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## From boom to bust

### Kockums 1950-1986

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## 4 From boom to bust

Kockums, Malmö (Sweden), 1950-1986

*Tobias Karlsson*

### Introduction

Kockums in Malmö, Sweden, was one of the major ship producers globally in the 1950s and 1960s. The shipyard experienced a final boom in the early 1970s but could not be saved from nationalisation and restructuring in the aftermath of the OPEC oil crisis of 1973-74. In 1986, production of ships for civilian use ceased at Kockums, ending a tradition of more than a century. This chapter describes and analyses how production, workers, and relations of production developed at Kockums during the period 1950 to 1986.<sup>1</sup>

Kockums' national, regional, and international importance makes it a relevant case in a global history of shipbuilding workers. A further reason for Kockums' inclusion is that the shipyard can be seen an illustrative example of the Swedish (or Nordic) model of industrial relations, characterised by co-operation and features of industrial democracy.<sup>2</sup> *Inter alia*, this was manifested in an ambitious sociological inquiry, which took place in the late 1960s: the so-called Kockums report.<sup>3</sup> The report provides unique insights into how changing production relations, related to the application of principles of scientific management to shipbuilding, were perceived by ordinary workers. The Kockums report received international recognition and made the shipyard known as "one of the most modern and progressive shipyards in the world".<sup>4</sup> Indeed, foreign delegations representing firms and trade unions visited Malmö and were impressed by the relaxed atmosphere between managers and trade unionists. However, the Kockums report was

1 I would like to thank Jonas Ljungberg, Lars Berggren, and John-Erik Olsson for sharing their knowledge of Kockums and the shipbuilding industry. This chapter has also benefited from the comments and suggestions of participants at Arbetarhistorikermötet in Landskrona 2013 and at project meetings in Amsterdam and Bergen in 2013 and Lisbon in 2014. The usual disclaimer applies. Finally, I would like to acknowledge financial support from the research foundation Jan Wallanders och Tom Hedelius Stiftelse.

2 Lundh, *Spelets regler*; Heiret, "Three Norwegian Varieties of a Nordic Model".

3 Ohlström, *Kockumsrapporten*. Similar investigations were carried out in other Swedish shipyards at about the same time, but without direct union involvement.

4 Svensson, *Från ackord till månadslön*, 309.

not just an outcome of good relations among parties. It was initiated by alarming rates of absenteeism and labour turnover, and revealed serious discontent among the workers.

## The Swedish shipbuilding industry

Until the First World War, the Swedish shipbuilding industry was strongly oriented towards the domestic market and was far from the technological frontier.<sup>5</sup> However, during the interwar period big Swedish shipyards became competitive in producing motor-driven ships, which in turn paved the way for their participation in the expansion of shipping for oil transport after the Second World War.<sup>6</sup> In 1950, the Swedish shipbuilding industry produced about 10 per cent of total tonnage worldwide, and was around the same size as its Japanese counterpart.<sup>7</sup> By 1960, the total number of shipbuilding workers had more than doubled from 15,000 in 1930 to 32,500. In 1960 the Swedish shipbuilding industry's share of the total number of workers in the manufacturing sector was about 3.5 per cent. In contrast to some other countries, the Swedish shipbuilding industry had not been integrated with suppliers of raw materials, energy, or various manufactured parts.<sup>8</sup> Instead, the Swedish shipyards relied on a wide network of external suppliers, initially foreign. However, from the Second World War onwards, suppliers were increasingly found within the country. Indeed, at the beginning of the 1970s, Swedish shipyards made two-thirds of their purchases domestically.

While shipbuilding and repairing in many countries have served domestic markets, Swedish shipyards had since the interwar period been highly export-oriented, with Norwegian shipping companies as their most important customers.<sup>9</sup> In the 1960s, 74 per cent of newly produced Swedish ships

5 Olsson, *Från pansarbåtsvarv till tankfartygsvarv*.

6 Olsson, "Big Business in Sweden", 315. Overall, the Swedish shipbuilding industry has been the object of much research. Svenska Varv funded an important project that resulted in a number of monographs in the 1980s: Bohlin, *Svensk varvsindustri 1920-1975*; Kuuse, *Varven och underleverantörerna*; Olsson, *Från ackord pansarbåtsvarv till tankfartygsvarv*; Stråth, *Varvsarbetare i två varvsstäder*; Svensson, *Från ackord till månadslön*. Former shipbuilding workers have also produced useful documentation on work and employment conditions. See for example Nilsson (ed.), *Vårt Kockums*, and Salomonsson (ed.), "Kockumsknogaren".

7 Ljungberg, *Tillväxt och stagnation i varvsindustrin I*, 32.

8 Kuuse, *Varven och underleverantörerna*.

9 Ljungberg, *Tillväxt och stagnation i varvsindustrin I*, 31.

were exported.<sup>10</sup> If we accept crude measures, such as tons produced per worker, Sweden outperformed Japan and other competitors in the 1950s and 1960s.<sup>11</sup> However, compared to the old shipbuilding nations, the productivity figures of the Swedish shipyards may have been somewhat exaggerated. Whereas Sweden, like Japan, mainly built big and rather unsophisticated vessels,<sup>12</sup> shipyards in Britain and Germany produced more tailor-made ships, whose interiors and equipment were particularly labour-intensive.

According to Thommy Svensson, the key to Swedish success in shipbuilding after 1945 was labour policies characterised by the common drive to increase productivity of employers and unions.<sup>13</sup> The Swedish Metal Workers' Union (SMWU) accepted managerial prerogatives over the use of labour, as long as its members received better pay in return. The metalworkers did not resist the move from riveting to welding or the introduction of block-building techniques of production. Performance-based pay was not something that was forced upon the workers; it was something that they demanded. Around 1960, about 90 per cent of the work done by Swedish shipbuilding and repair workers was paid by the piece, which was probably the highest proportion in the world. In the 1960s, further attempts were made to apply scientific management to shipbuilding, with the introduction of the motion-time measurement (MTM) system and more pronounced division of labour – horizontally and vertically. Towards the end of the decade, when the average serial length of production became shorter, the costs of rationalisation – for example, in the form of excess personnel turnover and absenteeism – became increasingly obvious.

