Only two firms refused the lockout order, forfeiting their membership bonds and membership. The number of workers idled rose from about 4,000 to almost 14,000. Note that more than 6,000 workers idled were not members of Metall.¹² The massive lockout brought Metall to the table and gave VF employers a decisive victory on the question of managerial control: the union gave up all ambitions to control hiring and firing (including unskilled workers and apprentices), and the introduction and manning of machinery. Metall achieved a system of minimum wages applying across the entire sector.

The following year, SAF threatened a large lockout in response to *only eight firm-level strikes* outside the engineering sector (which had not yet joined SAF, and whose 1905 agreement with Metall did not allow engaging in the sympathy action). All eight disputes involved challenges to employers' managerial prerogatives. Various unions were pressuring employers to sign agreements violating SAF's by-laws, in particular its famous paragraph 23, which prohibited members from entering into closed shop agreements. The paragraph also prohibited members from conceding union control over any managerial decisions involving hiring, firing, and supervising work.¹³ Passed in 1905, and amended in 1906, §23 required SAF members to include an iron-clad managerial rights clause in all collective agreements made with workers at any level.

¹² John Lindgren, *Svenska Metallindustriarbetareförbundets historia, Band I 1880-1905* (Stockholm: Tiden, 1938), 618-23, and 633; Carl Hallendorff, *Svenska Arbetsgivarföreningen 1902-1927* (Stockholm: 1927), 67-73.

¹³ Lennart Lohse, *Arbetsgivarernas inställning till föreningsrätt, arbetarskydd och arbetstid i statsvetenskaplig belysning* (Stockholm, 1963), 70-1; Bernt Schiller, *Storstrejken 1909--Förhistoria och orsaker* (Göteborg: Elanders, 1967), 39.

The confederation and its sectoral associations confidently asserted a right to enjoin individual members to join the massive sympathy lockout despite contracts they may have signed with unions, and despite the fact that their own unions were currently respecting acceptable contracts.¹⁴ Seeing a costly lockout on the horizon, the LO leadership, which had just spent considerable funds in the metalworkers' conflict, willingly accepted SAF's invitations to discuss the eight disputes. The result was the so-called "December Compromise" of 1906. In it, LO agreed in full to employers' rights to manage exactly as SAF conceived them. In exchange, LO extracted from SAF a formal recognition of workers' right to join unions.¹⁵ By signing, LO signaled its intention to refuse money to workers locked out over managerial disputes. Unions wishing to defy SAF were now on their own.

LO also made another remarkable concession in the December Compromise, one that is often glanced over. *The labor confederation begrudgingly agreed, at SAF's insistence, that sympathy lockouts of workers were not to be regarded as violations of currently valid contracts.* Of course workers would likewise be free to join in sympathy strikes if sanctioned by their national union. But because sympathy strikes were fairly rare and unimportant, LO regarded the demand "med kyla och en utpräglad misstänksamhet" according to LO historian Ragnar Casparsson. But SAF's von Sydow maintained flatly, as he would again in 1911, that "utan rätt till sympatilockout kunde arbetsgifvareorganisationerna nästan lika gärna upphöra att existera."¹⁶

LO's acceptance of the terms of the December compromise did not end the eight disputes however. LO affiliates were still free to spend their own funds, or workers could take other jobs, which were plentiful, in the meantime. Only LO's funds were unavailable to them now. Given LO's cooperativeness, what happened next seems rather bizarre. Despite LO's formal rejection of the workers' demands, SAF now repeated its threat of a mass sympathy lockout against the entire confederation. *LO, after all, had just given SAF the permission to do so!*

¹⁴ Hallendorff, *Svenska Arbetsgifvareföreningen*, 78-80.

¹⁵ Ragnar Casparsson, *LO under fem årtionden, 1924-1947* (Stockholm: Tiden, 1948), Vol I:270, 258-65.

¹⁶ Casparsson, *LO under fem årtionden*, Vol I: 274.

One can only speculate about how surprised or unsurprised, indignantly or calmly, LO reacted. SAF historian De Geer conjectures that SAF may have threatened the lockout to “support” LO, which was trying to persuade the workers to submit to employers.¹⁷ De Geer therefore suggests that LO may have been neither particularly astonished nor upset. In any event, SAF’s threat worked. LO now intervened compellingly, and the disputes were resolved to SAF’s satisfaction. The threat alone of a mass lockout proved sufficient.

Two years later, in 1908, SAF’s *Järnbruksförbundet* resolved to bring about a national-level agreement similar to the one achieved in 1905 in engineering. It called a multi-employer lockout in response to a few isolated conflict actions by Metall, which also organized iron and steel workers. Once again, feeling the threat of a costly multi-industry lockout hanging overhead, LO applied all necessary pressure on its metalworkers’ union to sign an agreement. Metall conceded most of the iron and steel manufacturers’ wishes.¹⁸

JBF also drove through SAF’s demand that sympathy actions, lockouts and strikes, be recognized as fully legitimate in the national iron and steel agreement. JBF’s historian Sven Olsson reported that, as LO Chairman Lindqvist put it, steel worker representatives “gnuggade sig i ögonen [rubbed their eyes]” in disbelief when they first saw this demand. They had little use for sympathy strikes, and so “reste häftigt motstånd [offered tough resistance].”¹⁹ Employers by contrast had big plans for sympathy actions. Before the year was out, JBF extended lockout backing to VF, helping it prolong its two-year old agreement from 1905. The two associations, one inside SAF and the other still outside, threatened to lock out all steel and engineering workers, both organized by Metall. Against this imposing array of forces, Metall accepted extension of the 1905 engineering agreement. Only one important new thing was added: *a clause explicitly allowing sympathy lockouts.*²⁰

¹⁷ De Geer, *The Rise and Fall of the Swedish Model: The Swedish Employers' Confederation and Industrial Relations over Ten Decades* (Chichester, UK: Carden, 1992), 36.

¹⁸ Lindgren et al., *Svenska metallindustriarbetareförbundets historia* 2:118-121; Hildebrand et al., *Sågverksförbundet*, 233-37; Schiller, *Storstrejken*, 204.

¹⁹ Sven Olsson, *Järnbruksförbundet 1906-1956* (Stockholm: Esselte, 1958), 44.

²⁰ M. Carlson, JBF, to Sveriges Verkstadsföreningen, 5 October 1908; and Protokoll vid sammanträde med delegerade för Sveriges Verkstadsföreningen och

The Friendly Lockout. In 1911, SAF feared legislative precedents that might restrict the use of sympathy lockouts. By the 1930s, LO's interests in that regard had come into alignment with SAF's. Recall De Geer's speculation about SAF's 1906 use of the lockout to "support LO," or at least to prod it into action it wanted to take but could not without a supportable pretext. Strange as it may sound, the tactical concept made sense, and events twenty years later support De Geer.

In 1928, a long conflict had bedeviled the forest product industries, stirred up by militant Communists. During a SAF board meeting, Christian Storjohann, the prominent *brukspatron* of the paper pulp sector, made a remarkable claim--and in that context, a strange proposal. LO's wishes "äro desamma som våra [are the same as ours]," he claimed, and it was "på vår sida [on our side]" against Communists who had mobilized workers to vote against acceptable wage agreements hammered out at the bargaining table between SAF's Paper Pulp Employers' Association and LO's Paper Workers' Union. Billerud's older workers would "greet Communism's destruction with the greatest pleasure," he had heard from the top LO leadership. But LO was not yet ready to say this openly. Instead, it was, as obligated by its by-laws, financially supporting locked-out pulp workers.²¹

Järnbruksförbundet, 27 November 1908 (Edström 24 [A3d/Samarbete]). See also Styrman, *Verkstadsföreningen*, 135-37; Olsson, *Järnbruksförbundet*, 54-5. Earlier, in June of that year, VF had invoked the absence of such a clause to explain why it could not back the building industry lockout with a sympathy lockout. VF, Överstyrelseprotokoll, 27 June 1908.

²¹ SAF, Minutes, Styrelse, 9 March 1928. The following month LO forced its mine workers' union in April 1928 to quit a "Swedish-Russian Unity Committee," an arrangement whereby the Soviet Union channeled money to the union through its Russian counterpart. The Soviet Union had picked up 45% of the bill for an eight-month conflict, costing the industry 800,000 worker days. Casparsson, *LO under fem årtionden*, 2:89-108 and Ragnar Casparsson, *LO--Bakgrund, utveckling, verksamhet* (Halmstad: [publisher], 1966), 237-40. SAF was particularly pleased by Metall's vigorous actions against Communists. SAF, *Styrelse- och revisionsberättelser för år 1928*, 70-73.

Then came the strange proposal. Storjohann called for an immediate and massive expansion of the lockout to include another 107,000 workers, mostly in engineering (now, since 1918, included in SAF), steel, and textiles.²² *In one and the same breath he praised LO as friendly to SAF's goals but then advocated a massive frontal attack against it.* The logic was simple, however: attack LO to give it an ideologically defensible pretext to intervene against shared enemies.

But the argument got nowhere. SAF's director von Sydow had lately been expressing deep pessimism about lockouts. He worried that LO had been gaining an alarming amount of financial clout by recruiting government workers. The additional membership dues strengthened their ability to hold out during lockouts in the private sector. Von Sydow's case in point, according to Westerståhl, were "järnvägsmännen, vilka aldrig medförde några kostnader utan endast tillförde organisationen inkomster [rail workers, who never imposed costs but rather only supplied resources to the organization]." Meanwhile, SAF's own funds could not sustain repeated and ever-growing conflicts. Von Sydow thus rejected Storjohann's plan for an immediate and broad scale attack, arguing that LO and public opinion would only be inflamed and provoked into supporting pulp workers against SAF if it widened the conflict.²³ Meanwhile, as a Conservative Riksdag member, he led the forces pushing for legislation to control the strike tactics of Communists.

²² SAF, Minutes, Styrelse, 9 March 1928.

²³ Von Sydow to K.A. Lagergren, 6 October 1928, cited in Westerståhl, *Svensk Fackföreningsrörelse*, 154 and 439; SAF, Minutes, Styrelse, 9 March and 30 April 1928.

Storjohann's tactic did eventually come into play, and worked, however, but only after von Sydow's retirement and his replacement by Gustaf Söderlund, arranged by Sigfrid Edström, board chairman of both SAF and VF. Interestingly, it was Storjohann who had first suggested Söderlund to Edström; Storjohann had been deeply frustrated by von Sydow's resistance on the lockout question.²⁴ In 1932—only months after Social Democrats took the reins of government—SAF's new leader managed to gather agreement from its member associations behind a large and rapidly escalating multi-industry sympathy lockout threat to support paper pulp manufacturers. The official plan called for taking out all paper mills first, and within four weeks, all saw mills, engineering firms, and steel mills. Finally, LO was informed, if this proved insufficient, textile manufacturers were to follow shortly, and then unspecified sectors.

Only three days after the lockout plan was announced, the paper pulp manufacturers extracted a decisive victory after the five-month long dispute.²⁵ SAF leaders did not actually believe the threat would have to be carried out. LO's chairman Edvard Johansson had signaled clearly that the conflict would be brought to an end immediately after a lockout materialized, according to a report written by Söderlund to the pulp employers. Thus in a memo from SAF to its sectoral associations, Söderlund argued that the threat alone would be enough. On those grounds, the Iron and Steel Employers' Association, for one, was able to agree to the lockout plan.²⁶

²⁴ Edström to Hugo Hammar, 20 June 1930 (Edström 34 [A14d]).

