The Nordic Model of Industrial Relations: comparing Denmark, Finland, Norway and Sweden

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The Nordic Model of Industrial Relations: comparing Denmark, Finland, Norway and Sweden

Anders Kjellberg, Department of Sociology, Lund University, Sweden
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</table>
Introduction
The aim of this paper to a workshop about trends in Nordic industrial relations at the Max Planck Institute in Köln March 2023 above all is to compare Danish, Finnish, Norwegian and Swedish industrial relations with respect to self-regulation versus state regulation (self-regulation being characteristic of the “Nordic model”), combined centralization and decentralization, union density (including the influence of the changed Ghent systems in three of the compared Nordic countries), and a socially segregated union structure. Special attention is paid to industry norms in collective bargaining and to the new 2022 Swedish basic agreement regarding security (skills development), transition, and employment protection.

Parts of the text have previously been published in The Nordic Model of Industrial Relations (Department of Sociology, Lund University. Studies in Social Policy, Industrial Relations, Working Life and Mobility Research Reports 2022:2)², which also contains extracts from other of my publications about Swedish and Nordic industrial relations. A recent article (together with Kristine Nergaard, Fafo Oslo) is “Union Density in Norway and Sweden: Stability versus Decline”, Nordic Journal of Working Life Studies, 12 (58) 51-72.³

Lund March 2023
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Self-regulation versus state regulation
The most important feature of the Nordic labour market model is the clear dominance of self-regulation over state regulation, which means that collective agreements have a much more prominent position than legislation and other state regulations. In Sweden the model, therefore, often is labelled partsmodellen, “the model of the labour market parties”, which refers to trade unions and employers’ associations (Kjellberg 2017). Consequently, self-regulation presupposes a high union density and density of employers’ associations. The Swedish word for self-regulation is självreglering, but more appropriately known as partsreglering, which in English is “regulation by the labour market parties” (themselves), in contrast to state regulation. Of course, also tripartite regulations exist, for example, the long tradition of tripartite peak agreements in Finland or the recent Swedish process of revising the law on employment protection, combined with a new basic agreement on employment protection and transition.

¹. I wish to thank German Bender (PhD Candidate, Stockholm School of Economics) for improving the text, professor emeritus Jørgen Steen Madsen (Faos, Copenhagen University) for providing me with information on recent developments in the Danish bargaining system, Kristine Nergaard (researcher at Fafo, Oslo) for valuable comments on Norwegian industrial relations, Erica Sjölander (head of office of Facken inom industrin – Unions within Industry) for valuable comments on parts of the text and Petter Hällberg (economist at Medlingsinstitutet – Swedish National Mediation Office) for providing me with data on the development of real wages in the Nordic countries and on wage drift in Sweden.
In the three Scandinavian countries, basic agreements between employers’ confederations and the blue-collar union confederations (LO-Denmark, LO-Norway and LO-Sweden) were concluded early:

- The Danish 1899 September Compromise (Septemberforliget LO-DA)\(^4\)
- The Norwegian 1935 Hovedavtalen LO-NAF
- The Swedish 1938 Saltsjöbaden Agreement (Saltsjöbadsavtalet LO-Saf).\(^5\)

The Norwegian and Swedish basic agreements had precursors as Overenskomst om ordning af Forligrsraad og Voldsgiftsretter til behandling av stridigheter mellem arbeidsgivere og arbeidere LO-NAF (Norway 1902), Verkstedsoverenskomsten (the Engineering Agreement, Norway 1907), Verkstadsavtalet (the Engineering Agreement, Sweden 1905) and Decemberkompromissen LO-Saf (the December Compromise, Sweden 1906).

In Finland a similar industrial relations system was not established until after the World War II. It has come to resemble the Scandinavian or Nordic model since the late 1960s (Lilja 1992). A ‘historic compromise’ came with the 1968 and 1969 income policy agreements. Union density increased from around 40 per cent in the mid-1960s to 80 per cent at the end of the 1970s. The civil war in 1918 is the most important explanation for why Finland was a ‘late-comer to the Scandinavian Model’ (Lilja 1992: 203-207). The first basic agreement was concluded during World War II (1944).