Contemporaneously, Swedish shipyards began to experience tougher competition, but the situation appeared to improve in the early 1970s when the industry experienced a boom; the atmosphere has been described as “euphoric”.<sup>14</sup> Big investments in dry docks and cranes were made in Gothenburg, Malmö, and Uddevalla. It appears that politicians were caught up in the pre-OPEC climate of positive prognoses for the future. Instead of restraining capacity, the Swedish government did the opposite and decided to support the expansion of shipbuilding.

10 *Ibid.*, 32.

11 Svensson, *Från ackord till månadslön*, 291-297.

12 In the period 1970-75, 97.5 per cent of the newly produced ships in Sweden were bulk and tank ships: Ljungberg, *Tillväxt och stagnation i varvsindustrin I*. See also Hamilton, “Public Subsidies to Industry”.

13 Svensson, “Changing Industrial Paradigms”, 357-359.

14 Ljungberg, *Tillväxt och stagnation i varvsindustrin I*, 71.

However, the boom turned out to be short-lived. In 1974, a deep crisis at the Eriksberg shipyard, related to currency speculation, was revealed, which led to nationalisation in the following year.<sup>15</sup> In 1975, the total number of shipbuilding workers in Sweden was at the same level as in 1960. Thereafter, there followed a period of downsizing, nationalisation, and plant closures. By 1990, the total number of shipbuilding workers was below 10,000 and corresponded to less than 1 per cent of blue-collar employment in the manufacturing sector. The big shipowners, who had been close allies of the shipyards, turned to producers in other countries. The problems for the Swedish shipyards were not caused merely by a fall in demand. The oil crisis also forced previous customers to cancel payments, which further aggravated the situation for the shipyards since ships typically were sold on pay-off terms.

The Swedish government responded to the international crisis of the late 1970s by raising subsidies and introducing various rescue schemes directed towards specific firms.<sup>16</sup> Shipyards received subsidies to produce ships speculatively, under the condition that they reduced their workforces.<sup>17</sup> A state-owned enterprise, Svenska Varv, was founded in 1977 in order to facilitate restructuring and plant closures. The nationalisation of the Swedish shipbuilding industry and the subsequent restructuring and reductions in the labour force were generally accepted by the trade unions.<sup>18</sup> There were local protests, but the main response of the Metal Workers' Union was to demand replacement jobs for redundant workers.

Throughout most of the twentieth century, employment in the Swedish shipbuilding industry was concentrated in four shipyards: Eriksberg and Götaverken in Gothenburg, Uddevallavarvet in Uddevalla, and Kockums in Malmö. In the late 1960s, these shipyards accounted for more than 90 per cent of tonnage produced in Sweden. These firms were also major international actors and contributed to the development of technology to build ships in blocks. The Uddevalla shipyard had become insolvent in 1958; it became partly state-owned in 1963 and entirely so in 1971. Its production was finally closed down in 1986. Eriksberg was nationalised in 1975, became part of Svenska Varv three years later, and was closed down in 1978. Götaverken was nationalised in 1977; attempts were made to diversify production but were not successful in the long run. Götaverken delivered

15 Ljungberg, *Tillväxt och stagnation i varvsindustrin II*, 71-74.

16 Carlsson, "Industrial Subsidies in Sweden", 11; Hamilton, "Public Subsidies to Industry".

17 Ljungberg, *Tillväxt och stagnation i varvsindustrin II*, 72-73.

18 *Ibid.*, 79.

its last ship in 1989 but has survived with a reduced workforce as a shipyard focused on ship repairing.

In addition to the big Swedish shipyards, there have been, and continue to be, significant naval production and repairing in Karlskrona, which from 1961 was run as a state-owned enterprise. Moreover, there were a number of small and medium-sized shipyards in locations such as Gothenburg (Lindholmen), Landskrona (Öresundsvarvet), Stockholm (Finnboda), Helsingborg, and Oskarshamn. The medium-sized shipyards blossomed in the 1940s and 1950s but found it difficult to restructure production to larger ships in the 1960s. Shipyards in Helsingborg and Oskarshamn were closed in 1966 and 1967, respectively, and Lindholmen was taken over by Eriksberg in 1971.

## Kockums Mekaniska Verkstad

Kockums Mekaniska Verstad was established in 1840, and began to build ships in the 1870s. Kockums was, until its introduction to the Stockholm stock exchange in 1972, a family-owned firm with strong local ties. For a great part of the twentieth century Kockums was the largest privately owned workplace in the Malmö region.<sup>19</sup> With a total workforce of 5,700 persons in the mid-1970s (Figure 4.1), the shipyard employed almost one-fifth of all industrial workers in Malmö. In addition, the company had about 1,000 sub-contractors in the region, of which the most important ones together employed 9,000 people.

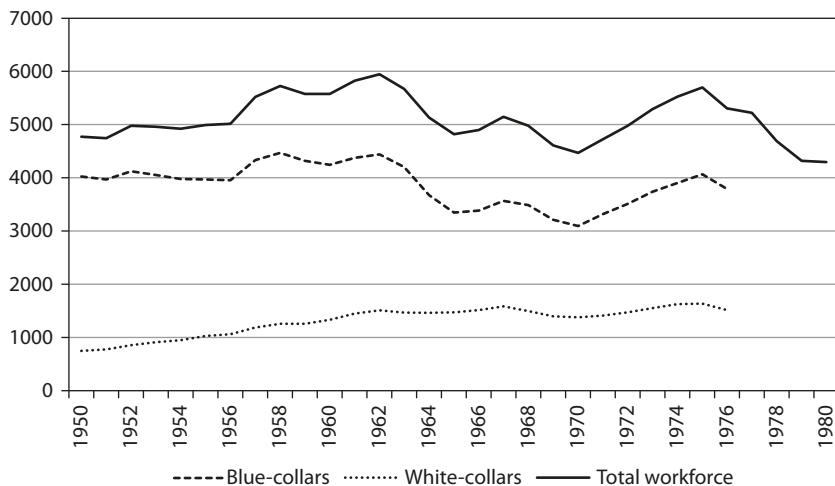
Kockums originally had a fairly diverse production, including railway wagons and a variety of metal goods. Eventually shipbuilding became an important part of the company's business, encompassing both merchant and naval ships, including submarines. In the first half of the twentieth century Kockums successfully participated in the Scandinavian shipbuilding expansion. Diesel engines and tank ships were the key features of the expansion. Kockums was also a pioneer in welding, and its first ocean-going ship with a wholly welded hull was launched just before the Second World War.<sup>20</sup>