²⁵ SAF, Minutes, Styrelse, 3 August and 9 September 1932.

²⁶ Tom Olsson, *Pappersmassestrejken 1932--En studie av facklig ledning och opposition* (Lund: Arkiv, 1980), 342. Olsson found the report discussed in PMF, Minutes, Styrelse, 15 July 1932. Unfortunately, these minutes appear to have been lost from the current paper industry association's archives. The memo and JBF's response are also mentioned in Sven Olsson, *Järnbruksförbundet*, 197.

SAF had good reason to trust LO's signals in 1932, for the confederation's leadership had openly disapproved of the militant pulp workers' actions, pressured the union to concede wage reductions, and backed the Transport Workers' Union rejection of a request from pulp workers for sympathy action in the form of a refusal to handle pulp stockpiles that were making their way onto the market. It refused all financial support for the locked out pulp workers (a choice it could make having withheld official approval for the initial strike actions that triggered the lockout).²⁷ Internal SAF discussions warmly acknowledged LO's restraint and efforts to persuade SPIAF to settle.²⁸ In the end, the capitalists' threat of a dramatic power display gave LO the ideologically respectable pretext to intervene. Under LO's pressure, SPIAF leaders assumed dictatorial authority explicitly denied to it by members voting in three contract referenda, and finally brought the strike to an end.²⁹ Wages were reduced across the board by 7%, and other important demands of the pulp employers were realized.

²⁷ SAF, Minutes, Ombudsmannakonferens, 3 May 1932; Olsson, *Pappersmassestrejken*, 285-88, 323, and 451, note 37.

²⁸ SAF, Minutes, Styrelse, 1 April, 6 May, 1 July, and 3 August 1932; *Styrelse- och revisionsberättelser för år 1932*, 35. See also Tom Söderberg, "Pappersmasseförbundets första halvsekel," 91; Olsson, *Pappersmassestrejken*, 310-11, 320, 324-25, 341-2, 363; and Casparsson, *LO under fem årtionden*, 2:287, 290-2, and 297.

²⁹ SAF, Minutes, Styrelse, 9 September 1932. On the contract votes and other events, SAF, Minutes, Styrelse, 4 March, 1 April, 3 August 1932, and 9 September 1932; *Styrelse- och revisionsberättelser för år 1932*, 36.

The Threat of Legislation. It was in the context of these recent experiences with the friendly lockout that SAF and LO assessed the benefits and risks of legislation that could tie employers' and unions' hands alike. Very recent experience in Norway reinforced at least some employers' views. Legal restraints on use of the sympathy lockout that Swedish employers feared in 1911 eventually passed in the neighboring country. In 1926, powerful ASEA chief and SAF Chairman J. Sigfrid Edström wrote of his hopes that Norway's mistake would not be repeated in Sweden.³⁰ But now, in the late 1920s, views were beginning to seriously diverge in the higher reaches of SAF. Apparently director von Sydow, a Conservative Party member of the Riksdag, had become less concerned about protecting the confederation's freedom of action. Indeed, he had become increasingly pessimistic about the effectiveness of mass lockouts. He was personally spearheading parliamentary efforts to pass landmark legislation that would violate a long tradition of state neutrality in labor market affairs and so put the lockout in harm's way.³¹

Edström, by comparison, had not lost faith in the lockout. Probably Edström's differences with von Sydow, among others elaborated below, help explain why he wished to see von Sydow replaced with someone more in tune with employer interests as he saw them. Taking the bull by the horns, Edström initiated and conducted efforts to find a successor—without von Sydow's input and blessing. The outcome of Edström's search was Gustaf Söderlund, Edström's trusted general in SAF for years to come. This choice meant bypassing von Sydow's loyal and disappointed vice director, Ivar Larson. Like Edström, Söderlund was an eager user of the highly inclusive lockout, and worried about law that might put limits on it.

³⁰ Edström, "Arbetsfredens fullgörande," February 1926 (Edström 25 [A3e/styrelsen]).

³¹ See letter from Sydow to K. A. Lagergren, 6 October 1928, cited in Westerståhl, *Svensk fackföreningsrörelse*, 154; SAF, Minutes, Styrelse, 9 March and 30 April 1928; SAF, Styrelse- och revisionsberättelser för år 1928, 33.

In 1933, in the midst of a massive building trades conflict, Söderlund worried that the inclusion of an important hospital construction project which he regarded as absolutely necessary for maintaining solidarity among building contractors, was going to hurt employers politically. The lockout threatened to shut down a surgical ward in Oskarshamn in dire need of extra rooms and beds. Therefore many people, “långt in i det borgerliga lägret [deep into the bourgeois camp],” and “inom vidsträckta borgerliga kretsar [in widespread bourgeois circles]” found SAF’s intentions “oresonliga [unreasonable].” Consequently, “pressen började anlitas för att påverka partnererna, varvid förebråelser riktades än mot den ena och än mot den andra parten [the press began to be enlisted to influence the parties, whereby reproach was aimed first against one side and then the other],” he reported. “Därvid framhölls bl.a., att denna konflikt *aktualiserat frågan om legaliserat förbud mot konflikter vid samhällsviktiga företag* [In that context it was asserted, among other things, that this conflict *posed the relevant question about legal prohibition of conflicts against socially important enterprises.*”³² It was not, therefore, the organized working class that Söderlund worried about in forcing through restrictive legislation.

³² SAF, Minutes, Styrelse, 20 October 1933.

In 1934, a year before he began collaborating with LO to avoid legislation, Söderlund sought greater authority for SAF to command member associations into sympathy lockouts.³³ The same year he worried about how proposed labor legislation could be used to dangerously restrict the purposes for which sympathy lockouts could be undertaken.³⁴ In 1935, SAF's Nils Holmström complained that legislation being considered would allow unions to censure [**pricka**] a strikebreaker (as oneutral tredje man [as a non-neutral third party]), but would not allow employers to censure firms that refused to join lockouts, and therefore inflict economic damage on them.³⁵ That combination would have been a serious loss for SAF, given that employers had not, as commonly supposed (see below), given up on strikebreaking.³⁶

³³ CHECK: SAF, Minutes, Styrelse, 28 February and 31 May 1934.

³⁴ Söderlund: "Sympatiåtgärdernas begränsning till utvidgning av ursprunglig arbetstvist rörande upprättande av kollektivavtal är enligt min mening för snäv. På arbetsmarknaden förekomma andra tvister, vilkas lösning i sista hand är beroende av möjligheten att vidtaga sympatiåtgärder. Slutmålet med en tvist kan mycket väl vara annat än upprättande av kollektivtal. Och därtill kommer, att olagliga konflikter ibland icke kunna bringas ur världen annat än genom vidtagande av sympatiåtgärder." *Betänkande med förslag till lag angående vissa ekonomiska stridsåtgärder m. m.* (Stockholm: Norstedt & Söner, 1934), p. 99.

³⁵ Nils Holmström, "P.M. rörande fördelarna och nackdelarna av en lagstiftning angående ekonomiska stridsåtgärder i den utformning, som sådan lagstiftning med sannolikhet kommer at erhålla." Bilaga F till SAF, Minutes, Styrelse, 26 April 1935. Only a year before, SAF had begun asserting on the masthead of *Industria* that "det bör vara en hederssak for varje medlem . . . att vid affärsuppgörelser söka giva företräde åt andra medlemmar . . . som kunna komma i fråga för en beställning eller ett uppdrag." Edström initiated discussions leading to this and other measures to impose discipline in 1933. Edström to Söderlund, 3 October 1933 [Edström 34 (A14d)]; SAF, Minutes, Styrelse, 15 December 1933. For example, member firms henceforth were urged to include a new SAF insignia on their stationery. Cirkulärbrev A/1934, "Till Svenska Arbetsgivareföreningens delägare," Bilaga C to SAF, Minutes, Styrelse, 28 February 1934.

³⁶ Westerståhl, *Svensk Fackföreningsrörelse*, 206.

Clearly, employers had good reason to fear legislation, whether sponsored by socialist or bourgeois politicians. One way or another, the sympathy lockout would come into the line of fire in the legislative process, and the consequences could be costly. But employers were not alone; at least by 1935 the unions were in agreement. The main reason for this, no doubt, was their experience with the lockout's role in a watershed event in Swedish political history: the famous "cow trade" between the Social Democratic Party and Bondeförbundet over efforts to soften the blows of the Great Depression.

The Lockout, the Cross-Class Alliance, and the Cow Trade

When the Social Democrats came to power in September 1932—only months after SAF's success—who knew what repercussions would follow for relations in the Swedish labor market? That the government lacked a majority in the Riksdag boded well for employers, though disunity across the bourgeois camp remained a problem. Would the government seize its chances to manipulate divisions among employers and the three parties to the right of the Social Democrats? Would it take advantage of creeping proto-Keynesian doubts in the bourgeois ranks—including von Sydow's-- about the benefits of wage reductions? Would it try to limit lockouts?

One thing we now know is that having Social Democrats in control of the cabinet certainly did not make employers lockout-shy--contrary to Korpi's theory about the recent shift in the balance of class power. Within months of the Social Democratic victory in 1932, there was the successful lockout threat on behalf of the pulp industry, discussed above. Then, in 1934, SAF threatened yet again another gigantic sympathy action. The conflict started in 1933 when building contractors began imposing wage reductions after expiration of the previous contract. Many workers went out on strike. Contractors retaliated with a sector-wide lockout, lasting almost a full year--45 weeks in all. The labor confederation made earnest but unsuccessful efforts to persuade its building trades unions to settle on terms acceptable to SAF. It was not until SAF announced its sweeping lockout plans against over 200,000 LO workers that LO took the bull by the horns and forced the building trades unions to accept dramatic wage reductions and a massive reform of their payment systems.

Shared Interests : The Cross-Class Alliance. One cannot overemphasize the importance of SAF's victory, assisted by LO, for the dominant elements in the employers' confederation. High wages and worker militancy in the building sector had deeply aggravated virtually every other industrial sector for the last three decades, especially those engaged in international competition. But ironically, employers had to wait until the Social Democratic Party's rise to power to put an end to the misery. Did success come *despite* Social Democracy's advances? The answer, all evidence indicates, is that the new political conditions actually *improved* employers' chances, for the simple reason that the Social Democratic labor movement shared interests in bringing the building trades to heel and had the power to do so. By intervening forcefully, it assisted employers in achieving their most valued goal ever, since imposing managerial sovereignty in industry.

The outcome, triggered by the mass lockout threat, represented a monumental breakthrough for employers and a watershed in the evolution of Swedish industrial relations. Among the most jubilant were those in Sweden's dynamic export-oriented engineering industry, SAF and VF chairman J. Sigfrid Edström among them. He had long recommended using SAF to impose control across sectoral lines between export industry and trade-sheltered sectors like food processing and building. He had helped make sure that wages in engineering slowly rose to only 155% of their 1913 level by 1929. By contrast, wages at building sites and in other sectors sheltered from international competition had increased between 185% and 210%. In 1930, while other industries suffered from the world wide depression, "uncommonly lively" building activity brought more wage increases, putting salt in engineering employers' wounds.³⁷

³⁷ On Edström and forest products, see SAF, Minutes, Styrelse, 9 March, 1928. While VF had successfully forced through 60% wage reductions during the post-WWI depression in engineering (other export sectors accomplished reductions between 62% and 86%), the building industry had only brought down its wages by about 40% between 1920 and 1922. For these and comparisons above see N.P. Mathiasson, "Inledningsanförande vid Hälsingborgs Fackliga Centralorganisations diskussionsmöte, Folkets Hus, 28 April 1929," (Edström 34 [A14d]); Carl Hallendorff, *Svenska Arbetsgifvareföreningen 1902-1927* (Stockholm: 1927), 156. On the building boom of 1930, see SAF, Minutes, Styrelse, 7 April 1930.