The Swedish 1997 Industry Agreement (Industriavtalet) between the unions in manufacturing and corresponding SAF associations has clear parallels to the 1938 Saltsjöbaden Agreement LO-Saf with respect to origin (threat of state regulation), contents (negotiation procedure, conflict resolution) and the spirit of cooperation (Elvander 2003). The 1938 agreement paved the way for the centralized bargaining LO-Saf introduced in the 1950s, later also including the private white-collar sector PTK-Saf.\(^6\)

As shown in Table 1B, Denmark and Sweden are the only Nordic countries having neither statutory minimum wages, nor extension mechanisms of collective agreements (allmängiltigförklaring). In Sweden, the unions’ right to take actions against enterprises not affiliated to employers’ associations is the closest Swedish equivalent to extension mechanisms and is of central importance for maintaining the model of self-regulation. Although very few conflicts to force employers concluding collective agreements take place per year, the right to sympathy conflicts (strikes, blockades, etc.) is here of central importance. The Nordic countries are distinguished by ample conflict funds for industrial action and extensive rights to take industrial action.\(^7\)

In contrast to most EU countries none of the Nordic countries have statutory minimum wages. Particularly Denmark and Sweden oppose the introduction of European minimum wages.\(^8\) In

---

\(^4\) For a comparison of the Danish Septemberforliget and the Swedish Saltsjöbadsavtalet, see Kjellberg 2000a.

\(^5\) The Danish, Norwegian and Swedish blue-collar union confederations LO. DA = Dansk Arbejdsgiverforing (the Danish Employers’ Confederation), NAF = Norsk Arbeidsgiverforening, today NHO = Næringslivets Hovedorganisasjon (Confederation of Norwegian Enterprise); Saf = Svenska Arbetsgivareföreningen (Swedish Employers’ Confederation), today Svenskt Näringsliv, SN (Confederation of Swedish Enterprise).

\(^6\) PTK = Privat tjänstemannakartellen (the Cartel of Private Sector White-collar Employees), today called Förhandlings- och samverkansrådet PTK (PTK – the council for negotiation and cooperation): [https://www.ptk.se/om-ptk/in-english/](https://www.ptk.se/om-ptk/in-english/)

\(^7\) In Sweden, for example, there are very few legal restrictions on labour conflicts. The most important constraint was introduced in 1928, when industrial action was made illegal during contract periods, except for sympathy action. In 1966 all public-sector employees acquired full bargaining and dispute rights.

\(^8\) Dølvik 2022: 16-17. For a debate article about Sweden and European minimum wages, see Bender & Kjellberg 2021. For Swedish unions’ attitude to the EU, see Kjellberg 2000b and Kjellberg 2023b.
accordance with the Nordic model of self-regulation, wage setting is considered a matter for the labour market parties, not for the state. In Finland minimum wages are in practice covering all employees by the extension of collective agreements, in Norway in some industries (Dølvik 2022: 25-26, 35).