The post-1945 years were characterised by continued expansion and diversification as the company sought to decrease its sensitivity to swings in the business cycle and open up new markets.<sup>21</sup> In 1968, it was concluded that

19 Berggren, "The Effects of the Shipyard Crisis in Malmö", 199.

20 Svensson, *Från ackord till månadslön*.

21 For example, Kockums acquired a mechanical engineering company (Landsverk) in the neighbouring town Landskrona in 1948 and became part-owner of the Lisnave shipyard in

**Figure 4.1 Total workforce, blue-collar and white-collar, at Kockums, 1950-1980**

Source: Malmö stadsarkiv, Kockums mekaniska verkstads arkiv, Årsredovisning och revisionsberättelse, B3, vols 2-3

the diversification strategy had failed, and that it had made Kockums even more sensitive to swings. In the following two years the annual dividend to shareholders was cancelled for the first time in decades, and there was also a change of managing director. The new post-holder, Nils-Hugo Hallenborg, regarded “poor morale” among the workers to be the most serious problem for the company. The rate of personnel turnover at Kockums was far too high, at around 50 per cent. Hallenborg initiated two investigations: one concerning the shipbuilding section and another on the rest of the company’s sections. Interestingly, he asked the Swedish Confederation of Labour (LO) to undertake the former investigation and American consultants to do the latter.

The performance of Kockums, particularly the shipbuilding section, was substantially improved in the early 1970s. Moreover, productivity development was stronger than that of the Gothenburg shipyards,<sup>22</sup> the stock of orders grew, profits were higher than ever, and Kockums’ share price skyrocketed.<sup>23</sup> In 1973, Kockums was the biggest shipyard outside

Portugal (together with Götaverken and Eriksberg) in 1962. See Arlebäck, *Från ägarmakt till företagsledarmakt, 192-197*; Ohlsson, “I kranens tidevarv”, 103-105.

22 Bohlin, *Svensk varvsindustri 1920-1975, 202-204*.

23 Ohlsson, “I kranens tidevarv”, 108-111.

Japan, and management self-confidence was at its peak. The managing director proudly declared to a newspaper, "All new shipyards that are built in Japan are now using Kockums as their model."<sup>24</sup> Moreover, he did not see any upper limits to how big ships could be built and painted vivid pictures of giant ships for transportation of coal and virtual islands for production of nuclear energy.

However, when the OPEC oil crisis hit, the demand for ships was dramatically reduced. In 1974, Kockums did not receive a single order, and in the following year two orders were cancelled. The enthusiastic atmosphere of the previous years did not end immediately, but gradually managers and workers realised that adjustments were necessary. Personnel reductions began to be discussed openly, and in 1976 the company was divided into separate units: from now on shipbuilding was conducted within Kockums Varv.

Since the 1960s, the inhabitants of Malmö had been suffering job losses as a consequence of the difficulties experienced by the textile industry.<sup>25</sup> When Kockums began to face problems in the latter half of the 1970s, local politicians and citizens rallied to defend the jobs of the Kockums workers. In 1979, the shipyard was taken over by the state through Svenska Varv, and in 1986 production of merchant ships ceased. Production of submarines continued, however, but the physical shipbuilding was moved to a specialised naval yard at Karlskrona. The yard's huge shipbuilding crane, once the world's biggest, was sold for USD \$1 to the Hyundai shipyard in South Korea in 2002. Today, a screwed skyscraper, the Turning Torso, situated close to the old shipyard, marks the new skyline of Malmö. The shipyard area has been taken over by new companies, a university college, and fashionable apartment blocks.

## Production

During the Second World War, Kockums was a huge supplier of military equipment in general and ships for the naval forces in particular.<sup>26</sup> Production of large cargo ships for civilian use expanded rapidly in the decades after the war.<sup>27</sup> Consequently, huge ships for transportation of bulk goods or

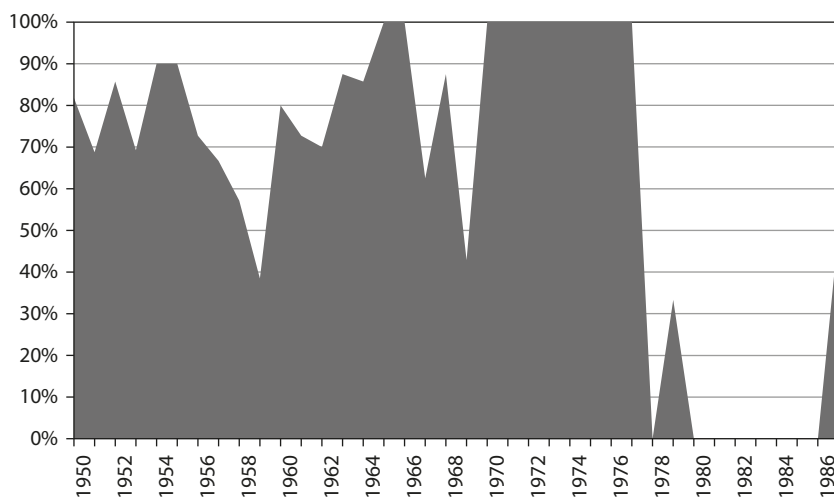
24 Quotation from Ohlsson, "I kranens tidevarv", 110 (author's translation).

25 *Ibid.*, 136.

26 Nilsson, *Kockums marina fartyg*.

27 Kockums did repair jobs, but in the period of investigation it was mainly a shipyard for new production.

**Figure 4.2 Tankers, cargo ships and bulk carriers as a percentage of ships produced at Kockums, 1950-1987**



Source: Own calculations based on data compiled by *Varvshistoriska föreningen i Malmö*

liquids dominated production. Of the 244 ships built at Kockums between 1950 and 1977, 190 were either bulk or tank ships. As seen in Figure 4.2, tanker production was particularly important before the oil crisis. Between 1970 and 1976, all ships produced were in fact tankers. After the oil crisis, production became more diversified; including vessels for transporting liquified natural gas, and roll-on-roll-off ships, some of them intended for passengers. The last ships for civilian use were luxury cruisers.