In 1926 the engineering employers' journal *Verkstäderna* published an essay by the young economist Bertil Ohlin, a future Liberal Party leader and Nobel Prize winner, identifying the divergence in wages between manufacturers in internationally traded goods and trade-sheltered building contractors as one of the most important economic problems facing Sweden and other industrialized countries in the 1920s. But Georg Styrman, VF's executive director explained five years later that Sweden was *more* afflicted than the rest, according to data he acquired on wage differentials between engineering and the building trades in various European countries.³⁸

One reason for very large differentials probably lay in the long Nordic winters, when low temperatures and short daylight hours made building work slow and often prohibitively costly. To compensate for winters with little or no pay when work ceased, and a feverish work pace during the short building season, workers in the trade demanded high wages. Contractors often quickly caved under the pressure, badgered as they were on the other side by anxious financiers and manufacturers eager to see their residential, commercial, and industrial properties finished on schedule. Many contractors were more or less indifferent about what wages they paid, so easy was it for them to pass on the costs.³⁹

³⁸ Bertil Ohlin, "Lönenivåns söndersplittring," *Verkstäderna* 22:7 (1926), 246-50; Georg Styrman, *Sveriges Verkstadsföreningen 1896-1945* (Stockholm: P.A. Norstedt, 1946), 228.

³⁹ See H.E. Pulver, *Construction Estimates and Costs* (New York: McGraw-Hill, 1947), 137 and Ralph P. Stoddard, *Brick Structures: How to Build Them* (New York: McGraw-Hill, 1946), 47-50; SAF, Minutes, Styrelse, 28 April 1933.

Though relatively unprotected from nature, this and other home market industries enjoyed shelter from import competition and its price discipline, and could therefore more easily pass on high wages to other parties in the form of higher prices. The problem became especially acute in the early 1920s, when building boomed and the supply of skilled craftsmen dried up. Both were a result of the World War I period, when residential building stopped, and with it the training of apprentices. Feverish public sector building activity after the war made things worse by paying high pace-setting wages, contributing to skill shortages, and strengthening the unions by providing jobs to workers locked out in actions by private sector employers.⁴⁰

High wages and militancy in the building trades caused extra production costs and infuriating delays for manufacturers exposed to merciless international competition. Leading employers in SAF knew the problem intimately. As early as 1918, Edström complained to von Sydow about the constant rise of building costs for his company, ASEA. ASEA's office building, under construction for two years, had ground to a halt for the third time. Elsewhere, unfinished engineering facilities worth millions stood idle month after month.

⁴⁰ On the 1920s, see SAF, Minutes, Styrelse, 20 November 1920, 11 November 1921 (including Bilaga A); 23 September 1922; 28 July 1923, 10 March 1924, 15 May 1925, and 16 October 1925; *Styrelse- och revisionsberättelser för år 1924*, 27-29, 35-36, and 41. See also VF, Minutes, Överstyrelse 12 May 1920 and 8 December 1921; Arbetsutskott, 17 June 1920; Styrelse för Norra Kretsen, 30 November 1921. In 1918, the large national telegraph, railroad, and waterworks, together with large municipal projects, had led the way introducing the 52-hour week; dragging the rest of SAF in its wake. Hallendorff, *Svenska Arbetsgivareföreningen*, 141.

Over a decade later, Erik August Forsberg of AB Separator complained that high wages paid in the building of industrial plant resulted in higher production costs than his foreign competitors had to pay. Building workers' militancy delayed completion of steelmaking capacity at Hofors in 1930, which belonged to and supplied SKF, a big exporter of ball bearings, as well as at other steel companies.⁴¹ Cross-sectoral labor mobility was also a problem. Wage pressures from the building sector made themselves felt because manufacturing employers had to compete in the same labor markets over workers moving back and forth across sectors.⁴²

High wages and therefore prices in the building and food trades reduced manufacturing workers' purchasing power. Manufacturing employers therefore hoped that restraining high rent and food costs might soften demands for wage increases. In 1922, production at ASEA was at least once disrupted by wildcat actions against high rent charged workers by the company for use of its housing. The same housing, visited later in the 1930s by a delegation of Belgians studying friendly industrial relations in Swedish manufacturing, were an embarrassment to Edström. When a Belgian unionist "uttryckte sin häpnad över att det stora vidsträckta Sverige hade sådana kyffan till bostäder," and called ASEA's workers "riktiga grottmänniskor [expressed his astonishment that big wide Sweden had such hovels as homes]," he was quickly informed of the reason: "de enorma byggnadskostanderna [the enormous building costs]."⁴³

⁴¹ Edström to Sydow, 6 March 1918 (Bilaga D to SAF, Minutes, Styrelse, 11 March 1918); VF, Minutes, Överstyrelse, 13 June 1930; Sven Olsson, *Järnbruksförbundet 1906-1956* (Stockholm: Esselte, 1958), 211; SAF, Minutes, Styrelse, 20 November 1920.

⁴² On the spread of wage increases from plumbing and electrical installation work to engineering, see SAF, Minutes, Styrelse, 17 December 1930.

⁴³ SAF, Minutes, Styrelse, 1 April and 4 August 1931; Styrman, *Verkstadsförening*, 227-28; K.A. Bratt, *J. Sigfrid Edström--En levnadsteckning* (Stockholm: Norstedt, 1953), 2:151.

Not surprisingly, therefore, many in the labor movement also objected to the unsolidaristic structure of wages across sectoral lines, and employers knew it. In 1930, Edström had noted that “byggnadsarbetarnes höga förtjänster rönt kritik även från andra arbetargrupper sida” [building workers’ high earnings met with criticism even from other worker groups]. Expression of the view that building wages were out of line were not at all unusual at union and LO congresses in the 1920s and 1930s, where aversion to building trades workers' tactics and ill-will toward their high wages were openly debated. SAF saw LO’s distancing from the conflict as “ett bevis för att byggnadskonflikten inom arbetarekretsar vore impopulär [evidence that the building conflict was unpopular in worker circles].” Employers thus regarded moderate LO leaders as tacit allies who held Communists and Syndicalists responsible as prime instigators of the building conflict, especially in agitating for building craftsmen to vote down mediated contract proposals.⁴⁴

Tensions within the labor movement about the economic advantages of workers in sheltered home-market industries expressed themselves in other ways known to SAF. Rank-and-file refusal to honor boycotts, as in the celebrated 1925 Skromberga bakers’ strike, was one known symptom of conflict within the labor movement. In Skromberga, coal miners, whose wages were half what were being demanded by union bakers, refused to boycott the cheap bread coming from bakeries able to continue producing. The Skromberga conflict helped give rise to an intensive debate within LO about the need to centralize power in LO in order better to serve the interests of low-pay unions, especially in sectors involved in international competition. Union clashed with union about low-pay workers’ wages finding their way into the pockets of high-paid workers in the building and food trades. Metall's section in Stockholm, where wage differentials between sheltered and traded good sectors were greatest, seized leadership in the debate about using LO to establish centralized control and push for a “solidaritetsbetonad lönepolitik [solidarity oriented wage policy].”

⁴⁴ On worker attitudes, see SAF, Minutes, 24 September 1930; Karlbom and Pettersson, *Svenska Grov- och Fabriksarbetarförbundets historia* (Stockholm: 1944), 265; A. Helldén, *Svenska Byggnadsträarbetareförbundet 1924-1928* (Stockholm: 1954), 38-39. On attitudes about the conflict, see SAF, Minutes, Styrelse, 27 June 1933; Apitzsch, "Socialdemokrater och kommunister i byggnadsstrejken," *Arkiv för studier i arbetarrörelsens historia* 2 (1972); 61-71; Apitzsch, "Byggbranschen," 34-35; and Kupferberg, "Byggnadsstrejken," 45-46.

Wage rivalries like these caused problems for employer leaders and labor leaders alike. High wages in the building trades spread infectious pressures for wage increases across sectoral lines. Rank-and-file members of Metall, for example, whose leadership tried to counsel restraint, set their sights on wages being earned in the building sector. Often they were earned by craftsmen brought in for building and installation work on industrial sites. Thus on the issue of leveling wages across industries, its members apparently shared much in common with their employers organized in VF.⁴⁵

But even though the dominant forces in LO shared solidaristic wage policy interests with SAF, employers could not count on the labor confederation to take decisive action. First employers had to prod the Social Democratic labor movement into action, and in a big way. This was the logic of the friendly lockout, Christian Storjohann's recommendation to attack a friendly LO to force it into action against a common foe, proposed in 1928. But before that could happen, new leadership was needed that was at one and the same time friendlier to organized labor and more militant in its use of the lockout.

⁴⁵ On Skromberga, see Bill Sund, *Nattens vita slavar--Makt, politik och teknologi inom den svenska bagerinäringen 1896-1955* (Stockholm: Almqvist & Wiksell, 1987), 88-90. On the LO debate in the 1920s and 1930s about wage differentials and LO's centralized role see especially Jörgen Ullenhag, *Den solidariska lönepolitiken i Sverige: Debatt och verklighet* (Stockholm: Läromedelsförlagen, 1971), 26-35, and Axel Hadenius, *Facklig organisationsutveckling--En studie av Landsorganisationen i Sverige* (Stockholm: Rabén & Sjögren, 1976), 35-42. On Stockholm, see SAF, Minutes, Styrelse, 20 November 1920; 7 April and 24 September 1930. On installation work, see SAF, Minutes, Ombudsmannakonferens, 12 April 1924; Minutes, Styrelse, 16 January 1925.

New Leadership: Söderlund replaces von Sydow. J. Sigfrid Edström's efforts in May of 1929 to find a suitable replacement for SAF director Hjalmar von Sydow, who was nearing 70 years of age, need to be seen in the light of the problems leading to the big lockout threat of 1934 and its happy result. For example Edström had found "synnerligen motbjudande [particularly repugnant]" von Sydow's meddling in engineering's affairs with regard to the tricky matter of wage setting in building-related installation work. Also, von Sydow had frustrated Edström by blocking his efforts to bring leading industrialists with close ties to big finance onto SAF's board of directors. Von Sydow favored allocating seats to smaller industrial sectors currently not well represented.⁴⁶ In 1931, to Edström's displeasure, von Sydow had come under the influence of the idea of propping up "allmänhetens köplust [general purchasing power]" as a reason for less forceful measures to reduce wages. By contrast, Edström, around the same time, sought to exorcize Henry Ford's "teori om höga loner [theory about high wages]" from the Swedish debate, for fear perhaps that it would weaken support for lockout militancy.⁴⁷

⁴⁶ On SAF's ties with banks and therefore export industry, see Sydow to Christian Storjohann, 13 May 1929; Edström to Wiking Johnsson, 22 May 1929; Johnsson to Edström, 23 May 1929, and Edström to Johnsson, 25 May 1929 (Edström 34[A14d]).