**Table 1A. Main characteristics of Denmark, Finland, Norway and Sweden.**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form of state</td>
<td>Monarchy</td>
<td>Republic</td>
<td>Monarchy</td>
<td>Monarchy</td>
</tr>
<tr>
<td>EU member since:</td>
<td>1973</td>
<td>1995</td>
<td>-</td>
<td>1995</td>
</tr>
<tr>
<td>Currency</td>
<td>DKK</td>
<td>Euro</td>
<td>NOK</td>
<td>SEK</td>
</tr>
<tr>
<td>Export share of GDP, 2021</td>
<td>59,7%</td>
<td>35,8%</td>
<td>32,2%</td>
<td>43,8%</td>
</tr>
<tr>
<td>Population, 2022 (millions)</td>
<td>5,8</td>
<td>5,6</td>
<td>5,5</td>
<td>10,2</td>
</tr>
<tr>
<td>Foreign-born population, 2019</td>
<td>10,5%</td>
<td>7,0%</td>
<td>15,6%</td>
<td>19,5%</td>
</tr>
<tr>
<td>Share of employees with fixed-term jobs, 2020</td>
<td>10,9%</td>
<td>14,9%</td>
<td>7,8%</td>
<td>15,4%</td>
</tr>
<tr>
<td>Employment rate, population 20-64 years, 2021</td>
<td>79,1%</td>
<td>76,8%</td>
<td>80,0%</td>
<td>80,7%</td>
</tr>
<tr>
<td>Employment rate, population 15-64 years, 2021</td>
<td>75,5%</td>
<td>72,7%</td>
<td>76,3%</td>
<td>75,4%</td>
</tr>
<tr>
<td>Unemployment rate, labour force 15-74 years, 2021</td>
<td>5,1%</td>
<td>7,7%</td>
<td>4,4%</td>
<td>8,8%</td>
</tr>
<tr>
<td>Ghent system (state-subsidized union unemployment funds)</td>
<td>X</td>
<td>X</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>Competing unemployment funds</td>
<td>Alternative</td>
<td>YTK</td>
<td>-</td>
<td>(Alfa)</td>
</tr>
<tr>
<td>Alternative (&quot;yellow&quot;) trade unions</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplementary union income insurances</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>Income ceiling in unemployment insurance</td>
<td>X</td>
<td>-</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Law on employment security</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Law on union board representation</td>
<td>X</td>
<td>-</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Law on codetermination</td>
<td>-</td>
<td>X</td>
<td>-</td>
<td>X</td>
</tr>
<tr>
<td>First private sector basic agreement</td>
<td>1899</td>
<td>1944</td>
<td>1935</td>
<td>1938</td>
</tr>
<tr>
<td>Lost conflict days: yearly average, 2010-2020</td>
<td>98 245</td>
<td>130 316</td>
<td>127 407</td>
<td>8 873</td>
</tr>
<tr>
<td>Large political strikes, 2000-2021</td>
<td>(X)</td>
<td>X</td>
<td>(X)</td>
<td>-</td>
</tr>
</tbody>
</table>

Currency: The Danish crown (krone) has since 1999 within a narrow interval a fixed exchange rate to the euro. This means that 1 euro always costs DKK 7,29-7,63 DKK. NOK = Norwegian crowns; SEK = Swedish crowns.

Legislation on employment protection: In Denmark there is no legislation equivalent to that in Finland, Norway, and Sweden but some rules for white-collar workers are found in Funktionærloven, (Law on white-collar workers), for example notice (time) in case of termination of employment 1-6 months. Finland: Arbetsavtalslagen (Employment
As late as in 2016 collective bargaining in Finland took place at the largest paper group (UPM).

**Opening clauses in collective agreements** (UPM)

Dominant pensions and insurances (Kjellberg 2019: 591)

Working conditions for example in Sweden peak at three levels including the peak level tripartite negotiations involving the government. In other issues than wages and bargaining levels (wages and working conditions)

Extension of collective agreements

In Norway extension of collective agreements, more precisely extension of the collectively agreed minimum wages, is used in some industries with a low union density and where unemployed are included (which a) are union members, b) work in a company or public agency (local/central government) which is affiliated to an employers’ association, and c) are covered by a collective agreement.

