



Trade Unions in the Nordic Labor Market Models – Signs of Erosion? Introduction to the Special Issue¹

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The Nordic countries are known for being small open economies with large public sectors due to universal welfare states and high living standards across occupations and education levels. This combination has recently been characterized as a balanced growth model in which both exports and internal demand (private and public) contributes to economic growth. In contrast to export-led growth models – as seen in Germany – which have starved wages and thus internal demand to increase the cost competitiveness of the export sector (Baccaro & Pontusson 2016), the Nordic countries seem to be able to do both (Alsos et al. 2019). In 2013, *The Economist* proclaimed Nordic countries as the world’s next ‘supermodel’ due to the emphasis on market dynamics and income security rather than job tenure – a useful blueprint for labor market policy configured for the rapid technological changes foreshadowed in the twenty-first century (Wooldridge 2013).

In more recent years, the OECD has linked the flexibility, high economic performance, and high living standards with independent collective bargaining conducted by strong social partners (OECD 2018, 2019). In all the Nordic countries, the industrial or employment relations systems are based on collective pattern bargaining involving strong trade unions and multi-employer organizations with a minimum of state intervention (Andersen et al. 2015). This system of collective bargaining is underpinned by strong local cooperation between employers and employees (Rasmussen & Høgedahl 2021).

Hence, it is evident that the performance and success of the Nordic labor market models rely on strong collective representation through trade unions and employer organizations (Høgedahl 2020). However, although employer density levels seem stable, Nordic trade unions have all to some degree seen a membership decline since the mid-1990s. This trend begs the question: Do trade unions within the Nordic labor market models showing signs of erosion? If so – why is the union density dropping and what are the implications for the Nordic labor market models?

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Trade unions in the Nordic Labor market models – similarities and differences

Seen from the outside the Nordic labor market models might seem very uniform based on collective agreements and strong social partners. Galenson (1949, 1952) an American professor of economics from Florida stationed as a Labour Attaché for CIA in Copenhagen after World War II, was one of the first (outsiders) to identify the specific features of the Nordic model. However, even Galenson in his early seminal work noticed structural and institutional differences between the Nordic countries. These differences might seem small in an international comparison but have proven vital in terms of producing various outcomes creating different trajectories for Nordic trade unions. A prominent example is ‘the Ghent system’ – an unemployment insurances (UI) system based on voluntarily membership of UI funds controlled by trade unions and subsidized by the state. The Ghent system has proven crucial for trade union membership in Denmark, Sweden, and Finland (Høgedahl 2015; Kjellberg & Ibsen 2016; Lind 2006, 2009). However, a strong dependency on UI funds as a recruiting mechanism also make these trade unions valuable to institutional changes to the (UI) systems (Høgedahl 2014). Norway does not operate a Ghent system but seem to have had a more stable trade union density although at a lower level (Kjellberg & Nergaard in this issue). In Denmark, changes to the Ghent system have been vital for the success of the alternative or ‘yellow’ unions who are not part of the collective bargaining system thus undermining it (Ibsen et al. 2013). In Finland, an independent UI has also eroded the trade union density (Shin & Böckerman 2019) and as Kjellberg and Nergaard demonstrates in this Special Issue changes made to the Swedish Ghent system led to a steep fall in union density.

Trade unions in the Nordic labor market models have many common features, but there are also differences. Blue-collar workers, white-collar workers, and academics tend to have their own trade unions. In Denmark, this also applies to skilled and unskilled blue-collar workers. Trade unions have different strategies when it comes to recruiting and retaining members, and are impacted in different ways by structural changes in the labor market. The Nordic countries traditionally have strong white-collar unions. This means that changes to the educational and occupational structure have had a limited negative impact on the overall union density. However, Norway’s considerably lower white-collar union membership in the private sector distinguishes it from its Nordic neighbors. The range of organizations that employees can choose between also varies. With the exception of Denmark, there are few organizations that can be described as an alternative to the traditional trade union. In Denmark, Finland, and Sweden, the trade union confederations have entered into organizational agreements, which limit competition between unions. In Norway, the competition for members is fiercer.