⁴⁷ On the Labor Court, see Edström to Sydow, 2 November 1928, Edström 34 [A14d]. On the building issues, see VF, Minutes, Överstyreelse, 24 February 1930, and Edström to Styрман, 5 December 1933 (Edström 28 [A3h/Allmänt]). On wages and purchasing power, see Sydow's statement in SAF, Minutes, Styrelse, 1 April 1931. The same month, Edström visited the U.S. A memo probably from that same year, on ASEA stationery and with Edström's handwritten corrections, criticized the theory. Edström's note on the untitled memo called for distributing as many copies as possible (Edström 27 [A3g/styrelse m.m.]).

To start with, Edström decidedly wanted someone who could work well with the Social Democratic labor movement. In replacing von Sydow, Edström scouted around for a “mänsklig [human]” figure, someone with “praktiskt sinne och humor [practical sense and humor]” and “pondus och lugn [gravity and calm].” A more agreeable man than Ivar Larson, von Sydow’s second in command, was needed to tap into the enormous potential for cross-class agreement around these wage distributional issues. (Later, Edström would also have disagreements with Larson about dealing with the building trades.) When Storjohann proposed Söderlund, who was Treasurer for the city of Stockholm at the time, Edström went out of his way, through discreet go-betweens, to sound out what Social Democratic politicians thought of him. What he found out was most reassuring: Söderlund was “van att brottas med sossarna.” Nevertheless, the “socialdemokratiska ledarna i stadsstyrelsen sätter mycket värde på borgarrådet Söderlund [the Social Democratic leaders in the city council hold Söderlund in high esteem].” According to Casparsson, Söderlund “var fri och öppen, insiktsful och mottaglig för skäl, en personlighet som utan arrogans förde talan för den part han representerade [was easy and open, insightful and receptive to reason, a personality who without arrogance spoke for the party he represented].” After he took control, “Arbetarsidans förhandlare kände inte igen den gamla Arbetsgivareföreningen. De saknade den inte heller [The workers representatives no longer recognized the old SAF. They didn’t miss it either].”⁴⁸

⁴⁸ On the leadership search, see “P.M. från sammanträde i Stockholm,” 6 May 1929; Edström to Wallenberg/Enskilda Banken, 20 June 1930; Edström to General G.R.J. Åkerman, 20 June 1930; Hugo Hammar to Edström, 21 June 1930; Edström to Ragnar Blomquist, 9 July 1930; Edström to Åkerman, 10 July 1930; Edström to Hammar, 11 July 1930; Åkerman to Edström, 13 July 1930; Edström to Blomquist, 28 July 1930; Edström to Åkerman, 26 August, 1930 (Edström 34 [A14d]). On Edström versus Larson, see SAF, Minutes, Styrelse, 28 April 1933. On Söderlund’s mission to forge consensus, see Söderlund to Edström, 1 March 1931 (Edström 34 [A14d]). Ragnar Casparsson describes Söderlund in *Saltsjöbadsavtalet*, 89.

Edström's efforts to pick von Sydow's successor and advance engineering's interests in control of wages in the building trades in SAF probably had a shared purpose with another one: to strengthen SAF's ties to the banking world. With these efforts, it seems, Edström intended to gird SAF for battle against the building workers. Until the early 1930s, bank cooperation with SAF appears to have consisted exclusively of large lines of credit for lockout support, with members' bonds as collateral. In the early 1920s von Sydow seemed not to expect much else. But it was not enough according to Edström, for during the 1920s, an uncontrolled supply of building credit for speculative purposes by banks and materials suppliers had made it possible for unorganized contractors to continue to build during lockouts. This money often went into the pockets as wages for workers locked out by BMF loyalists.⁴⁹

Things were going to change under Edström's watch. In July of 1930, well before SAF's official search committee for a new executive director was formed, Edström and a few close associates had already settled on Gustaf Söderlund. It was possibly no accident that the candidate had, as Stockholm city treasurer, close ties to the banking world. Banker Wallenberg was directly involved in the early and decisive phases, and he even intervened to stop Edström from recruiting his favorite candidate, Vilhelm Lundvik. Wallenberg preferred to keep Lundvik at the head of *Industriförbundet*, the Swedish Trade Federation. As von Sydow's VD Ivar Larson, put it, "givetvis går han sin sorti icke utan bitterhet [of course departed not without bitterness]," after having been completely shut out of the decision making about his replacement. (Larson, an Edström antagonist, had seen himself as the rightful heir to von Sydow's throne.)⁵⁰

⁴⁹ Thor Brunius, *Svenska Byggnadsindustriförbundet 25 år* (Stockholm: Viktor Petterson, 1944), 151.

⁵⁰ On early relations with banks, see SAF, Minutes, Styrelse, 21 January 1922, 8 April 1922, 30 June 1923, and 29 September 1931; Hallendorff, *Svenska Arbetsgivareförening*, 99, 120, and 160. On Edström's behind-the-scenes efforts to replace Sydow, see "P.M. från sammanträde i Stockholm den 6 maj 1929;" "P.M. från sammanträde i Stockholm den 8 juli 1930;" Edström to Hugo Hammar, 20 June 1930; Hammar to Edström, 21 June 1930; Edström to Marcus Wallenberg, 20 June 1930; and Edström to Hammar, 11 July 1930 (Edström 34 [A14d]). The official efforts to find a replacement, including setting up a committee, began in August 1930, immediately after the end of the secret search. Edström to members of SAF's board, 2 August 1930 (Edström 34 [A14d]). On Larson and von Sydow, see Ivar O. Larson to Axel Palmgren, 10 August 1931 (Palmgren papers); Axel Brunius, "Ivar Larson och uppgiften," *Industria* 11 (1947), 13.

Söderlund's appointment as executive director in 1931 thus brought closer integration of SAF with the commanding heights of Swedish banking. That he moved into one of the three top positions in the Swedish banking world after leaving SAF in 1946, at Handelsbanken, is telling. This was the same kind of integration Edström had already created no doubt with VF, dominated as it was by export-oriented firms closely tied to the leading banks. Enskilda Banken, controlled by the Wallenberg banking dynasty, had long been ASEA's main bank connection, and relations between Edström and Marcus Wallenberg were close. In 1930, for example, Wallenberg bought up a large share of ASEA to protect it from General Electric's international campaign to capture a global stake in all major electrical engineering firms.⁵¹

Edström's efforts would bear fruit in the conflict of 1933-1934. For the first time, SAF enlisted banks to impose a moratorium on building loans. Edström also set up a special emergency credit fund for builders under financial duress and therefore all too eager to concede to unions in order to complete their projects quickly. Big banks were now fully engaged in SAF's most important solidaristic project ever, brought into the picture by the country's preeminent engineering employer.⁵²

But bringing the big banks into the picture and therefore harnessing the supply of credit was not enough to alter the balance of power in the building sector to solidarism's advantage. Vastly more important in the end was SAF's declaration of intent to unleash the mass sympathy lockout.

⁵¹ Evidence that Edström relied on bank connections to influence individual employers is in VF, Minutes, Överstyrelse, 12 May 1920; Edström to Gustaf Ekman (Göteborgsbanken), 18 October 1930, (Edström 34 [A14d]); SAF, Minutes, Styrelse, 6 May 1932; and Edström to Styrman, 29 January 1943, (Edström 30[A3j/Korrespondens]). Wallenberg, possibly prompted by Edström, wrote to Storjohann in 1932, blasting his withdrawal from SAF as "grave disloyalty." Schyrman, *Christian Storjohann*, 104. On ASEA and Wallenberg, see Jan Glete, *Storföretag i starkström--Ett svenskt industriföretags omvärldsrelationer* (Västerås: ASEA, 1984), 60-1.

⁵² Thor Brunius, *Svenska Byggnadsindustriförbundet 25 år* (Stockholm: Viktor Petterson, 1944), 151; Kupferberg, "Byggnadsstrejken 1933-34," *Arkiv för studier i arbetarrörelsens historia* 2 (1972), 44 and 51-52; SAF, Minutes, 27 June and 20 October 1933; VF, Minutes, Överstyrelse 16 December 1933. The moratorium on lending to builders was undercut by the extension of credit by disloyal materials suppliers. SAF, Minutes, Styrelse, 15 December 1933.

Friendly Lockout: LO to SAF's Rescue. As the building conflict dragged on through the winter of 1933, Edström and Söderlund firmed up SAF's plans for expanding the lockout, which so far had been confined to the building trades. Some groups, especially in forest products, fretted about what it would cost them to join a sympathy action. SAF leaders soothed their jitters with the same argument used in 1932--that the threat alone would probably suffice.⁵³ In meetings on December 15 and 16, 1933, Söderlund and Edström announced their expectations that, in response to an enlarged lockout, the Social Democrats would move to impose a settlement via compulsory arbitration (*obligatorisk skiljedom*). The settlement, they were sure, would be better than what building contractors, losing patience, would gladly concede in the near future if left to their own devices.⁵⁴

But Söderlund and Edström also suggested an even better possibility--that the threat of government intervention, made in response to the giant lockout threat, would push LO into action to forestall arbitration. As we have seen already, SAF leaders had well-founded knowledge about highly paid building tradesmen's unpopularity within the labor movement. But again, even in this case, a big lockout threat was necessary, for only a lockout could force the Social Democrats to take the first step, according to Söderlund. That eventuality, Edström implied, was a very good one, for the unions were "minst lika stark motståndare till obligatorisk skiljedom in intressetvister som arbetsgivarsidan [were equally strong opponents of compulsory arbitration]," and would step in for that reason.⁵⁵ Either way, threatening a big lockout was the winning strategy, and it would not even have to be executed.

⁵³ SAF, Minutes, Styrelse, 27 November and 15 December 1933.

⁵⁴ SAF, Minutes, Styrelse, 27 November and 15 December 1933; VF, Minutes, Överstyrelse, 16 December 1933. Söderlund did not expect building industry employers to hold out until the Spring of 1934.

⁵⁵ SAF, Minutes, Styrelse, 15 December 1933.

In short, SAF would be targeting a friendly LO to force it to choose between intervention against its own unions and one of two worse options: (1) compulsory arbitration, or (2) a massive financial bleeding if the government did not impose arbitration. All things pointed in the direction of friendly intervention. LO's press statements beginning in May of 1933, and then a statement by Minister of Social Affairs Gustaf Möller at a union congress two months later strongly validated SAF's perceptions about building trades workers unpopularity. Both attacked the striking workers for their crass selfishness and "skråmentalitet [guild mentality]." Möller had recently eliminated rules so hated by the labor movement that withheld unemployment benefits or relief jobs to workers indirectly idled by strikes or lockouts—but kept them in force for workers in seasonal industries, mostly populated by building trades workers.⁵⁶

These things no doubt emboldened SAF to reject a disappointing mediation proposal from no one less than the Prime Minister Hansson, in September 1933. Subsequent mediation proposals suited employers much better, but were rejected in the building workers' referenda. Finally, on February 1, SAF announced its plans for an expanded multi-industry lockout. Edström telephoned Hansson around midnight to inform him of SAF's resolve to unleash the big lockout. At a meeting the next morning he repeated the threat in person to Hansson and a number of cabinet members. "Detta tydligen hade verkan," according to Edström, "och regeringen använde nu sitt inflytande för att förmå Landsorganisationen att pressa de tredskande Trä- och Murarförbunden att uppge sitt motstånd [this clearly had an effect ... and the government now used its influence to prevail on LO to pressure the recalcitrant unions to give up their resistance]."⁵⁷ The pressure on LO took the form, as SAF expected, of an announcement on the following day that compulsory arbitration legislation was ready for passage through the Riksdag.

