

Paternalism in Swedish foundry communities

Background

The two examples of Swedish ironworks which we will talk about today are Lesjöfors and Sandviken. Lesjöfors was a successful industry producing a wide range of different steel products. The company was among other things, known for its production of springs, for the automotive industry especially for the German automotive industry, and steel wires. Today there is only a small production of steel wires left. Before the crisis in 1970 lived 2,400 people in the village today about 900-1000 people. Many of them are refugees from other countries.

Sandvikens Ironworks or Sandvik, as its called today, is a global industrial group founded in 1862. Sandvik is an engineering group operating in the metal, materials technology, mining, and construction industries. Sandvik has about 46,000 employees (including about 10,000 in Sweden), and has sales in more than 150 countries. Annual sales are about SEK 91 billion (2015). Sandvik was the first company that commercialized the Bessemer method. In Sandviken an extensive production and advanced materials research is situated. In autumn 2012, the companys headquarters has moved from Sandviken to Stockholm. More than 5500 employees still work at Sandvik's plant in Sandviken. In Sandviken lived 1950 16200 people, 1970 29000 people and today about 22,000 people.

From class struggle to negotiations

After open class struggle and hard labor disputes in the early 1900s, the companies were forced to recognize the trade unions as their conversation partner. Soon, farsighted entrepreneurs saw the unions as an asset and tried to school the workers in behaviour standards.

As a consequence of the welfare state project and the construction of the Swedish welfare state, the trade union movement together with business organizations and the government entered designed a growth pact. In the early postwar period economic growth in Sweden increased rapidly. An important recipe for growth was the cooperative reforms. First a wage harmonization system, the solidarity wage policy, where high wages were kept low and low wages were increased. Where low-wage companies were forced to rationalize and high- wage companies got space to rationalize. This was carried out with the help of the collective bargaining system at national level between the labor market parties established in the mid-1950s until it was terminated by employers in 1982.

This collaboration started from the assumptions that the labor market parties had converging interests and that rationalizations could create wealth. The goal of the Swedish company patriarchs was to keep down staff turnover and tying workers to the companies. The most important means in this endeavour was the creation of a strong entrepreneurial spirit and identification with the company. It was achieved by "familism", as the employees felt like one big family. The

didactic patriarchs were cooperative and used patriarchal methods to nurture workers. The workers would be well-behaved and learn to understand and accept the corporate perspective. Here the family perspective was important. This worked well together with the ambition of the trade unions to create steadiness and a diligent behavior among workers.¹

Lesjöfors foundry community

Lesjöfors Ironworks was established in 1675 and employed in the 1960s at most over 1,000 people. The resort is geographically isolated, and had well into the 1950's weak relations to the outside world. In 1923 the baron Gerard de Geer for the first time came to the iron works. Then it was almost due. Million profits had fallen into the shareholders' pockets. The residents of Lesjöfors were threatened by ruin in connection to the impending closure of the ironworks industrial production. In this small geographically isolated ironworks the patriarchs, father and son de Geer together with the workers and their trade unions established the "Lesjöfors spirit". How did it happen?

Lesjöfors like many other small foundry communities or towns in Sweden share a past industrial dependence. As a result of recent changes in the conditions the industry has survived several of these now post-industrial societies under strained and uncertain conditions.

¹ K Molin, *Den moderne patriarken*, Almqvist & Wiksell International, Stockholm 1998. C Ericsson, *Vi är alla delar av samma familj*, Carlssons 1997. C Ericsson, B Horgby, S Ishihara, *Faderliga företagare i Sverige och Japan*, Carlssons bokförlag, 2016

When Gerard De Geer 1923 bought Lesjöfors Ironworks in, it was run-downed and on the verge of bankruptcy, but could nevertheless soon developed into a highly modern company with an expansive development until the late 1970s when growth ceased. Lesjöfors ironworks at last went bankrupt in 1985.² The de Geer family controlled for a period of 60 years both the ironworks and the local society. During this period a strong business grew in a strong local community. How was this possible?