The declining union density rate is an international phenomenon, and trade unions are struggling to attract certain groups of workers; young people, workers with an immigrant background, precarious workers, and workers in sectors with limited opportunities for trade union membership, such as commercial services (Schnabel 2020; Visser 2019). There may be several reasons why it is more difficult for trade unions to reach these workers, and membership may also be less attractive or useful for those who belong to one or more of these groups. One of the challenges for trade unions is that,

over time, the number of workers with these types of jobs will increase, i.e., the unionization rate is being impacted by structural changes in the labor market. One question is therefore whether the Nordic labor market models are strong enough to prevent such disparities between workers in ‘standard employment’ and others?

The articles in this edition look at an issue related to a declining union density from different perspectives or hypotheses. Can this be explained by greater individualization and diminishing support for collective values among potential members? Are fewer union members a result from structural changes in the labor market and/or changes in the institutional framework? Or do we have to look at this from the perspective of union identity and how unions try to attract members?

Two of the articles (Vestin & Vulkan and Høgedahl & Møberg) cover the development in the unionization rate among young workers, and examine whether the decline over time (Vestin & Vulkan) or the unionization gap between age-groups (Høgedahl & Møberg) can be explained by changing values with a focus on younger workers.

Vestin and Vulkan use data covering the period 1956–2019 to investigate the assumption that the decline in union density is due to a move towards more individualistic values among the younger generations. Based on datasets that are not normally used to measure union density, the authors use the long time series to follow the density over the working life of different cohorts of workers. Vestin and Vulkan find that younger generations (born after 1970) are less likely than older generations to be members of a trade union. The study also corroborates research showing that workers have a stronger tendency to join unions early in their career. The authors further argue that values in the form of greater individualization cannot explain the low union density among the younger generations. Little or no correlation is found between the declining unionization rate among younger cohorts and changing values over time.

This notion is supported by Høgedahl and Møberg. Initially, their analysis shows a clear generational effect on trade union density since an increasing number of young workers stands outside the trade unions. This trend would and should support the notion that young workers are increasingly becoming individualized to an extent that a trade union membership is not relevant. However, as soon as other variables are introduced into the analysis, it becomes clear that the participation and affiliation to the labor market are much more important. The youth segment is changing since more people are receiving longer education in combination with a growing precarious employment that are especially pronounced among young workers. Høgedahl and Møberg also find that many young workers are employed in parts of the labor market with low trade union density and collective agreement bargaining. This means few shop stewards and other trade union representatives. The lack of trade union representation presents itself as weak social custom effects of strong norms.

Kjellberg and Nergaard focus on institutional explanations. Have changes to the Swedish unemployment insurance in 2007–2013 led to a convergence in union density between the two countries? The article shows that the greatest decline in unionization in Sweden has been among blue-collar workers, young workers, and workers with an immigrant background. The weakening of the Ghent effect has thus moved Sweden more in the direction of Norway (and other countries) in terms of greater differences in who joins trade unions. The authors also show how other institutional factors can push up the unionization rate. Swedish white-collar unions have managed to develop new types of insurance schemes that are counteracting the fallout from the weakening



of the Ghent effect. Union density in Norway is today roughly similar to that of Sweden in companies with a collective agreement, indicating that workplace level presence of a trade union is important. Without the Ghent system, however, it is difficult to establish the membership base that gives unions the leverage to demand collective agreements at company level.

Bergholm and Sippola discuss how the membership profile in Finnish trade unions has changed. Today, a majority of trade union members are women, and the bulk of the membership has shifted from male blue-collar workers in manufacturing to female service workers. Bergholm and Sippola show that this cannot solely be explained by structural changes in the labor market. The independent unemployment fund in Finland (YTK) has managed to attract male workers from the private sector, while women have tended to stick to union-run funds. Meanwhile, the authors argue that certain features of Finnish labor relations may explain the dwindling support for trade unions. A more aggressive approach by employer organizations and the trade union movement's diminishing clout in recent years is impacting on the interest in membership. In their discussion, the authors shift the focus from (potential) members to what strategies the unions need to adopt to attract younger workers, including full-time working men.

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