⁵⁶ SAF, Minutes, Styrelse, 24 November 1933. On LO's press releases and Möller see Kupferberg, "Byggnadsstrejken," 45, and Apitzsch, "Socialdemokrater och kommunister," 63.

⁵⁷ Quote from Edström's diary in Bratt, *J. Sigfrid Edström*, 2:64-65.

In the following days things proceeded as expected. A lead article in *Socialdemokraten*, a party mouthpiece, declared on February 8 that it was unreasonable to imagine that 200,000 workers suffering from a lockout should line up in solidarity with the building workers who put them in that undeserved situation. Pushed by impending government intervention it abhorred, and pulled by a convenient and popular pretext to fix things on its own, LO finally stepped in. Applying massive pressure through the 14th of February, LO finally persuaded the building trades' union leaders to agree to the third and final mediation proposal that SAF favored and workers had rejected. Ultimately it even had to browbeat the chairman of the Murareförbundet to violate his union's constitution and sign a contract--under a formal protest he inserted in writing.⁵⁸

In short, as Söderlund put it as early as June 1933, although SAF's aims were not unpopular in much of LO, it could not count on any intervention from the labor confederation until sympathy measures targeted a very large number of workers.⁵⁹ That meant, of course, targeting LO as a whole and its finances in particular. Once again, as in 1932, the implicit and rather peculiar logic in the strategy was that SAF needed to launch a broad frontal attack on an ally in order to force it to turn on a common foe who was out of SAF's reach. The lockout would then hand LO leaders good and popular pretext for shutting the building conflict down and letting employers have their way with deep wage reductions.

⁵⁸ Apitzsch, "Socialdemokrater och kommunister," 71; Kupferberg, "Byggnadsstrejken," 53-57; SAF, Minutes, Styrelse, 28 February 1934; Bratt, *J. Sigfrid Edström*, 2:65.

⁵⁹ See especially Söderlund's comments in SAF, Minutes, Styrelse, 27 June 1933.

Success came as Söderlund predicted, in the end, only after the employers' confederation finally declared plans to escalate the conflict by shutting down virtually all the remaining private sector economy—i.e., to administer a good therapeutic “åderlåtning” [bloodletting] of LO's funds. About the only major piece of the economy to be spared from the lockout was the Grängesberg iron mining operations.⁶⁰ As in 1932, all SAF had to do was rattle its mighty sword to get its way. LO responded as expected, imposing its will over the building trades unions. The conflict was finally brought to an end on February 14, 1934.

“Normal” hourly wages, which applied to only a small proportion of building workers, were reduced between 6 and 12%. More importantly, because most building tradesmen worked for piece rates, LO forced Stockholm workers to accept drastic reduction of their rates by 30%; elsewhere rates were cut between about 12 and 16%. Even more important for the long run, the industry's chaotic and even “groteskt” system of piece rate setting, producing all manner of “utväxter” and “avarter”, was thoroughly “sanerad” through centralized control [grotesque, excrescencies, deviants, sanitized]. From now on it was going to be impossible for militant sit-down strikes at the building site to rebuild the sharp peaks in the comparatively high and uneven pay structure. Wages that had reached 115% of their 1922 level in 1932 now fell below that level in 1934. Furthermore, disputes about contract interpretation were now, as in other sectors, to be settled not by private arbitration, but by the Labor Court, where other industries' interests were directly represented. Best of all for SAF as a whole, the highly invasive surgery on wage practices within the sector brought a more compressed, solidaristic pay structure across industry lines.⁶¹

⁶⁰ The therapeutic imagery of “draining,” “bleeding,” and “lancing” recur in SAF, Minutes, Ombudsmannakonferens, 30 August 1932; VF, Minutes, Överstyreelse, 8 September 1932; Ivar O. Larson to Axel Palmgren, 4 November 1932 (Palmgren papers). On Grängesberg, see SAF, Minutes, Styrelse, 15 December 1933.

⁶¹ SAF, Minutes, Styrelse, 24 and 27 November and 15 December 1933; 28 February and 31 May 1934; Bilaga A to SAF, Minutes, Styrelse, 29 January 1934; and Ombudsmannakonferens, 27 February 1935; Söderlund to Edström, 6 February, 1934 (Edström 34 [A14d]).

All in all, SAF spent over 6,000,000 crowns supporting the long lockout confined to the building trades, and it had in theory been prepared to spend much more on an escalated lockout. Jubilant with the success, Söderlund attributed it in part "to the political situation, which forced LO to accept and with all means try to drive home the settlement proposed by the mediation commission and to avoid compulsory arbitration legislation." However, he added, what really decided things was SAF's lockout decision, which moved first the Social Democratic government and then LO into action.⁶²

Gratified by a 1934 editorial in *Dagens Nyheter*, a leading liberal newspaper, Söderlund noted that the lockouts was not as obsolete as employer leaders like von Sydow had begun to fear. Employer leaders excitedly congratulated each other on their most important victory ever—a dramatic reduction of wages in the building trades, and in the process, between that sector and manufacturing. As building activity resumed, even SAF's vice director Ivar Larson joined the joyful chorus, saying in 1934 that "lockoutvapnet . . . ännu har kvar sin gamla skärpa [lockout weapon . . . still has its old edge]." Two years later he was able to declare that, despite Social Democratic rule, SAF had kept wage increases within moderate limits "där övfer hufvudtaget någon förjövning medgivfits," and that "de allmänna bestämmelserna ha icke i något afseende 'uppmjukats' utan snarare skärpts [in which no increase at all was conceded and that the general terms have in now way been relaxed but rather sharpened]." In sum, "än är . . . den svenska arbetsgivaren herre i sitt eget hus [the Swedish employer is still lord of his manor]."⁶³

⁶² Bilaga B to SAF, Minutes, Styrelse 29 January 1934; SAF, Minutes, 28 February 1934; Söderlund to Edström, 6 February 1934 (Edström 34[C]).

⁶³ Söderlund to Edström, 6 February, 1934 (Edström 34 [A14d]); Larson to Palmgren, 15 February 1934; Larson to Palmgren, 13 February 1936 (Palmgren papers).

The Cow Trade: Employers in on the Deal. With his reference to the “political situation,” Söderlund indicated that building trades workers’ high wages were not the only reason that the Social Democratic labor movement so willingly intervened to end the building trades conflict on solidaristic terms. Of greater immediate urgency was the political bind the minority Social Democratic government found itself in, trying to pass majoritarian measures to deal with depression levels of unemployment. Bondeförbundet was prepared to help, *but declared it would withhold its pivotal votes for the government’s large jobs creation program until the building conflict was settled acceptably.* Farmers, too, were bothered by the costs and other spillover effects of high wages in the building trades. Also, if the money were to be released beforehand, the argument went, building employers’ brittle unity would pulverize as they scrambled to grab the contracts bringing about 100,000,000 crowns worth of publicly financed building and construction projects.⁶⁴

A watershed event in modern Swedish history, the deal with farmers had followed a dramatic back-bench revolt against its current leader. Under new leadership, the Agrarian Party promised to support the creation of large numbers of *beredskapsarbeten*. Using a broad mix of building trades skills, the jobs would be contracted out to the private sector. About half would be in road works and the remainder would mostly involve the construction and improvement of railroad crossings, bridges, waterways, excavations, and buildings. There would also be a number of more traditional *reservarbeten* involving unskilled labor in simpler projects. About 40 million crowns were to be spent on cash assistance. Both borrowing and increased taxes would pay for the projects. To pay for farmers’ support, the Social Democrats offered various protectionist measures for agricultural products.⁶⁵

⁶⁴ Olle Nyman, *Svensk parlamentarism 1932-1936--Från minoritetsparlamentarism till majoritetskoalition* (Uppsala: Almqvist & Wicksell, 1947), especially 108-12, 136-7, 158, 528-32; Kupferberg, "Byggnadsstrejken," 44, 45, and 54. It is unclear from existing work whether the farmers spelled out substantive terms that had to be satisfied, although they manifestly shared interests with employers.

⁶⁵ Stig Hadenius, Björn Molin, and Hans Wieslander, *Sverige efter 1900* (Stockholm: Aldus/Bonniers, 1974), 125-7; Gustaf Söderlund, "Yttrande över en . . . promemoria angående beredskapsarbeten till motverkande av arbetslöshet," 11 February 1933 (SAF A711141/1d).

Employers had two main objections to the crisis program when it was first proposed in early 1933—before resolution of the building trades conflict. They feared that implementation of the program would make it utterly impossible to implement a lockout in the sector, a first step before moving on to the multi-industry sympathy lockout should it prove necessary. There would simply be too much work for eager and disloyal contractors to pass up. The building employers' association, now called the Building Industry Association (*Byggnadsindustriförbundet*, BIF) insisted therefore that the proposed relief works not get underway until new agreements were established for the building industry.⁶⁶

Another chief employer complaint was that the program called for payment of standard union wages for work on the older style unskilled reserve projects as well as on the new beredskapsarbeten calling for a broader spectrum of skills. (The old system of reserve jobs in the 1920s until the early 1930s provided wages below those negotiated by building trades and public sector unions for unskilled laborers.) This was a deeper and more long-term problem. It united employers in industry with those in rural enterprise, including farmers. All foresaw a loss of manpower and ruinous upward wage pressure if union wages were now to be paid for the government projects.

⁶⁶ F. Holmén (Svenska Byggnadsindustriförbundet) to SAF, 2 February 1933 (SAF A711141/1d/1933).

Saw and pulp mills for example worried about a drift of unemployed workers from the forest product industry into the crisis program's jobs in other areas. They would then find scarce reason to return to a job in the forest products, should one become available. Sawmill workers could double their earnings as carpenters; lumberjacks could do almost as well moving to a road works job.⁶⁷ Urban industries were nervous too. Stockholm building workers received average hourly earnings of almost 3 crowns per hour, while adult male workers in the metal trades achieved only an average wage of only about 1.5 crowns. Engineering employers had complained about having to compete for unskilled manual labor even with the miserly old reserve system. In part, because of the free travel, housing, and sometimes health assistance attached to its jobs, and because of lower work intensity, labor costs relative to the value of tasks completed were often higher than in the regular labor market.⁶⁸

By intervening as they did, Social Democratic party and union leaders eliminated problems in the design of the crisis program. Refusing to relax the requirement that union wages be paid, *they simply lowered the union wages instead*. In Stockholm, where the problem was by far the worst, building trades workers saw piece rates reduced by no less than 30%; elsewhere rates fell between about 12 and 16%. Because it also centralized piece rate setting in order to keep the rates down, it promised a long-term fix. Thus the result for employers, in the long run, was actually better than simply relaxing the union standards provision.⁶⁹

⁶⁷ G. Hultman (Pappersmassedeförbundet) to SAF, 4 February 1933 and Torsten Andersson (Sågverksförbundet) to SAF, 4 February 1933 (SAF/A711141/1d/1933).

⁶⁸ On Stockholm, see Georg Styrman (Verkstadsföreningen) to SAF, 8 February 1933 (SAF A711141/1d/1933), 2. On wages for reserve jobs, see "Reservarbetenas konkurrens om arbetskraften," *Industria* 22 (1933), 569; "De höga reservarbetslönerna--Besvär av Svenska Arbetsgivareföreningen," *Industria* 25 (1933), 646-7; Eli Heckscher et al., *Bidrag till Sveriges ekonomiska och sociala historia under och efter världskriget, Del 1* (Stockholm: Norstedt, 1926), 322-24. According to Heckscher's analysis, reserve jobs brought unskilled laborers without dependents on average 4% greater earnings than their counterparts in the regular labor market. Those without dependents, because they were less able to take advantage of in-kind housing and travel benefits, earned on average only 2% less.