**Table 1B. Main characteristics of Denmark, Finland, Norway and Sweden /continued/**

<table>
<thead>
<tr>
<th>Extension of collective agreements</th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Required minimum union density at workplace level for a collective agreement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Years with increased real wage, 1995-2022</td>
<td>50% clerical &amp; commerce</td>
<td>-</td>
<td>10%</td>
<td>-</td>
</tr>
<tr>
<td>Bargaining levels (wages and working conditions)</td>
<td>Two-tiers</td>
<td>Two-tiers+ (three-tiers)</td>
<td>Two-tiers</td>
<td>Two-tiers</td>
</tr>
<tr>
<td>Dominating bargaining level</td>
<td>Industry</td>
<td>Industry</td>
<td>Industry</td>
<td>Industry</td>
</tr>
<tr>
<td>Opening clauses in collective agreements</td>
<td>-</td>
<td>X</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Industry norm in bargaining rounds</td>
<td>X</td>
<td>(X)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>State intervention (excluding mediation) in collective bargaining</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>-</td>
</tr>
<tr>
<td>State mediation institute (conflicts of interests)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Labour court (conflicts of rights)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Balloting on bargaining and mediation proposals</td>
<td>X</td>
<td>-</td>
<td>X</td>
<td>-</td>
</tr>
<tr>
<td>Linked balloting results (into one single unit)</td>
<td>X</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Statutory minimum wage</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Extension of collective agreements:** In Norway extension of collective agreements, more precisely extension of the collectively agreed minimum wages, is used in some industries with a low union density and a high share of labour migrants with bad employment and working conditions, such as construction and hotels & restaurants.

**Bargaining levels (wages and working conditions):** As late as in 2016 collective bargaining in Finland took place at three levels including the peak level tripartite negotiations involving the government. In other issues than wages and working conditions for example in Sweden peak-level agreements are concluded as regards transition, occupational pensions and insurances (Kjellberg 2019: 591).

**Dominating level of collective bargaining:** In the Finnish paper industry company level and in the largest paper group (UPM) even the different product areas.

**Opening clauses in collective agreements:** The Finnish collective agreements contain opening clauses that admit renegotiation of other issues than wages, for example of working-time. Agreements at all levels may temporarily contain...
opening clauses which under hard times permit renegotiation or canceling of agreed paragraphs. Source: OECD: “Finland. Main indicators and characteristics of collective bargaining” (17 February 2021).

**Industry norm in bargaining rounds:** In Finland no institutionalized industry norm but in practice is the technology industry norm-setting.

**State intervention in collective bargaining (apart from mediation):** In Denmark government intervention in the teachers’ conflict in 2013. Also a nurses’ strike in 2021 was brought to an end by the government; In Finland the latest tripartite income policy agreements were concluded in 2011, 2013 and 2016; Norway: tripartite cooperation common; the Norwegian state can stop labour conflicts by means of tvungen lønnsmenn, which is a form of tvungen voldgift (in Swedish: obligatorisk skiljedom, In English compulsory arbitration), for example an oil strike in 2012 and a teachers’ strike in 2022. Sweden: no state intervention (apart from mediation) or income policy during bargaining rounds. The role of the Swedish state has been reinforced in the last ten years, but regarding other issue than wages, for example during the process preceding the 2022 basic agreement.

Sources:

The Swedish model of industrial relations is the closest to a Nordic ideal type, as regards degree of self-regulation. The government is much less involved in wage formation than in Denmark (mediation proposals not seldom transformed into law), Finland (a tradition of tripartite bargaining) and Norway (compulsory arbitration).

A departure from the traditional Swedish model of industrial relations occurred with the series of labour laws introduced in the 1970s on employees’ board representation (1973), employment protection (Las 1974), the position of union representatives in the workplace (1974), codetermination (MBL 1976), working environment (1977), and on equality of men and women in working life (1979). It is true that the law on employment protection encroaches upon the employer prerogative, but the law allows the statutory regulations to be replaced by collective agreements, labelled by Susanne Fransson and Eberhard Stüber as legally conditioned self-regulation. Considering also the agreements on redundancy programmes, there are grounds to designate this area as a mix of state regulation and self-regulation. Recently the Swedish labour market parties have regained the initiative by the 2022 basic agreement on which revised legislation on employment protection and transition will be based. The agreement can be interpreted as a step towards Swedish flexicurity as it contains both increased space for employers to make derogations from the rule last in, first out in case of layoffs, and improved transition arrangements for employees whose skills need to be developed when new technology is introduced.

