

The situation in Sweden – collective rights

The collective agreement plays a very strong and relatively long part in Sweden's economy. In recent years there has however been talk in trade union circles about a weakening in collective agreements. However, recent evidence appears not to conform this but quite the contrary.

I would argue that the Swedish economy has performed rather well in recent years, whilst other countries have struggled Sweden has grown. One explanation for this is the stable labour market with its comprehensive collective agreements. The relative peace in the labour market has helped to guarantee stable conditions for both employee and employer.

That collective agreements position in any small part weakening is due to a couple of key changes in the Swedish labour market. These have taken place over the past decade. There are primarily two different events that I want to highlight as important, there are certainly other factors, but these two are of particular importance to collective rights.

First, the number of members of the Swedish trade unions has declined over the last decade. This applies in particular in the private service sector and in the worker's unions, official and academic unions appear to have fared better. By all accounts this decline is closely linked to the previous government - politically a right / middle government - decision to change the system of unemployment benefits. Several changes were made including tightened requirements on the unemployed and at the same time were the compensation levels reduced - all of which was said to be an "incentive to work". But from the perspective of collective rights the key change was the implementation of a different structure for the financing of unemployment insurance.

In Sweden each union have "their own" unemployment fund. The federations are organized according to the work their members do. Employees who work with "the same things in the same industry/ business" are organized together, for example retail workers, industrial workers and officials in industry and so on. Through the changes of the financing of unemployment benefits each union got to defray to a greater extent its own costs for their unemployed members'. Unions' with high unemployment thus gained a significantly higher fee than before. The result of this was a loss of members. Members chose to leave the federations in order to reduce their spending and only remained in the unemployment system. Most chose to leave - for financial reasons - to leave also the insurance scheme - these individuals were thus completely without protection against unemployment.

During the first years, after 2007 (January 1th), when the reform was introduced, about 500 000 members left the unions and unemployment insurance funds. This is a very large decline in view of Sweden's population which in 2007 was about 9 million. With the reduced number of members followed less influence on the labour market and fewer signed collective agreements. However 90 percent of workers still are covered by collective agreements and 70 per cent are union members.

The other change is due to the so called Laval judgment. The European Court of Justice in Case C-341/05 changed the rights in Sweden in relation to foreign

companies to take industrial action. After this industrial action against foreign employers who post workers to Sweden can only be taken to meet limited collective bargaining. The collective agreement may only include that of the European Court of Justice, mentioned as "the hard core", only certain obligations are explicitly set out in The Posting of Worker Directive, the PWD. A Party taking industrial action in violation of this makes it at risk of liability and because the Swedish Labour Court at the initiation of "Laval" condemned considerable damages, we know it can be both expected and expensive. It has hampered the Swedish trade unions in their efforts to sign collective agreements. We know that since the Swedish Labour Court verdict in 2007 there are fewer collective agreements signed with foreign employers. One example is the construction sector where up to 2007 signed about 100 local collective agreements a year with foreign employers and for 2008 these fell to around 30. The low level has persisted ever since.

But there are also bright spots on the Swedish labour market, one of these is the collaboration agreements signed by the social Partners. During the 70s and 80s parties negotiated wage increases of around 10% but the actual real wage increases did not materialize, the agreements overtook each other and the result was real wage growth failed to materialize.

In the early 90s the first agreement of cooperation was signed on how bargaining is conducted. The agreements mean that the Parties themselves decide how collective bargaining will be implemented and what action the parties must take before a Party may take industrial action. Since the Parties themselves decided on the rules for their negotiations, they are effective. They have contributed to limit the numbers of conflicts. They have also contributed to more reasonable increases in wages that hasn't provoked a "wage-race". One result is that since the 90s and onwards real increases in wages have occurred. Collaboration agreements are becoming more commonplace, and negotiations are ongoing.

In conclusion, I dare to say that collective bargaining and collective rights in Sweden are quite intact.

Presentation abstract

The situation in Sweden can briefly be described as stable regarding collective rights.

During the past decade, a few changes have occurred that have put some pressure on the Swedish collective agreement. Firstly changes were made in the system of unemployment benefits that has affected the opportunities for trade union influence and the capability to sign collective agreements, secondly the European Court and the Swedish Labour Court by judgment changed the law in Sweden and thereby changed the rights to make industrial action and enforce collective agreements with foreign employers thus the number of signed collective agreements with foreign employers has reduced significantly.

Finally, in the last 20 years, negotiations are ongoing between the social Partners concerning cooperation agreements. These have contributed to industrial peace and the prospect of real wage growth.

Speaker details

Anne Alfredson is a Legal Counsel at the LO-TCO Rättsskydd AB, a company owned by LO and TCO (The Swedish Trade Union Confederation, LO and The Swedish Confederation of Professional Employees). The work consists of appearing as a legal counsel in a variety of disputes for the affiliates and their members. The disputes relate to wages, terminated employments and various collective agreements interpretations. They can also relate to questions of a workers rightful compensation to workers invention or damages for a worker for violating of trade secret or competition clauses. It also happens that she appears as defender in criminal cases when an employee, as part of the performance in work, is charged - for example at a workplace accident.

Anne Alfredson received her law degree from Stockholm University in 1989. After graduation, she worked initially as a law clerk at the District Court in Oskarshamn. After 2.5 years as a clerk, she decided against becoming a judge and to instead work as a legal representative. At 1993 she left the district court to work as a legal counsel at the Swedish National Union of State Employees (later SEKO – the Swedish Union for Service and Communications Employees) where she worked for three years. In this work, she took an active part in the union's negotiations, both dispute negotiations and collective agreement bargaining. In 1996 she changed jobs and began as a legal counsel at the Swedish Union of Clerical and Technical Employees in Industry – SIF (later Unionen which is a Swedish White-collar trade union). She worked at SIF for five years. In this position, she began to go beyond the work of negotiations to also litigate disputes in court. After five years, in 2001, she was headhunted by LO-TCO Rättsskydd AB where she works ever since. The work consists mainly of litigating disputes, but in the role of Legal Counsel at the LO-TCO Rättsskydd AB she is also assisting The Swedish Trade Union Confederation, LO and their affiliates with legal advice in all kinds of legal matters like comments on draft laws and similar.