⁶⁹ SAF, Minutes, Styrelse, 24 November and 15 December 1933; 28 February and 31 May 1934; Bilaga B to Minutes, Styrelse, 29 January 1934; and Minutes, Ombudsmannakonferens, 27 February 1935.

Conventional discussions of the famous *kohandel* [cowtrade] of May 1933 between the Agrarian and Social Democratic Parties ignore or glance over the labor movement's decisive intervention in the building trades. Therefore they characterize the deal, at least implicitly, as a "red-green" or labor-farmer coalition at capitalists' expense. But the intervention against the building workers was as much an element of the deal as were the jobs program and agrarian protectionism. It was crucial to closing the deal. Manufacturing employers may have been unenthusiastic in principle about public works jobs programs—though many directly benefited. But even if one assumes opposition, for the sake of argument, what they gave up was richly rewarded with reductions in building trades wages. By that token, *kohandel* and the cross-class alliance included capital and its solidaristic interests. Dominant employers in SAF came out winners too.

Saltsjöbaden: Fortifying the Solidaristic Alliance

In 1936, LO and SAF began negotiations producing the famous Basic Agreement (*Huvudavtalet*) of 1938 in the pleasant resort town of Saltsjöbaden in the Stockholm archipelago. Sometimes called the Saltsjöbaden Agreement, it is widely regarded as an important contributor to extraordinarily peaceful relations between labor and capital in Sweden for the next three decades. The principal reason both sides gave for this mostly procedural agreement was a mutual desire to head off legislative moves to regulate labor conflict. The same logic had inspired LO's intervention in 1934 against building trades militants, when the Social Democratic government threatened compulsory arbitration in response to SAF's titanic lockout threat.

Controlling Secondary Strikes and Boycotts—Serving the Alliance. Some experts in Sweden wonder why so much significance is attached to the Basic Agreement. Historian Klas Åmark, most notably, justifiably questions the causal importance of the actual details in the text of the Basic Agreement for long-term labor peace or cross-class *samförstånd*. Pondering the mythology surrounding the agreement, he speculates that peace may have been secured not by the agreement itself, but by a set of implicit and ultimately more important understandings that evolved simultaneously between the two confederations during the years leading to the formal agreement. One of the side agreements in this unwritten "hemliga protokoll" [secret addendum] was a solidaristic one, Åmark speculates: Both sides agreed that export industry should play the role of the wage leader, while building wages should be held back. Thus LO earned enormous good will from employers with its "brutala offentlig avbasning" [brutal public rebuke] as Åmark puts it, of Murare- och Byggnadsträarbetareförbundets renewed militancy in 1937—as the Saltsjöbaden negotiations were underway.⁷⁰

In his conjecture about solidarism and labor peace, Åmark is fundamentally correct, as the circumstances around the 1933-34 building trades' conflict indicate. But the cross-class solidaristic understanding was probably central, rather than peripheral, to important details in the Basic Agreement. One of the issues it was supposed to resolve was the use of secondary strikes and boycotts against neutral *tredje man* --for example of materials suppliers, transporters, lenders, and non-union workers. Often they were used to force employers to hire only union members. These phenomena, anathema to LO as well as SAF, were practically nonexistent in engineering and other important sectors. Because they appeared by and large in the trade-sheltered building and food industries, measures against them were measures against their high wages. They, were therefore, it stands to reason, solidaristic in nature.⁷¹

⁷⁰ Klas Åmark, "Diskussion," in Sten Edlund et al., eds., *Saltsjöbadsavtalet 50 år-- Forskare och parter begrundar en epok 1938-1988* (Stockholm: Arbetslivscentrum, 1989), 112. On events in 1937 see Åmark, *Facklig makt och fackligt medlemskap -- De svenska fackförbundens medlemsutveckling 1890-1940* (Lund: Arkiv, 1986), 153; A. Helldén, *Svenska Byggnadsträarbetareförbundet*, 29-53.

⁷¹ Sten Edlund, "Saltsjöbadsavtalet i närbild," in Edlund et al., eds., *Saltsjöbadsavtalet*, 65; Ragnar Casparsson, *Saltsjöbadsavtalet*, 132; Sten Höglund, "En fallstudie i organisationsförändring--Vad drev fram 1941 års stadgeförändring i den svenska Landsorganisationen?" *Research Reports from the Department of Sociology* (Umeå: University of Umeå, 1979), 36 and 54-5; Sven Anders Söderpalm, *Arbetsgivarna och*

For the building trades unions, the particularly offending parts of the agreement were the prohibition of their jurisdictional disputes and closed-shop tactics they used to force workers into unions or prevent them from withdrawing from them. Also, they missed out on the guaranteed one-week notice before layoffs. It would not apply to seasonal trades, meaning, most significantly, in the building sector. The building trades' unions' leaders, tellingly, had no input in its drafting, and refused to accept the terms of the agreement.

It seems sensible, therefore, to argue that the cross-class distributional alliance of a large part of labor with a large part of capital was directly served by significant details in the Basic Agreement of 1938. The spirit of consensus that followed was served both by the agreement as well as other contemporaneous events and developments serving the cross-class alliance. As late as 1989, more than 50 years later, the building trades' unions had still not signed the agreement, unlike other constituent unions of LO. The unions that did sign, along with LO, bound themselves to withhold all support for workers locked out in retaliation for violations, thus rendering the building trades unions' protest ineffectual.⁷²

Saltsjöbadspolitiken--En historisk studie i samarbetet på svensk arbetsmarknad (Stockholm: SAF, 1980), 32. See also the discussion and extensive list of such actions in one building sector in K.A. Winroth, Elektriska Arbetsgivareföreningen, till Styrelsen för SAF, 22 February 1933, Bilaga C to SAF, Minutes, Styrelse, 31 March 1933.

⁷² For the text of the agreement see Casparsson, *Saltsjöbadsavtalet*, 263-66. On the building trades' unions opposition and later refusal to sign, see Anders Johansson, *Tillväxt och klassamarbete--En studie av den svenska modellens uppkomst*, 140, 145; Knut Johansson (chairman of Byggnadsarbetareförbundet 1952-1975), "Kommentar," in Edlund et al. (eds.), *Saltsjöbadsavtalet*, 100; "Byggnads godtar inte huvudavtal," *Arbetsgivaren* 23 April 1965, 7.

Strikebreaking—It Did Not Stop after 1938. Klas Åmark speculates that one agreement in his speculative secret protocol might have called for SAF to suspend its use of strikebreakers and shut down strikebreaking organizations. Here Åmark follows a broad consensus among Swedish historians about an apparent disappearance of strikebreaking. For example, according to long-time LO-insider, Ragnar Casparsson, the tragedy at Ådalen in 1931, where the military killed five protesters and bystanders in a demonstration against strikebreakers, "betecknade slutet på den tidigare irriterande strejkbrytarvärvningen vid öppna arbetskonflikter" [signaled the end of earlier irritating recruitment of strike breakers during open conflicts]. When President Franklin Roosevelt's commission sent to study Swedish industrial relations heard in 1938, they were told by SAF officials, "that this so shocked the people that no such attempt would again be made to use strike-breakers," the commission's report read.⁷³

The truth is, however, that strikebreaking did not stop in the 1930s. SAF did not cut off funding for strikebreaking operations. In the two years after Ådalen, discussions proceeded unabashedly inside SAF about when and how to use strikebreakers--as if the Ådalen tragedy had never occurred. The main problem was that available strikebreaking was hard to organize and available workers were often "mindre önskvärda element" [less desirable elements]. Instead of suspending support, SAF proceeded, albeit secretly and on a fairly small scale, to grant financial support for strikebreaking through to 1938 and beyond, at least until 1951.⁷⁴

⁷³ On Åmark's conjecture, see "Diskussion," in Edlund et al. (eds.), *Saltsjöbadsavtalet*, 112 and Åmark, *Facklig makt och fackligt medlemskap--De svenska fackförbundens medlemsutveckling 1890-1940* (Lund: Arkiv, 1986), 148 and note 23, 189. Axel Hadenius even asserts in *Facklig organisationsutveckling* (1976), 54, that strikebreaking was explicitly forbidden in the Basic Agreement. Ingemar Flink speculates that with the Basic Agreement strikebreaking became fairly superfluous and that SAF might have made an informal promise to hold back on strikebreaking. Ingemar Flink, *Strejkbryteriet och arbetets frihet--En studie av svensk arbetsmarknad fram till 1938* (Uppsala: Almqvist & Wiksell, 1978), 117 and 147. On Ådalen and strikebreaking, see Casparsson, *Saltsjöbadsavtalet*, 224; "Text of Report by Roosevelt's Commission on Labor Relations in Sweden," *New York Times* 25 September 1938, 40.

⁷⁴ SAF, Minutes, Styrelse, 25 November 1932; 24 and 27 November 1933; Edström to Söderlund, 3 October, 1933 (Edström 34 C).

Through the 1940s, SAF coordinated fund-raising efforts for strikebreaking organizations and contributed up to 17,000 crowns per year for their overhead costs through the 1940s. *Arbetets Frihet*, a private agency that proved especially useful in forest products and the building trades, received 5,000 crowns yearly from the confederation through most of the 1940s. SAF made special efforts to rescue the financially strapped agency in 1943 when it was short of money for an important rural construction project. In the 1940s SAF also routinely delivered similar sums to a certain V. Boyton. His “*arbetsbyrå*” [labor bureau] had delivered strikebreakers to Ådalen for loading paper pulp in 1931. It had also been active in the building industry.⁷⁵

Indeed, it would have been reckless for SAF to abjure from support of strikebreaking. Suspension of strikebreaking would have undermined its own solidaristic goals. Strikebreaking in the building sector, more than anywhere else, had proved an indispensable tool. This was a sector where the lockout proved worthless for controlling many Syndicalist and Communist workers and their special tactics. Ingemar Flink's data show that between 1926 and 1935, strikebreakers were deployed to deal with as many as 120 strikes in the building sector. Across the metal industries, where strikebreaking was relatively uncommon, they assisted with only 11.⁷⁶

⁷⁵ Three other organizations, *Föreningen för Arbetarskydd*, *Föreningen Norden*, *Föreningen Teknisk Samhällshjälp* were also budgeted a combined total of 7,700 crowns in 1944. On appropriations in that decade, see for example Bilaga III, SAF, Minutes 1944, 353; Bilaga 1 to SAF, Styrelse, Minutes, 16 December 1948; Bilaga 1 to SAF, Styrelse, Minutes, 15 February 1951. A large conflict in the agricultural sector against the building trades' unions in 1942 was the context of the rescue operation for *Arbetets Frihet*. SAF, Minutes, Styrelse, 29 October and 26 November 1942; Fritiof Söderbäck, SAF, to Sveriges Träindustriförbund, 20 January 1943 (in volume marked “1944 Svenska Arbetsgivareföreningen,” at Arboga/Skogsindustrier archive, Stockholm). On Boyton and Ådalen, see Flink, *Strejkbyteriet*, 81-5 and 89.

⁷⁶ Flink, *Strejkbyteriet*, 110, 131-2, and 165-6.