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**Eroding Ghent systems in Denmark, Finland, and Sweden**

The Ghent systems in Denmark, Finland and Sweden represent a mix of state regulation (state-subsidized unemployment funds regulated by law) and self-regulation (almost all funds are union-led). The government is also responsible for an active labour market policy. As can be seen from Table 2, union density in Norway is lower but also more stable than in the three Nordic Ghent countries, where it is declining considerably faster (Kjellberg & Nergaard 2022).

### Table 2. Union density (per cent and per centage points) in Sweden, Finland, Denmark, and Norway 1990-2021

<table>
<thead>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>81</td>
<td>85</td>
<td>81</td>
<td>77</td>
<td>71</td>
<td>69</td>
<td>68</td>
<td>69</td>
<td>70</td>
<td>-11</td>
<td>-11</td>
</tr>
<tr>
<td>Finland</td>
<td>76</td>
<td>84</td>
<td>74</td>
<td>72</td>
<td>71</td>
<td>68</td>
<td>59</td>
<td></td>
<td>-17</td>
<td>-15</td>
<td></td>
</tr>
<tr>
<td>Denmark (1)</td>
<td>76</td>
<td>77</td>
<td>75</td>
<td>69</td>
<td>69</td>
<td>/64</td>
<td>63</td>
<td>65</td>
<td>63</td>
<td>-13</td>
<td>-12</td>
</tr>
<tr>
<td>Denmark (2)</td>
<td>75</td>
<td>72</td>
<td>72</td>
<td>65</td>
<td>62</td>
<td>/55</td>
<td>52</td>
<td>53</td>
<td>51</td>
<td>-24</td>
<td>-21</td>
</tr>
<tr>
<td>Norway</td>
<td>57</td>
<td>57</td>
<td>52</td>
<td>/51</td>
<td>51</td>
<td>50</td>
<td>50</td>
<td>51</td>
<td>50</td>
<td>-7</td>
<td>-2</td>
</tr>
</tbody>
</table>

Sweden refers to yearly averages employees 16-64 years excluding full-time students working part-time. Denmark (2) excludes so-called alternative ("yellow") trade unions, which in general do not conclude collective agreements. Both Denmark (1) and Denmark (2) include unemployed.

Sources:
- Sweden: labour force surveys (AKU), (Kjellberg 2022b-c).
- Denmark 1980-2012 and 2015-2016: own calculations from data obtained from Statistics Denmark and LO-Denmark.
- Danmark 2017-2021: own calculations from data obtained from Statistics Denmark.
- Finland: OECD.

In Finland, Denmark and Sweden institutional changes have undermined the “Ghent effect”:

- In Finland through the introduction of an independent cross-occupational unemployment fund (YTK) in 1992. The initiators were business people. With about 500 000 members YTK is by far Finland’s largest unemployment fund. The YTK association is linked to the fund (Shin & Böckerman 2019, Bergholm & Sippola 2022).

- In Denmark by the cross-occupational unemployment funds introduced in 2002 when the centre-right government changed the law to make it possible to create such funds. They promoted the growth of alternative or ”yellow” trade unions, which weakened the traditional unions, in particular in the LO area (Kjellberg & Ibsen 2016). At the end of 2021 the yellow unions comprised about 350 300 members or 18 per cent of Danish union members compared to 4 per cent in 2000 (Kjellberg 2022e: 17). These unions have low membership fees and do not in general participate in collective bargaining or have workplace representatives. They offer individual services as assistance in case of disputes with the employer, membership of their unemployment fund and other insurances. The members are found above all in the private sector among younger people at workplaces without collective

---

10. For a detailed comparative analysis of union density in the Nordic countries, see Kjellberg 2022e.

- In Sweden through a considerable increase in fees for unemployment funds in 2007–2013 (Kjellberg & Ibsen 2016). This and other changes of the unemployment insurance was introduced by the centre-right “Alliance” government, including abolishment of tax reduction for union fees (25 per cent) and unemployment funds (40 per cent), and deteriorated benefits in case of unemployment. In two years (2007–2008), Swedish trade unions lost 245 000 members and the unemployment funds more than 460 000 members, of which the union funds constituted roughly 400 000 members (Kjellberg 2022c: 152).