The local community was dominated by the company. All operators were dependent on the wealth of the company and had common interest in higher production due to create necessary material conditions for a better life. In this ambition the company established a rational collaboration with the local trade union due to implement rationalizations. The mutual interests formed a collaboration where the workers and the trade unions' loyalty to the company was, without being submissive, self-evident. Behind the patriarchs De Geer's approach to the "their" labour was a pronounced didactic and educational ambition to build a strong local cooperation. And as long the patriarchs could deliver welfare the workers participated in this process.

The owner family was always present in the patriarchal mill milieu. This presence played an important role when the prerequisites of loyalty was built and created trustworthy relations. In their rhetoric the Patriachs communicated to the residents in Lesjöfors both the owner

² C Ericsson, *Bandybaronen i folkhemmet*, Carlssons 2013.

family and all other residents together created the modern local community. Their presence contributed to their possibilities of the workers and their families to calculate the future. When the employers were absent that kind of calculability was much harder. Presence also played an important role to create legitimacy of the patriarchal relations.

When the ironworks were rescued the leadership legitimacy was reinforced. And as the patriarchs as good fathers – at least in their rhetoric – listen to their “children” their reputation and legitimacy was strengthened. The inhabitants were guaranteed salary, food on the table, access to medical care, child care and leisure activities. During this period of growth, the company consistently relied on to keep its working force, there was competition for especially the skilled workers. To achieve this, the company developed a system where workers could borrow money from the company to build their own homes, if they stayed longer than ten years, the company wrote off the loan.

Through their contribution the patriarchs won the hearts and at least a part of the resident’s thoughts. As the workers supported the processes of change and had faith in the system, everyone could trust work was done as good as possible.

The gifts and joint celebrations, organized by the company in cooperation with the union, created a trustworthy milieu. Legitimacy and trust was also connected to the provision of good living conditions

for the residents in the local community. Another important institution of the system of trust was the patriarchal way of communication. In the employee magazine they argued for their vision of how the company and the modern society would be organized.³ They presented plans for the physical transformation of the local welfare community in benefit of the residents, with the construction of more and better equipped school buildings and sports fields.⁴ Sports played an important role as a recurring activity. It strengthened the local affiliation as well as the bonds in the factory. Extensive financial aid was paid to various social organizations and activities and not at least to sport and particularly to the winter sport bandy.⁵ The community team Lesjöfors IF (sport club) became the local pride. It played an integral role as many inhabitants from various social strata were committed to bandy. Lesjöfors bandy team played in the highest league.

The patriarchal hegemony was not challenged

The patriarchal hegemony was not challenged. Why not? The mutual interests and the creation of the local spirit integrated the inhabitants and developed a feeling of belonging and feeling of homeliness. As the residents were embedded in the social and historical context, they could also influence the future of the community with their work at the factory. From their perspective it was rational to fit into the

³ *Slaggstänk* personaltidning för de anställda vid Lesjöfors AB, 1/11 1949. C Ericsson, B Horgby, S Ishihara, 2016.

⁴ Se tex Generalplan Lesjöfors AB 1956-65, Lesjöfors Museum. *Slaggstänk*, nr 3 sept. årg 10, 1959. C Ericsson, 2013, s 124-127

⁵ C Ericsson, 2013, s 106-120

patriarchal system and from this position participate in the rationalizations and also promote Taylorism, as it not only managed security but also increased welfare.

The relationship between the blue collar union and the patriarchs were woven together and floated over to informal relations characterized by frequent and close connections. Figuratively speaking, they rowed the boat together, as they were clear of the joint corresponding interests. So, the workers were co-actors in the creation of the reliance content of the patriarchal system. They were also involved in the developments of the production processes and demanded changes in technology even if this meant restriction of the personal control over the production processes. Patriarchs often met the union representatives and got to know them well which often resulted in that the union representatives were recruited to positions as supervisors and foremen in the company.⁶

The period from the early 1930s until the mid 1970s and the devastating structural crises, was a success story for Lesjöfors as well as many other Swedish industrial societies.⁷ The Lesjöfors industry was booming, with work for everyone and the bandy team played at the highest level. But then the situation changed for those smaller industrial communities like Lesjöfors, which was dependent on

⁶ Protokoll för metall avd 65 Lesjöfors 1935-1939 och protokoll 1945-1947, Folkrorelsearkivet, Arkivcentrum Karlstad. C Ericsson 2013, s 40-41