By targeting the measure at Syndicalists and Communists, the confederation cleared the way for LO to assert better control over the building trades. Even so, in 1933, executive directors Söderlund from SAF, Karl Wistrand from the steel industry, and Georg Styrman from engineering all bemoaned the LO unions' inability to procure sufficient manpower to replace striking Syndicalists in other sectors. For example, in April 1933 Söderlund doubted Svenska Grov- och Fabriksarbetarförbundets ability to "tillhandahålla nödig arbetskraft" [deliver necessary personnel] to replace Syndicalists demanding a contract with murbruk factories in Stockholm. Wistrand called for threatening LO with plans to settle deals with Syndicalists if LO failed to deliver replacement workers, and otherwise "med större kraft ingripa mot syndikalismen." Söderlund ended the inconclusive discussion by leaving open the question of settling with Syndicalists until it became clear that LO people "*icke kunde i nödig omfattning ställas till arbetsgivarens disposition*" [could not be made available in need quantities for employers' use]. In the meantime, if LO "icke velat eller kunnat bryta en föreliggande syndikalistkonflikt" [didn't want to or couldn't stop a syndicalist conflict], SAF "borde söka tvinga Landsorganisationen till andra, mera effektiva åtgärder genom att statuera ett exempel och sluta avtal med syndikalisterna" [ought to try and force LO to take other more effective measures by teach them a lesson and strike an agreement with the syndicalists].⁷⁷ Later that December, Larson and Wistrand proposed that SAF, "vid en överläggning med Landsorganisationen gör klart för denna, att vi genom vårt uppträdande mot syndikalisterna föra Landsorganisationens strid och om Landsorganisationen icke vill giva oss sitt stöd härutinnan, fara föreligger för att Arbetsgivarna i vissa fall tvingas att träffa uppgörelse med syndikalisterna" [make it clear to LO . . . that we, through our actions against syndicalists, are fighting LO's fight, and if they don't want to support us in that, the danger exists that SAF in certain cases may be forced to settle with the syndicalists.]⁷⁸

⁷⁷ SAF, Minutes, Ombudsmannakonferens, 11 April 1933.

⁷⁸ Ivar O. Larson, Karl Wistrand, and Thure Widefeldt, "P.M. angående åtgärder mot den syndikalistiska arbetarrörelsen," Bilaga A to Minutes, Ombudsmannakonferens, 6 December 1933. On LO's problems with Syndicalists, see Valter Åman, *Svensk syndikalism* (Stockholm: LO, 1938). In the mid-1920s, SAF had concluded that strikebreakers should be dismissed by employers after resolution of their conflicts. Thus LO would have a good shot at organizing their replacements, leaving the strikebreakers available for actions elsewhere. Flink, *Strejkbryteriet*, 130, 133, and 143

In short, Svante Nycander's conclusion is the most accurate and least speculative: "Efter 1938 har strejkbryteri aldrig orsakat några större tvister mellan SAF och LO."⁷⁹ But if speculation is in order, the best one is probably this. If in fact SAF and LO came to a secret side agreement at some point in the 1930s, consistent with the evolving solidaristic alliance, and contributing to samförstånd, it would have committed LO to desist from exposure and criticism of SAF's continuing strikebreaking activities. Indeed, it would even have been rational for LO to have committed itself to undertaking strikebreaking services for SAF as Söderlund, Wistrand, and Larson suggested. By serving shared solidaristic interests, LO would serve its own organizational ones. That historians have unanimously concluded that SAF stopped supporting strikebreaking in the 1930s is the fact that needs explaining, not the cessation of strikebreaking. Their mistaken impression might be explained by a secret commitment on the part of LO to better tillhandahålla nödig arbetskraft [supply necessary workers] during Syndicalist and other wildcat actions, and to keep quiet about employers' efforts to do it themselves when LO members were unable.⁸⁰

⁷⁹ Svante Nycander, *Makten över arbetsmarknaden—Ett perspektiv på Sveriges 1900-tal* (Stockholm: SNS Förlag, 2002), 76.

⁸⁰ Some of historians' misunderstanding about strikebreaking may derive from circumstances in the public sector, where employer-organized strikebreaking probably declined after 1938. Before, SAF provided strikebreaking assistance during "samhällsfarliga konflikter" that paralyzed essential public and private transportation, utilities, and other services by funding TSH, *Föreningen Teknisk Samhällshjälp*. With the Basic Agreement's conciliation provisions, LO committed itself to assert control over such conflicts when instigated by Syndicalists or Communists. Thus Edström's ASEA, for one, announced it would drop its independent support of TSH in 1939, in explicit reference to the 1938 agreement. See Casparsson, *Saltsjöbadsavtalet*, 134-37; Flink, *Strejkbryteriet*, 69-81, 124, and 145. Nevertheless SAF would continue to give TSH small contributions through 1944, when it provided 700 crowns. SAF, Minutes, Styrelse, 1944, Bilaga III ("Diverse anslag"), 353.

Eliminating Contract Votes and Strengthening LO's Authority. Nevertheless, Klas Åmark is probably fundamentally on the mark in suspecting that tacit agreements on matters not mentioned in the Basic Agreement help explain the prevailing harmony in labor market and political relations between capital and labor after the mid-1930s.⁸¹ One of these understandings concerned taking away union members' power to vote down contracts. Getting rid of medlemsomröstningar had been high on SAF's wish list throughout the 1920s and early 1930s. Called for in a small number of LO unions' constitutions, they were the cause of enormous grief for employers, most notably in the building trades, but also in paper and pulp.⁸²

In contrast to some of LO's unions, all leaders of SAF's sectoral associations enjoyed standing authority to sign "vid bordet [at the table]" only on the condition that they look upward to the SAF board, not down to members, for approval. Unions requiring referenda were bound to honor the voting outcomes despite disastrous collisions with lockouts, bankruptcy of conflict funds, unemployment, and membership losses. Frequently, as employers pointed out in exasperation, turnout was moderate, in which case the combined vote of abstainers and supporters of compromise settlements outnumbered the highly motivated and organized--and therefore victorious--militants. These binding membership referenda bedeviled many efforts by SAF and LO leaders to regulate wage matters on a centralized basis. They became a favorite subject in many internal, joint, and public discussions--including a conference in 1928 between top union and employer leaders about how to achieve labor peace.⁸³

⁸¹ Though he is correct in thinking SAF was friendly to the idea of a strong LO, Åmark mistakenly speculates that it might have promised in the 1930s to help take over collection of union membership fees. This practice, by individual employers, did not begin until much later, against official SAF disapproval. Åmark, "Diskussion," 113.

⁸² Sten Höglund, "Storföretagen, Svenska Arbetsgivareföreningen och beslutsordningen i arbetarnas fackliga organisationer--Arbetsgivaresynpunkter på LO:s och fackförbundens sätt att fatta beslut om förlikningsbud perioden 1925-1941," *Research Reports from the Department of Sociology* No. 45 (Umeå: University of Umeå, 1978), 27 and 51. The sawmill workers constitution, though requiring referenda, stipulated that a 3/5 majority was necessary to approve a strike, and thus reject a contract.

⁸³ J.S. Edström, "Anteckningar från ett sammanträde på Operakällarens entrésolvåning," 22 April 1932 (Edström 34[A14d]); Höglund, "Storföretagen," 20-24 and 44-57. For employers' standard arguments, see Karl Hildebrand, "Brister i

SAF leaders had every reason to think that the labor confederation might eventually satisfy them. After all, contract votes were often what put LO in the expensive line of fire from SAF's sympathy lockouts. In 1935, Social Democrats had called for an end to binding referenda in a 1935 government-appointed commission investigating legislative and other ways to promote the people's welfare and labor peace. Finally, at the 1936 LO congress, the metalworkers' union, which did not use referenda, submitted a motion prepared by a wider coalition calling for centralization of decision making. It included August Lindberg, head of the sawmill workers union, whose bargaining relations were not steered by membership votes. Lindberg was elected chairman of LO, and was the key figure at the Saltsjöbaden negotiations that year, where the matter of referenda was dropped.⁸⁴

Because it looked like LO hoped to head off legislation, it is almost surprising that the matter was not dealt with in the Basic Agreement. Indeed, it was discussed at Saltsjöbaden, but the matter was dropped. SAF probably agreed with LO not to push for it. In 1935, a year before the negotiations had started, Söderlund had already thought it best to fall silent about the matter. It was his understanding that LO was busy trying to eliminate the practice. While LO was pursuing this objective, he said, "en démarche från arbetsgivarsidan . . . skulle endast misstänkliggöra LO och försvåra en lösning av frågan" [an intervention by employers . . . would only cast suspicion on LO and impede a solution of the issue]. Better for all would be for LO to adopt the change unilaterally to make it appear as something valuable to workers in its own right, not a concession to employer desires. He added that "därest den inom LO pågående stadgerevisionen genomfördes, torde arbetsgivarsidans önskemål i detta hänseende bli tillgodosedda, så långt man kunde begära" [if the LO statutory revision is carried out, the employers' wishes in that regard would be satisfied as much as one could desire].⁸⁵

förhandlingsordning och omröstning," in Hildebrand and Axel Brunius, *Fackföreningsrörelsen och samhället* (Stockholm: Hugo Geber, 1934), 52-9.

⁸⁴ *Betänkande om folkförsörjning och arbetsfred*, SOU 1935:65, especially 108-09; Hadenius, *Facklig organisationsutveckling*, 49.

⁸⁵ Casparsson, *Saltsjöbadsavtalet*, 243-44; Höglund, "En fallstudie i organisationsförändring," 44 and 73, note 76. Söderlund's statement is in SAF, Minutes, Styrelse, 25 January 1935.

Söderlund's silence proved golden for SAF, for LO was not to disappoint. The new rules, soon to be passed in 1941, fortified the solidaristic alliance by disallowing the infamous membership referenda on contract proposals. LO also gained veto rights over strikes involving more than three per cent of an affiliate's members, along with the right to propose settlements, whose rejection by the affiliate could disqualify it from strike and lockout support.

There was probably a solidaristic purpose behind the change. As called for by Metall, the reform directives issued by the congress in 1936 looked for organizational changes that would facilitate a "solidaritetsbetonad lönepolitik" [solidarity oriented wage policy] led by an LO executive with "större inflytande på lönerörelser" [greater influence on wage rounds]. In the meantime, while the Saltsjöbaden negotiations were underway, LO economist Albin Lind authored a celebrated 1938 article entitled "solidarisk lönepolitik." It recommended restraint on the part of the bäst ställda arbetargrupper "för att på det sättet skapa förutsättningar för ett överförande av betalningsförmåga från en näringsgren till en annan" [best situated worker groups in order to create the conditions for a shift of ability to pay from one sector to another].⁸⁶ These were clear indications of a cross-class alliance of interests with SAF on questions of structure, procedure, and distributional outcomes.

⁸⁶ On the details and causes of the 1941 changes see Ullenhag, *Den solidariska lönepolitiken*, 40-45; Hadenius, *Fackliga organisationsutveckling*, 45-68; Höglund, "En fallstudie i organisationsförändring," 28-56; and Sten Höglund, "Centralisering och reduktion av medlemsinflytandet i en stor facklig organisation," *Research Reports from the Department of Sociology* (Umeå: University of Umeå, 1979), 4-13. Albin Lind's 1938 article "Solidarisk lönepolitik," is reprinted in Erik Zander ed., *Fackliga klassiker--En antologi kring facklig demokrati, ideologi och lönepolitik* (Stockholm: Rabén & Sjögren/LO, 1981); quotation from 98.