Up until 1 January 2014 when the Swedish fund fees were restored to about the same level as before 2007, union density declined considerably more among blue-collar workers than among white-collar workers (Table 3). The fund fees were linked to the unemployment rate among the members of each fund. As unemployment is higher among blue-collar workers, they had to pay considerably higher fees. When the financial crisis started in the autumn 2008 no corresponding increase in union density occurred as in the early 1990s when unemployment grew rapidly. In Ghent countries like Sweden, the rate of unionization usually increases during recessions, but that did not happen during the financial crisis as increased unemployment now resulted in higher fund fees, particularly among blue-collar workers (Kjellberg 2011).

During the covid-19 pandemic starting in 2020, and the economic uncertainty that followed, both union density and density of unemployment funds increased (Kjellberg 2022a-c). In contrast to the financial crisis, the fund fees were not raised this time. In addition, unemployment benefits were improved by the government.

### Table 3. Union density (per cent and per centage points) among Swedish blue-collar and white-collar workers, 1990–2021

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Blue-collar</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>80</td>
<td>82</td>
<td>79</td>
<td>74</td>
<td>67</td>
<td>65</td>
<td>59</td>
<td>57</td>
<td>58</td>
<td>-1</td>
<td>-21</td>
</tr>
<tr>
<td>Public</td>
<td>87</td>
<td>93</td>
<td>90</td>
<td>87</td>
<td>83</td>
<td>83</td>
<td>77</td>
<td>72</td>
<td>74</td>
<td>+3</td>
<td>-18</td>
</tr>
<tr>
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<td>77</td>
<td>71</td>
<td>69</td>
<td>63</td>
<td>60</td>
<td>62</td>
<td>+1</td>
<td>-21</td>
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<tr>
<td><strong>White-collar</strong></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>Private</td>
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<td>71</td>
<td>69</td>
<td>63</td>
<td>65</td>
<td>68</td>
<td>67</td>
<td>70</td>
<td>+1</td>
<td>-1</td>
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<td>83</td>
<td>81</td>
<td>82</td>
<td>-1</td>
<td>-12</td>
</tr>
<tr>
<td>All</td>
<td>81</td>
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<td>79</td>
<td>77</td>
<td>72</td>
<td>73</td>
<td>74</td>
<td>72</td>
<td>74</td>
<td>-2</td>
<td>-5</td>
</tr>
</tbody>
</table>

Yearly averages employed workers 16-64 years excluding full-time students working part-time. Source: Kjellberg 2022c table 24A.

In Sweden, “direct affiliation” to union unemployment funds is common, i.e. being member of a union unemployment fund without being union member (Kjellberg 2022c, table 22; Kjellberg & Nergaard 2022, table 3). However, to get access to supplementary union income insurance (covering incomes above the state’s unemployment insurance ceiling of SEK 33 000 (about 3 000 EUR) per month, before taxes), membership in both the union and its unemployment fund is required. Far from all blue-collar unions offer income insurance; moreover, many such schemes have been
introduced only recently. Such insurance is also more attractive for white-collar workers as their wages are usually far above the ceiling for unemployment insurance. As the ceiling remained unchanged for many years and increasingly lagged behind wage increases, the attractiveness of income insurance increased (Lindellee 2021). The ceiling of the insurance was raised during the covid-19 pandemic (29 June 2020) from SEK 25 025 to SEK 33 000 and has since then been unchanged. The combined effect of lower white-collar fund fees (2007–2013) and more frequent and attractive union income insurance has contributed to the growing gap between white-collar and blue-collar union density, since the majority of white-collar workers earn more than the 3 000 EUR.

Many Danish unions also have supplementary union income insurance schemes. In Finland there are no such schemes as the Finnish unemployment insurance has no ceiling limiting benefits to incomes up to a certain level.