Over three decades the size of ships built by Kockums grew substantially. In 1949, Kockums built ships with a carrying capacity up to 16,510 dwt.<sup>28</sup> In the following decade, the biggest ships built at Kockums were of over 41,000 dwt. In the 1960s, this figure had grown fivefold, to 212,000 dwt. In the 1970s, Kockums typically produced ships of about 350,000 dwt each.

The increasing capacity to build big ships was made possible by investments in various physical facilities. Considerable investments were undertaken in the latter part of the 1960s, when a new dock, cranes, and assembly hall were built. Even bigger investments followed in the early 1970s, with the intention to speed up production, and which facilitated lifting of heavy

<sup>28</sup> Figures on the carrying capacity of Kockums ships were obtained from *Varvshistoriska föreningen i Malmö*.

objects.<sup>29</sup> Among other things, a saddle crane with a track 175 m wide and 710 m long was put into place. Its lifting capacity was estimated at up to 1,500 tons. As a result of the various investments in plant and equipment, Kockums' lead time for big ships could be reduced to forty days.<sup>30</sup>

## Workforce

Most of Kockums' workers under the period of review had open-ended employment contracts and were organised in the SMWU. Temporary employment contracts were used in times of need, but directly employed temporary workers did not constitute a significant part of the workforce at any point. However, temporary workers employed *indirectly* by sub-contractors appeared in greater numbers from the mid-1960s onwards. With high levels of personnel turnover, recruitment of skilled labour was a more or less constant problem in the decades following the Second World War. Apart from turning to the public employment service and sub-contractors, Kockums also made conscious efforts to attract workers from abroad as well as women.

## The Metal Workers' Union

The SMWU was based on the principle of industrial unionism and was made up of locals that in turn were divided into workplace "clubs" and occupational sections. The Kockums club was for a long time the most important unit of the SMWU local in Malmö. The club leadership was characterised by continuity; the period 1918-86 saw only five chairmen.<sup>31</sup>

Over time, the union activities at Kockums became increasingly professionalised and efficient. Before the 1970s, the club chairman was basically the only person who could work full-time on union issues.<sup>32</sup> With new legislation in 1974, the rights of union officials were strengthened. Union officials were protected from harassment, had the right to paid leave and to return to their previous job after a period of union duties, and enjoyed wage guarantees. This changed the preconditions for union activities drastically. Before the 1970s, members turned to the club board at an open meeting if they experienced problems with picecrates or similar. The board decided

29 Arlebäck, *Från ägarmakt till företagsledarmakt*, 197; Ohlsson, "I kranens tidevarv", 109.

30 Arlebäck, *Från ägarmakt till företagsledarmakt*, 197.

31 Stråth, *Varvsarbetare i två varvsstäder*; Salomonsson, "Kockumsknogaren", 185.

32 Salomonsson, "Kockumsknogaren", 189.

what action to take and replied to the member at next meeting, a month later. However, due to a growing number of salaried union officials, small matters of discontent could be solved much more quickly and without being voiced at a member meeting.<sup>33</sup>

The activities of the SMWU club at Kockums also increased in scope. Before the 1940s, the union was mainly involved with three issues: wages, occupational health and safety, and working hours. In the aftermath of the general agreement concluded in 1938,<sup>34</sup> the labour market parties agreed to increase union involvement in issues concerning production, personnel policies, and social issues.<sup>35</sup>

The 1970s also saw a substantial expansion of the international activities of the SMWU.<sup>36</sup> For example, the union was heavily involved in exchange of information and co-ordination with its sister organisations in the other Nordic countries.<sup>37</sup> The international activities of the SMWU were mainly organised centrally. Still, the union club at Kockums was affected by these contacts as it often hosted delegations from other countries. Initially, these visitors typically came from neighbouring countries, such as Denmark or Germany, but over the years delegations from more distant countries appeared, for example Japan (1964, 1969), Canada (1972), and “Latin America” (1971). The international interest in Kockums seems to have increased considerably in the early 1970s (after the Kockums report). In the early 1980s the union club at Kockums began to take more of its own initiatives in international issues, for example by establishing contacts with Solidarność in Poland.<sup>38</sup>

### Indirectly hired workers

Since Kockums and the other big Swedish shipyards were capital-intensive, interruptions in the production process were expensive. Thus companies were prepared to engage labour from staffing companies, even though it was more expensive than employing labour directly.<sup>39</sup> In the interwar period,

33 *Ibid.*, 187.

34 The so-called Saltsjöbaden Agreement (SAF) between the LO and the Swedish Employers' Confederation.

35 Stråth, *Varvsarbetare i två varvsstäder*, 327.

36 Thörnqvist, “Metall och världen”, 95ff.

37 *Ibid.*, 939-940, 952-953, 1001-1002, 1005.

38 *Ibid.*, 987; Arbetarrörelsens arkiv i Skåne, Malmö (hereafter AAS), Metall avd. 4, Kockums verkstadsklubb, Års- och revisionsberättelser.

39 Bohlin, *Svenskvarvsindustri 1920-1975*, 297-301; Gråbacke, “Internationalisering och teknisk omvandling”, 163-166.

Swedish shipyards had already brought in sub-contracted labour to perform specific tasks, such as painting and electrical installation work.<sup>40</sup> What changed in the post-war period was that sub-contracted labour performed ordinary jobs as welders or sheet-metal workers. Thus, a situation emerged in which there were two groups of workers who did similar jobs but had different terms of employment. Legally, however, the sub-contracted firms operated in a grey zone. According to prevailing legislation, private profit-making employment agencies were not allowed. Yet, in practice it proved difficult to apply the legislation, and the use of temporary work agencies was a matter of disagreement between employers and unions.<sup>41</sup>