Conclusion

Gustaf Söderlund's June 1935 speech at LO's school in Brunnsvik, published by SAF as "Motsättningen mellan kapital och arbete [Opposition between Capital and Labor]," is widely regarded as, in Svante Nycander's words, the "invit till förhandlingar [invitation to negotiations]" that resulted in the Basic Agreement of 1938.⁸⁷ Scholarly analyses of Saltsjöbaden never appear to note that an early and large part of his speech was devoted not to conflict between capital and labor, but to *motsättningar [conflicts] within labor*, and problems about which large segments of capital and labor had no disagreement: the fact that "verkningarna av fackföreningsrörelsens strävan att åstadkomma högre löner ha varit högst olika för olika arbetargrupper och—man nödgas konstatera det—högst orättvisa gent emot de sämre ställda [the effects of the unions' efforts to gain higher wages have been extremely different for different labor groups and...highly unjust against the worse situated]."

Där konsumtionen väsentligen är hänvisad till det egna landets eller den egna ortens produkter, där är produktionen i viss mån skyddad mot konkurrens utifrån, och där kunna landets eller ortens arbetare genom stark sammanslutning driva upp lönerna särdeles högt. I dylika fall göra arbetsgivarna icke samma motstånd mot de kostnadsökande lönestegringarna som inom näringsgrenar, där fri konkurrens råder, exempelvis exportindustrierna; de kunna ju nämligen till en viss grad övervältra kostnaderna på konsumenterna.⁸⁸ [this long quote concerns the differences between home market and exposed industries, hurting both employers as well as workers in the latter]

⁸⁷ Nycander, *Makten över arbetsmarknaden*, page 73. Of course Söderlund had been asked to speak by LO chairman Albert Forslund, so the invitation itself was invited. Edström even gave credit to LO's Forslund in his memoirs. In Söderlund's emphatic view, paraphrased by historian Casparsson, the basis for samförstånd between the classes preceded negotiations, and as an employer leader his role had been exaggerated. "Ingen enskild bör utpekas som 'uppfinnare' av Saltsjöbadsandan," he said. "Tanken lag så att säga i utvecklingens linje. Omständigheterna anvisade en väg, som vi bestämde oss för att gå." Ragnar Casparsson, *Saltsjöbadsavtalet i historisk belysning* (Stockholm: Tiden, 1966), 93-95

⁸⁸ Söderlund, "Motsättningen mellan kapital och arbete—Föredrag vid LO:s skola i Brunnsvik den 25 juni 1935," *Industria*, 3 July 1935, 331.

In sum,

Just därför, att en sådan övervältring är möjlig inom de skyddade näringarna, låta sig lönehöjningar där lättare genomföras än inom konkurrensindustrierna . . . Redan med dessa påpekanden har man rätt att antaga ett visst samband mellan de stora lönestegringarna inom vissa yrken och den relativa tillbakagången inom andra. Så långt som verkningarna av fackföreningssträvandena röra sig om löneförhöjningar åt vissa grupper på andra arbetargrupperns bekostnad, äro de utan värde för arbetarklassen som sådan.⁸⁹ [ditto]

This was essentially the same argument that LO's Albin Lind would make three years later.

Söderlund's speech was therefore not just an invitation to negotiate an agreement that could forestall legislation. It was also an invitation to do so in a way that would serve an emerging *cross-class alliance* over a solution to a burning problem, high wages in the sheltered sector, of profound importance for Sweden's economy and society for years to come. Indeed, it was a problem that had bedeviled Swedish employers—and their Danish and Norwegian counterparts—as far back as 1907.⁹⁰ Now, at long last, the solution to the problem was in sight—and without direct state intervention.

⁸⁹ Söderlund, "Motsättningen mellan kapital och arbete, 332.

⁹⁰ In 1907, when Danish, Swedish, and Norwegian employers met to discuss common problems, they collectively resolved to try to "keep earnings in the building trades roughly in line with earnings in other industries." [note to translator: I will find the Danish translation for this.] Anders Vigen, *De Nordiske Arbejdsgiverforeningers Samarbejde gennem 20 Aar* (Copenhagen: Langkjaer, 1927), 33-34. The same year, rising VF leader Edström saw entry of his association into SAF as a first step in this direction. But he conditioned his participation in negotiations about VF's subordination inside SAF on the simultaneous participation of building contractors. At the time they too remained outside SAF, in CAF (*Centrala Arbetsgivareförbundet*). These efforts proved unsuccessful. Ten years later, shortly after Edström had assumed the VF chairmanship, he quickly brought the engineering industry into SAF. Building contractors were folded into the confederation the following year in the newly created *Byggmästareförbundet*, or BMF). SAF, Minutes, Styrelse, 16 November 1918, Bilaga E.

In fact state intervention threatened to obstruct progress. When Söderlund returned for another speech to LO in Brunnsvik in August 1937, as the negotiations at Saltsjöbaden were underway, he also returned with renewed force to the issue of *lönesättning* [wage setting], although now he left the issue of wage distribution between competitive and sheltered industries unmentioned. What he focused on instead was the risk that state intervention in the labor market would have dangerous consequences, including the risk that that the labor movement would lose “sitt inflytande och sin bestämmanderätt över lönesättningen [its influence and authority over wage determination].” However, he said, “Jag tror . . . icke, att en dylik självuppgivelsens ståndpunkt kann vara den svenska fackföreningsrörelsens” [I don’t believe that such a defeatist position suits the Swedish labor movement].⁹¹

The worry was that state regulation of industrial conflict measures would inevitably result in distributional damage for both LO and SAF that outweighed the benefits. “Och när man för arbetsmarknadens del kommit därhän, att organisationernas främsta uppgift, nämligen lönesättningen inom näringslivet, överlämnas åt staten, då är uppgivelsen nära [And when one comes to the point of delegating to the state the labor market organizations’ supreme task, namely pay determination, then it is almost time to give up].” Further, “Det har nog . . . stått klart för parterna, att statsingripanden mot fackliga konflikter lätt leda till att staten även får åtaga sig att på något sätt bestämma lönerna” [It has surely . . . been clear to both sides that state intervention in labor conflicts will assume the responsibility in some way to set wages]. This was partially an existential question: “Om nämligen båda parterna vore principiellt och på lång sikt överens om att icke avhända sig bestämmanderätten över lönevillkoren och fackliga verksamhetsformer, så föreläge heller icke någon fara för att deras självständighet skulle fråntagas dem ” [In other words if both sides were in principle and in the long run in agreement about not handing over the right to set wages and working conditions then there will be no danger that their autonomy will be taken from them].⁹² To be sure, Söderlund never mentioned lockouts and their connection to wage setting goals, although there is good reason to believe that SAF’s fear of how legislation one way or another would restrict their use was not far below the surface.

⁹¹ Söderlund, “Kunna parterna på arbetsmarknaden bevara sin självständighet gentemot staten? Föredrag i LO:s skola i Brunnsvik den 19 augusti,” *Industria* 28 August, 1937, 473-74.

⁹² Söderlund, “Kunna parterna bevara sin självständighet?” 472.

Söderlund no doubt knew that if lockouts had been illegal or heavily restricted in Sweden, as in many countries, SAF would not have been the organization it became, and there would be no Swedish model as it was now taking shape. The lockout was a hammer that SAF used to shape the system. Other forces contributed, but none as decisively. It was the sympathy lockout, indeed the *friendly lockout* (“against” LO), that had recently done so much good in LO leaders’ eyes, as well as those of leading employers. The lockout in general helped strengthen LO at the expense of its rivals, Communists and Syndicalists. The 1933-1934 lockout in the building trades brought large numbers of new members into SAF.⁹³ The friendly lockout helped bring about a large and welcome correction in the distribution of income across industrial sectors, although more needed yet to be done in the way of “solidaristic wage policy.” It even helped the Social Democratic government bring its important crisis program to fruition and strengthen its governmental control. With the lockout intact, the prospects for further progress were good, and indeed better than if the government, be it Social Democratic or not, were to try to control industrial conflict and take the setting of wages out of the hands of the cross-class alliance of forces.

⁹³ SAF, Minutes, Styrelse, 28 February 1934.

Thus a shift in the balance of class power at capitalists' expense power can not explain Saltsjöbaden and its consequences for Swedish politics. Social scientific analysis of the phenomenon, based on careful historical research, simply cannot sustain the argument, as plausible as it may seem. If a redistribution of power resources is a causal factor, it would have to be a shift *within*, not between classes. Contrary to Walter Korpi's and many others' mistaken notion that home market employers dominated SAF in the 1930s, export oriented interests asserted themselves with great effectiveness even under von Sydow's leadership. With the replacement of von Sydow with Söderlund, their control was dramatically increased.⁹⁴ With that increased control came the organization's renewed resolve to use the lockout for export industry's advantage.

⁹⁴ See for example, Korpi, *The Working Class and Welfare Capitalism*, 86; *Den demokratiska klasskampen*, 27, 25; and "Den svenska arbetarrörelsens förutsättningar och strategier," in Per Thullberg and Kjell Östberg, eds, *Den svenska modellen* (Lund: Studentlitteratur, 1994), 20. Korpi relies entirely on Sven-Anders Söderpalm, who asserted without apparent evidence that the big export-oriented engineering employers' political activity, coordinated by the "Directors' Club," was motivated by their need to counteract the home-market friendly policies of the Social Democrats. Söderpalm, *Direktörsklubben--Storindustrin i svensk politik under 1930- och 1940-talen* (Stockholm: Prisma, 1978), especially 19. Also relying on Söderpalm for this widespread misconception are Göran Therborn, *Borgarklass och byråkrati i Sverige: Anteckningar om en solskenshistoria* (Lund: Arkiv, 1989), 159; James Fulcher, *Labour Movements, Employers, and the State: Conflict and Cooperation in Britain and Sweden* (Oxford: Clarendon, 1991), 146-49; and Gregg Olsen, "Labour Mobilization and the Strength of Capital: The Rise and Stall of Economic Democracy in Sweden," *Studies in Political Economy* 34 (Spring 1991), 130. Söderpalm corrects himself somewhat in *Arbetsgivarna och Saltsjöbadspolitiken--En historisk studie i samarbetet på svensk arbetsmarknad* (Stockholm: SAF, 1980), especially 27-37, where he presents Edström and export interests as eager participants in highly consensual labor relations.

A similar shift within LO was probably also underway at the time as union members in export-oriented sectors grew in absolute and relative terms. Thus a cross-class alliance between ascendant forces within both organizations and behind leveling wages across industries (and within⁹⁵) paved the road to Saltsjöbaden. By helping bring about the Basic Agreement of 1938, the cross-class alliance supporting an equalization of wages across the labor market explains a great deal of Sweden's famous *samförstånd* between labor and capital in the following decades. This cross-class alignment of interests also extended beyond the labor market and into the most important features of Sweden's extensive welfare state as it evolved in the 1930s and beyond.⁹⁶

⁹⁵ "Samtidigt som fackföreningsrörelsen . . . lett till en skärpt spridning av löneläget mellan olika fack, så har den å andra sidan för varje fack åstadkommit en jämnare lönesättning. Detta är en verkan, som otvivelaktigt bör tillföras rörelsens kreditsida." Söderlund, "Motsättningen mellan kapital och arbete," 33.

⁹⁶ For a more extensive discussion of Swedish employers' interests in a "solidaristic wage policy" of wage leveling within and across industries (but not within firms), see Swenson, *Capitalists against Markets*, 82-141; for more on the welfare state's foundations in the cross-class alliance, *ibid.*, at 245-300.