⁷ C Ericsson, 2013, s 121-123. C Lundh, *Spelets regler, institutioner och lönebildning på den svenska arbetsmarknaden 1850-2000*, SNS förlag, Stockholm, 2002. M Fritz, *Svenskt stål- nittonhundratalet. Från järnhantering till stålindustri*. Jernkontorets Bergshistoriska skriftserie 33, Södertälje 1977. C Ericsson, B Horgby, S Ishihara, 2016.

industrial activities. The extensive international structural crisis hit the industry and had serious consequences. The problems grew. In order to save what could be saved of the Lesjöfors industry and community the patriarchs took the drastic decision to sell part of the business to foreign capital. The family De Geer lost their symbolic position in the local community. The trade union acted against the patriarchal will and broke the local consensus. In 1985 the Lesjöfors industries closed and it ended an era of strong confidence the Lesjöfors history. Now Lesjöfors is more or less a ghost town.

Sandviken Ironworks

At the much larger ironworks Sandviken, which was and still is a global company, (with 5 500 employed in Sandviken and 46 000 globally), a patriarchal empire was established in the 1880s. Here the welfare facilities also were substantial, but the workers and the trade union were held out of planning and decisions. The company view of independent trade union was hostile.⁸

When the third generation of patriarchs with Karl Fredrik Göransson took office in 1920 the pursuit of voluntary cooperation was a dominant element. Matters concerning the labour relations were in the 1920s crucial as labour conflicts repeatedly erupted in many companies. Göransson feared Swedish industry would lapse if Marxist

⁸ *Omvandlingen i Sandvik 1862-1987 – Från jernverk till högteknologiskt företag, Växjö 1987.*

ideas were spread among the workers.⁹ He argued the business leaders in Sweden had to meet this threat with pedagogical tools. His goal was to create class collaboration instead of class struggle, which affected the company negatively. He tried to establish a cooperation instead of the key division line between labour and capital. He also rejected those who wanted to use the company for short-term profits. Instead he meant there was a latent value community between the workers and the management.¹⁰

The road of improvement could only be achieved through increased local contacts, in form of everyday conversations and discussions in the local environment of everyday problems.¹¹ As the workers, according to him, became aware of their roles and the company would realize and accept their roles, the contradictions could cease. His method was to emphasize cooperation through local cooperation, information and participation in series of questions. He also urged the business leaders in Sweden to build business with interest offices, internal publications (to communicate the purposes), health care, housing and owner-occupied housing activities, culture and sport field as he had done in Sandviken. In return, the workers as in Lesjöfors could be won for the idea of streamlining the production in order to enhance the competitiveness of the enterprises. A pedagogical issue was to convince the workers this effort also increased their living

⁹ K F Göransson, *Hur man sköter sitt folk- samförstånd mellan företagare och arbetare*, Stockholm 1927, s 3. C Ericsson, B Horgby, S Ishihara, 2016.

¹⁰ Som ovan

¹¹ S Sunesson, "Onsdagsklubben och klasskampen-från 20-talets arbetarrörelse i Sandviken", *Arkiv*, nr 11/12, 1977 s 46. K F Göransson, 1927, s 8. C Ericsson, *Kapitalets politik och politikens kapital*", Santérus förlag, Stockholm 2008

standards. In Sandviken and Lesjöfors as in many other industrial areas in Sweden, large and small, it proved to be a successful management strategy. The workers and their unions persuaded a constant rationalization of production also was in their interest, as it constantly created a larger salary space. To bond the workforce at the site and ensure the availability of labor the company developed the same system as in Lesjöfors. Workers could get loans for building own homes.

The social improvements of the workers living conditions during the period 1920-1970 was striking. Everyone could with their own experience note the continuous improvements of standards. There were great benefits for the workers and their unions to work for the coincident interest. But, the goal of Göransson to create class collaboration never succeeded although the communist influence was minimized. Instead the workers through the trade unions had mutual interests in cooperation as long as the companies fulfilled their obligations.

To sum up.

The companies developed patriarchal social system, partly because of competition of labor, especially skilled labor. The system developed also because of socialization and discipline of the workforce. The goal was to develop as growth-promoting society as possible. Not all foundry communities and similar companies developed these

patriarchal system. The alternative was to do nothing, to simply let the market rule, after 1970 it became a rule

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