At Kockums, the use of sub-contracted workers on a larger scale seems to have begun in 1963 and expanded in the latter part of the decade.<sup>42</sup> In 1967, there were 1,500 temporary workers at Kockums,<sup>43</sup> which corresponded to more than 40 per cent of the average number of blue-collar workers that were directly employed in the same year. Many of the temporary workers had foreign origins; a particularly large group had come from Finland. The Kockums report revealed widespread distrust among the workers interviewed, not only of the management but also of temporary workers. Many quotations suggested that temporary workers were assigned the “good” jobs, earned more, and took less responsibility for handling of tools and materials.<sup>44</sup>

The use of sub-contracted labour at Kockums almost disappeared after the publication of the Kockums report,<sup>45</sup> but reappeared again towards the mid-1970s. Interestingly, this practice was argued against not only by the unions, but also by the Swedish Engineering Employers' Association, who thought that hiring labour through sub-contractors aggravated problems with wage drift.<sup>46</sup> Not until the late 1970s did Kockums and the union club reach an agreement on the proper use of sub-contractors.<sup>47</sup>

40 Bohlin, *Svensk varvsindustri 1920-1975*, 297; Eckhart, “Djurgårdsgänget”, 82-89.

41 Bohlin, *Svensk varvsindustri 1920-1975*, 305-306. The issue of staffing companies was also discussed at the Nordic level: Thörnqvist, “Metall och världen”, 941.

42 Malmö stadsarkiv (hereafter MS), Kockums mekaniska verkstads arkiv, Övriga personalhandlingar rörande arbetare, F16 BB: 11.

43 Lundin, *Malmö industristaden*, 26.

44 With regard to earnings, it should be noted that the main difference between ordinary and indirectly hired workers was that the latter had tax-free subsistence allowances on top of the wage.

45 MS, Kockums mekaniska verkstads arkiv, Övriga personalhandlingar rörande arbetare, F16 BB: 11.

46 Gråbacke, “Internationalisering och teknisk omvandling”, 165.

47 AAS, Metall avd. 4, Kockums verkstadsklubb, Års- och revisionsberättelser.

## Labour import

After the Second World War, Kockums made intense efforts to recruit foreign labour. In 1947, there were fifteen different nationalities represented in Kockums workforce, of which the biggest group was from Denmark. In spite of initial union resistance, immigrants were recruited in great numbers in the following decades. In 1969, immigrants constituted 31 per cent of the workforce.<sup>48</sup> The most important countries of origin at the time were Yugoslavia, Portugal, and Finland. Most immigrants were relatively unskilled and received basic training at Kockums. Although the company provided some instruction in foreign languages as well as interpreters, their introduction at Kockums must have been an overwhelming and not entirely positive experience for many immigrants. According to the Kockums report, mistrust of the interpreters led many immigrants to quit. The interpreters were thought to be loyal firstly to the company and to disadvantage their clients (the immigrants) in disputes over piece rates.

Kockums offered training in the Swedish language at an early stage, but this was poorly adapted to working hours. Following the Kockums report, the company began to focus recruitment on a limited number of languages and undertook some measures to improve integration.<sup>49</sup> The passing of new legislation on language training gave immigrants opportunities to learn Swedish during working hours. It also appears that the union club's attitude towards immigration changed over time: from having a main ambition to restrict the numbers of immigrants to improving their integration.<sup>50</sup>

## Women at the shipyard

While the composition of the workforce changed drastically with regard to country of origin, Kockums remained essentially a male domain. In the early 1960s, however, the management reviewed jobs in production and found that 225 positions would be suitable for women.<sup>51</sup> A programme to recruit and train women in welding and other trades was initiated, but with meagre results. In 1968 there were only twenty-five women on the shop floor and by the mid-1980s women only constituted 1.3 per cent of the workforce.<sup>52</sup>

48 Salomonsson, "*Kockumsknogaren*", 150.

49 Nilsson, *Vårt Kockums*, 201-204.

50 Salomonsson, "*Kockumsknogaren*", 153.

51 Gråbacke, "Internationalisering och teknisk omvandling", 167-169.

52 Lundin, *Malmö industristaden*, 23.

Similar attempts were made by the shipyards in Gothenburg, where the competition for labour was even more intense than in Malmö.<sup>53</sup> In the early 1970s, about 100 women were hired at Eriksberg. At Götaverken, women formed separate work teams. Most women at Götaverken were either young (or childless) or in their forties. At the modern Arendal shipyard there were special changing rooms for women. Managers there had a positive view on women as workers. According to the personnel manager at Götaverken, for example, women were “careful and ambitious”.<sup>54</sup> Yet, even though the labour-force participation of Swedish women increased substantially from the 1960s onwards, few women entered the shipbuilding industry. There, the share of women increased, but from a very low level, and it never exceeded 4 per cent.

### Wages and working hours

In the decades after the Second World War, male shipbuilding workers were among the most well-paid groups of blue-collar workers in the Swedish labour market, including metalworkers.<sup>55</sup> Indeed, the gap between shipbuilding workers and other metalworkers increased until the mid-1970s, when shipbuilding workers on average earned between 10 and 12 per cent more.<sup>56</sup> After the mid-1970s, working in the shipbuilding industry became somewhat less rewarding. Between 1976 and 1981, the average hourly earnings decreased by 10 per cent, a change that, *inter alia*, related to the shift in wages from piecerates to monthly wages.<sup>57</sup> Yet, in the mid-1980s, shipbuilding workers were better off than most metal- and manufacturing workers.

The nominal earnings of Kockums workers increased at about the same pace as for workers in the mechanical engineering industry as a whole. This implied a significant improvement of the material standard of living. While prices rose fourfold between 1950 and 1976, earnings rose ninefold in the same period. The improved living standard was reflected in many

53 Trosell, “Kvinna på varvet”. See also Persson Bertheaud, Sandberg, and Bosdotter (eds), *Kvinna på varvet*, for documentation of women’s experiences in the Gothenburg shipyards.

54 Quotation from Gråbacke, “Internationalisering och teknisk omvandling”, 169.

55 Women in the shipbuilding industry were relatively well paid compared to other groups of female manufacturing workers. However, the male-female gap in earnings was as big, or even bigger, in shipbuilding than in the labour market as a whole: Gråbacke, “Internationalisering och teknisk omvandling”, 69-71.

56 Wage additions for overtime, shift work, work on holidays, vacation, and other benefits included: Statistiska centralbyrån, *Wages. Part 2: Wage-Earners in the Private Sector*.

57 Gråbacke, “Internationalisering och teknisk omvandling”, 69.

ways. Whereas a typical metalworker in the interwar period had lived in a one-room apartment, the same metalworker had a three-room apartment in the late 1960s.<sup>58</sup> At that time, most metalworkers owned cars, which were used during the summer holidays.

The raised living standard was also translated into more leisure. Working hours in the Swedish labour market had since 1920 been subject to legislation that prescribed a maximum of 48 hours per week. This level remained until the 1960s, when the normal working week was reduced through legislation and agreements to the level of 40 hours in 1970.<sup>59</sup> Paid holiday was likewise prolonged step by step, from two weeks in 1938 to five weeks in 1977.

### Occupational identity and lifestyle

To characterise the occupational identity and lifestyle of workers at Kockums is difficult. While there are plenty of anecdotes, there has been no systematic research into the issue. As in other shipyards,<sup>60</sup> the Kockums workers made much use of nicknames and jargon.<sup>61</sup> This suggests the existence of a relatively stable core of workers, in spite of high levels of turnover.<sup>62</sup> The increased use of sub-contracting firms in the late 1960s seems to have given rise to two parallel cultures at Kockums: where the ordinary workers regarded the outsiders, who often were unmarried Finns, with suspicion and a certain envy.<sup>63</sup>

Like the cultures of other occupational groups over time, one may assume that the shipbuilders' culture had been constantly evolving. A study of cultural and class boundaries in Landskrona, which was even more dominated by shipbuilding than Malmö, suggests that shifting economic circumstances shaped the attitudes and behaviour of different generations of workers.<sup>64</sup> It is likely that similar processes were at work at Kockums. While those who entered the trade in the interwar period were stamped by the experience of crises and unemployment, those who became shipbuilding workers in

58 Magnusson, "Metallarbetarnas levnadsförhållanden", 138.

59 Isidorsson, *Striden om tiden*, 61-66; Thörnqvist, "Metall och världen", 953.

60 Andersson and Sjölin, *Ackordsliv*, 56-58; Salomonsson and Wikdahl, *Varvet som var*, 28.

61 Svärd, *Blåstätt*.

62 John-Erik Olsson, employed at Kockums in 1947 and chairman of the union local 1968-87, estimates that about half of the workforce or more was stable, even during the period of high personnel turnover: interview, 9 October 2013.

63 Ohlström, *Kockumsrapporten*, 68-70; Lundin, *Industristaden Malmö*.

64 Wikdahl, *Varvets tid*.

the post-war period enjoyed rapid improvements in their standard of living. They became less interested in security and put more emphasis on freedom. They moved out of traditional working-class neighbourhoods to the suburbs, which had more mixed populations. The boundaries between blue- and white-collar workers became less pronounced. Another study of Landskrona showed that occupational boundaries among the blue-collar workers were also reduced.<sup>65</sup> When the shipyard became more of a factory than a workshop, the contacts of workers from different occupations increased, which served to strengthen their common identity of shipbuilding workers.

## Relationships of production

### Organisation of production

Until the mid-1930s, riveting was the main method of metal joining for building steel ships. At that time, Kockums built ships of around 10,000 tons, which were assembled at slipways. Several ships were built simultaneously. Most jobs were performed outdoors, with only specific portions constructed in workshops. The transition to welding took place in the mid-1930s and was generally accepted by the workers, as long as it did not result in wage reductions.<sup>66</sup> Welding reduced the noise level at the shipyards, but its smoke introduced new problems in the working environment.<sup>67</sup>

Welding paved the way for the next big change – the building of ships in blocks – an important step in the transition from craft-based production to a system of work organisation that was more in line with the logic of industrial production generally.<sup>68</sup> Investments in larger production facilities also meant that much bigger ships could be built. Ships of 200,000 tons or more were basically constructed one at a time. Various parts of the ships could be built in parallel and then assembled. Previously, for example, the installation of the ship's pipes could be done only when the actual hull was finished. With block building, the pipes could be installed in each block before the hull was assembled. Block building, introduced at Kockums in the early 1960s, was associated with profound changes in the working

65 Salomonsson and Wikdahl, *Varvet som var*, 38-44.

66 Svensson, *Från ackord till månadslön*, 343.

67 Berggren and Olsson, "Arbetsmiljö, hälsa och arbetarskydd", 76. For the British case, see Murphy, "The Health of Electric Arc Welders".

68 Ljungberg, *Tillväxt och stagnation i varvsindustrin I*, 37.

environment, both good and not so good. On the one hand, more jobs could be done under cover, and the workers at Kockums became increasingly protected from the harsh weather conditions of southern Sweden, which had been a source of great discontent. On the other hand, the intensification of work led to an increased number of accidents, which tripled from the late 1960s to the mid-1970s.<sup>69</sup> In this regard the situation in shipbuilding was worse than in the Swedish metal industry overall.<sup>70</sup>

Rationalisation of shipbuilding at Kockums was not associated with increased horizontal division of labour and deskilling. According to Bo Ohlström, hardly “any worker performed a job that can be characterised as monotonous in the same way as at an assembly line”.<sup>71</sup> Compared to other manufacturing industries, shipbuilding still retained a high share of skilled workers, and the developments at Kockums often meant that the content of jobs became more varied. After ships had begun to be built block by block, a sheet-metal worker would, for example, perform a wider variety of tasks than before. Some parts of the ship, such as the bow and stern, also required particular manual skills to produce well into the 1980s.<sup>72</sup>

The upgrading of jobs at Kockums was also reflected in how new workers were trained.<sup>73</sup> When shipbuilding was done by riveting, training had been based on the simple principle “watch and learn”. Young workers assisted senior workers with simple tasks while at the same time observing how more complex tasks were performed. As the new recruits became older, they were promoted to positions involving more complex tasks until they were finally considered ready to do skilled jobs. With the transition to welding, training became more formalised. Kockums initiated a systematic training programme, and in 1957 the company set up its own vocational school.<sup>74</sup>

However, it appears that the introduction of block building did give rise to co-ordination problems and led to increased vertical division of labour and stricter management control of work.<sup>75</sup> Previously, the production process had been highly flexible: if one job could not be done at one point in time, it was relatively easy to transfer labour to do other jobs. From the late 1960s onwards, the timing of various jobs became crucial. Since blocks were assembled in a particular order, a delay in one block could cause stoppages

69 Berggren, “Från arbetarskydd till arbetsmiljö”, 642.

70 Berggren and Olsson, “Arbetsmiljö, hälsa och arbetarskydd”, 79.

71 Ohlström, *Kockumsrapporten*, 14.

72 Ljungberg, *Tillväxt och stagnation i varvsindustrin I*, 37.

73 Ohlström, *Kockumsrapporten*, 15.

74 Yokoyama and Nilsson, “Company-Based Vocational Education and Training”.

75 Ohlström, *Kockumsrapporten*, 21.

in the whole production chain. Such stoppages were frequent; internal company reports suggested that some workers were efficiently employed for only 15-30 per cent of the working day.

In order to improve production flows, management hired more technicians, put more effort in to gather information on time use, and tightened supervision of workers, which included the introduction of piecerates based on the MTM system.

### Few strikes but frequent disputes

During the interwar period, the relationships between the union club and management became characterised by co-operation rather than conflict.<sup>76</sup> This relationship was further developed as Nils Holmström, previously a legal adviser at the SAF and one of the architects of the general agreement of 1938, joined the company's management in 1940. Among other things, Holmström initiated a new order for negotiations in which the union club was represented by a committee. Overall, the union club was considered to have had a fairly strong position and was respected by the management.<sup>77</sup> In the period 1931 to 1975, there were only three strikes at Kockums.<sup>78</sup>

Even though strikes were unusual at Kockums in the period of investigation, small disputes concerning piecerates were frequent. Until the early 1950s, Kockums applied straight piecerates, with a guaranteed minimum level per hour. Time-and-motion studies had originally been introduced in the 1930s at the shipyard, but were met with protests.<sup>79</sup> Foremen continued to exert great influence over piecerates well into the 1950s which led to minor conflicts. The workers' earnings were decided not only by the actual piecerate, but also by job allocation and by the other team members. For newcomers, who lacked detailed knowledge of the workplace (where to find materials, tools, and supervisors) it was hard to achieve high earnings. In the late 1950s, the company began to hold courses and conferences in how to apply and interpret wage agreements for its supervisory staff. According

76 Stråth, *Varvsarbetare i två varvsstäder*, 209.

77 This also applied to Götaverken, Öresundsvärvet, and Uddevalla, but less so to Eriksberg. See Svensson, *Från ackord till månadslön*, 318.

78 The most notable conflict occurred in 1945 when the Kockums workers participated in a nationwide strike initiated by the SMWU, which at the time was dominated by communists. Communists controlled the local at Kockums between 1944 and 1947 but lost much of their influence thereafter. In Gothenburg, communists retained influence well into the 1960s, which, according to Stråth, contributed to more conflicts: Stråth, *Varvsarbetare i två varvsstäder*, 240, 291.

79 Svensson, *Från ackord till månadslön*, 253-257.

to union statements, management attempts to increase control over wage setting did not result in fewer disputes; instead the contrary was true, since the arbitrariness of many foremen was replaced by far-reaching formalism.<sup>80</sup>

In the 1960s, the management at Kockums imposed a more elaborate system of piecerates – the PTS system – where each operation was divided into smaller actions that were allotted standard times.<sup>81</sup> The workers received detailed descriptions of how each operation was to be undertaken. The basic intention with the new system was to attain a remuneration system that rested on scientific foundations. Yet, introducing an advanced form of scientific management to shipbuilding, where the production process was characterised by frequent interruptions and an almost constant need to adjust methods and materials, proved difficult. As was shown in the Kockums report, the PTS system became a source of serious discontent.<sup>82</sup> Whereas some workers appreciated that the room for foremen's discretion had been reduced, most workers emphasised the lack of flexibility, higher work load, and increased income insecurity associated with the new system.

Considering the widespread worker discontent, the union withdrew its previous support for piecerates and instead strived to increase the fixed component of earnings. This was gradually achieved in the 1970s, and in 1976 the union reached an agreement by which monthly wages replaced piecerates.

The introduction of monthly wages was not uncomplicated, as it involved a valuation of each job. One participant in the union's internal negotiations complained: "It was hard as hell. We finally succeeded, but – gosh! – that I would not repeat more times. People were standing on tables, shouting and roaring at each other!"<sup>83</sup> As observed by Svensson, the management was positive towards the transition to monthly wages.<sup>84</sup> As production had become less homogeneous, straight piecerates were difficult to establish, even with sophisticated time-and-motion studies. Initially, the management also regarded monthly wages as positively associated with productivity. However, after a few years the discussion about how to strengthen workers' incentives to improve performance reappeared, even among union members, and bonuses were reintroduced on top of the fixed-wage component.

80 Salomonsson, "*Kockumsknogaren*", 144ff.

81 PTS stands for predetermined time standards and was a variant of the more widely spread MTM system: Ohlström, *Kockumsrapporten*, 23.

82 Salomonsson, "*Kockumsknogaren*", 147-148.

83 Quotation in Salomonsson, "*Kockumsknogaren*", 170.

84 Svensson, *Från ackord till månadslön*.

## Managing redundancies

Workers at Kockums in the 1950s and 1960s enjoyed a high degree of employment protection.<sup>85</sup> The high rates of personnel turnover meant that temporary redundancies could be dealt with by natural attrition.<sup>86</sup> Even when the crisis of shipbuilding became apparent in the latter part of the 1970s, management was very hesitant to undertake layoffs.

In the early years of the 1970s, Kockums was in a better financial situation than the Gothenburg shipyards.<sup>87</sup> Kockums' management had avoided risky speculations in foreign currency in the late 1960s and had not agreed to produce ships for prices that fell short of actual costs, which, for example, Götaverken had done. Kockums' decline and final closure were therefore delayed, and can best be described as smooth and gradual.<sup>88</sup>

Facing threats of reductions in the workforce, management and union leaders mobilised support from local and regional politicians, bureaucrats (including the county governor), and the general public. A demonstration involving 10,000 participants was held in Malmö city centre. The joint management-union initiative may be seen as a reflection of a spirit of mutual understanding that had been a characteristic feature of the Swedish labour market in general and of the industrial relations at Kockums in particular.<sup>89</sup> However, in this phase workers' doubts that the private owners could take the shipyard through the bust increased, and in December 1977 the union took the position that Kockums should be nationalised. This was thought to be the best way to secure the survival of the shipyard, although there were those who feared a loss of influence if Kockums became a part of a bigger business group.<sup>90</sup>

In 1978, 900 employees were given notice, which corresponded to about 17 per cent of the total workforce in the previous year. The management declared that further reductions – affecting 2,000 employees – might become necessary, but that not even such a measure would solve what had

85 This stands in some contrast to accounts of earlier periods, when insecurity seems to have been an essential aspect of the lives of shipbuilding workers. See for example Berggren, *Ångvisslans och brickornas värld*, 70–71, and Svensson, *Från ackord till månadslön*, 41–44.

86 Interview with John-Erik Olsson, 9 September 2013. Transfers of workers between positions also occurred, which was a source of discontent as changing jobs often was associated with income losses: AAS, *Metall* avd. 4, Kockums verkstadsklubb, Års- och revisionsberättelser.

87 Stråth, *The Politics of De-Industrialisation*, 107–108.

88 Yet, redundancy management was in many ways similar in Gothenburg and Malmö. See Gascoigne and Whiteside, "Work and Welfare".

89 Stråth, *The Politics of De-Industrialisation*, 109–110.

90 *Ibid.*, 108.

become an acute liquidity crisis. The union's response was partly accommodating. It recognised the need to reduce the workforce, but rejected the suggested means of doing so. Instead of layoffs, the union demanded that the redundancies should be solved by natural wastage and voluntary action, as had been done previously.<sup>91</sup> It appears that union resistance to downsizing was somewhat half-hearted due to national employment-protection legislation, which had been put in place a few years earlier. According to this legislation, layoffs should be governed by length of service and age, if employers and union representatives did not reach another agreement. The implication was that, as phrased by Bo Stråth, the threat of unemployment was individualised. Union representatives and senior members of the union were not among those who were first in line to be laid off. In spite of this, the protests were successful in the sense that the downsizing process was delayed and layoffs were avoided. The union finally also got support for its demand for nationalisation.

### Nationalisation

In the summer of 1979, Kockums Varv became a part of the state-owned business group Svenska Varv. Nationalisation could not, however, end the downward spiral of Kockums. Gradual reductions of the workforce continued, and the interaction between management and union representatives did not change dramatically as a consequence of state ownership.<sup>92</sup> A central management aim was to continue downsizing and to retain only the most productive workers in that process. Negotiations held in December 1980 are illustrative in this regard. The management argued that if it was allowed to establish the order of selection for layoffs, then the total magnitude of the cuts could be reduced. This move was a dilemma for the union: should it let the employer pick and choose and save jobs in return, or defend the prevailing seniority norm? The solution was the introduction of a new department for retraining within the company, to which less-productive workers could be transferred without any notice. A preliminary selection was established in negotiations between management and union; thereafter the union representatives held talks with affected individuals. Thus, the union collaborated with the employers in order to uphold work discipline and improve productivity at a time when morale was low.

<sup>91</sup> *Ibid.*, 109.

<sup>92</sup> *Ibid.*, 110-111.

Somewhat later, in the autumn of 1981, the union also agreed to abandon the seniority principle prescribed by the law in favour of an early-retirement scheme.<sup>93</sup> This was in accordance with previous practice as well as with the management's efficiency considerations.<sup>94</sup> Yet, the downward spiral went on. In 1985 only 2,850 employees remained, and the shipyard had not received a single order in two years.

Again, a local campaign rallied under the slogan "Don't touch Kockums" (author's translation). A variety of methods were applied to voice the demands, including demonstrations, petitions, and lobbying. However, the protests could not save the shipyard, and in 1986 Svenska Varv decided to shut down production of ships for civilian use in Malmö. This was, at the time, one of the biggest plant closures ever seen in Sweden. To compensate for the massive job losses, the state instead subsidised car production in parts of the old shipbuilding premises. Many former Kockums workers were also temporarily employed on renovating train carriages for Statens Järnvägar (the state-owned railway company). Indeed, most of the redundant shipyard workers were able to escape unemployment.<sup>95</sup> Yet, the effects of the closing of the shipyard on the local labour market were long-lasting. The non-production of civilian ships at Kockums left a vacuum and made it difficult for young people to enter the labour market. For many years, Malmö struggled with an outdated industrial structure, with no common vision for the future.

## Concluding remarks

The frame story of Kockums in the period 1950 to 1986 is about rise and fall. Kockums successfully participated in the tanker revolution of the 1950s and 1960s but was unsuccessful in adjusting production to new realities in the 1970s and eventually had to abandon the building of ships for civilian use. As a case study, Kockums fits into the popular image of the Swedish model of industrial relations. Management-union co-operation was an established feature of Kockums and developed further in the period of investigation. Co-operation continued even during the decline phase. However, beneath the surface, major changes took place at the shipyard in which the workers actively took part. Changes affected the composition of the workforce as well

93 See Gascoigne and Whiteside, "Work and Welfare", 238.

94 Stråth, *The Politics of De-Industrialisation*, 111.

95 Berggren, "The Effects of the Shipbuilding Crisis in Malmö", 201.

as the basic relations of production. Workers of foreign origin, sometimes hired indirectly, became commonplace at Kockums. The union began to promote the integration of immigrants and restrict the practice of hiring labour from sub-contractors. Beginning in the early 1960s, block building in combination with a more advanced system of piece rates were important aspects in management attempts to move away from craft-based production. Although not resulting in outright strikes, increased vertical division of labour and co-ordination failures were not passively accommodated by the workers. Discontent was widespread, and many took advantage of the situation in the labour market, which made it possible to leave Kockums and find jobs in other shipyards or industries. High levels of personnel turnover induced the management to take action. Like other Swedish shipyards and industries, Kockums eventually replaced performance-based pay with monthly pay. This temporary victory over scientific management took place towards the end of the Swedish shipbuilding industry's era of greatness. For the workers, the struggle for fair pay was replaced by a struggle for the future existence of the industry.