**Combined centralization and decentralization**

From an international perspective, Nordic industrial relations are both comparatively centralized and decentralized. Centralization is required for central compromises guaranteeing union rights and reducing hesitancy about joining unions at the individual workplace. It also increases the share of workplaces covered by collective agreements, and where employers do not resist unions, it provides a high coverage of employers’ associations. Another illustration of interaction between central and local levels to the advantage of unions is that bargaining power at national level facilitates local negotiations, particularly at workplaces with weak union representation.

The introduction of centralized bargaining presupposed a certain centralization of the parties themselves. Almost from the start, the threat from powerful unions drove Scandinavian employers towards centralized organization, and their confederations were given extensive powers over affiliated bodies. Large dispute funds were built up and had to be co-ordinated centrally, especially as extensive lockouts came to be the favourite weapon of Scandinavian employers. In Finland a similar centralization of employers did not occur until the 1950s.

The centralization of Scandinavian union confederations took place later. In the 1940s, the Swedish LO (blue-collar) was given considerably increased powers over affiliated unions, within which the authority of the leadership was strengthened at the expense of the individual members. Balloting on collective bargaining outcomes was abolished (although advisory balloting was retained for a period). Most Swedish unions still have more centralized decision-making today than their Norwegian and Danish counterparts.

The regular use of membership ballots on draft agreements in Denmark and Norway puts intense pressure on union negotiators to win concessions. This makes centralized bargaining a much more complicated affair than in Sweden and is probably the main cause of the considerably higher degree of state intervention in collective bargaining in Denmark and Norway. Danish mediators have the right to aggregate ballot results from different unions and sectors, and mediation proposals have

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11. Unemployed persons affiliated to a union unemployment fund fulfilling both the membership condition (a certain time of membership is required) and the work condition have the right to benefits corresponding to 80 per cent of the previous wage up to the ceiling of the insurance, that is 80 per cent of SEK 33 000 = SEK 26 400. To get more a supplementary income insurance is required.
often been transformed into law. Norwegian mediators could do that up to 1982.\textsuperscript{12} The relatively frequent use of compulsory arbitration in Norway should also be mentioned.

\textit{Decentralization} refers to the extensive coverage of union workplace organizations vertically integrated into national unions. The workplace ‘clubs’ bring unions close to rank-and-file members and offer unique chances for reciprocal communication between unions and members. They also constitute an arena for formulating demands and delivering union benefits to where the workers are located. Face-to-face contact with union representatives and other union members maintains union membership as a social norm. Union workplace organizations promote membership recruitment, not only from a social aspect (face-to-face contacts), but also from a utility aspect (results of union activities directly at the workplace) and by providing protection for union members and reducing hesitancy about joining unions.

For employees at workplaces without union representation, and consequently less social pressure to join, selective incentives, like union income insurance, can be expected to have a relatively greater impact. That is in line with Ebbinghaus et al. (2011: 120–121), who show that the effect of workplace representation on union density is smaller in Ghent countries than in other countries. Workplace representation will therefore be more important in Norway than in Sweden for maintaining a high union density. This is reinforced by the Norwegian practice in the private sector that a workplace union has to demand a collective agreement in order for one to be implemented at the workplace level (Kjellberg & Nergaard 2022: 61).

Nordic union workplace organizations have important bargaining functions – in contrast to many European countries, where bodies other than unions, such as works councils, are assigned these tasks. The so-called union clubs at workplace level have no right to strike when there exists a sectoral agreement. At sectoral (industry) level, unions have the right to industrial action when the old agreement expires, toward the end of each bargaining round.

Workplace clubs are based on the spatial \textit{proximity} between workers, which is one of two basic sources of cohesion and common norms among workers highlighted by the Norwegian sociologist Sverre Lysgaard (Lysgaard 2001). The other is \textit{similarity}, which refers to workers with the same occupation or education. From a union perspective, proximity and similarity correspond to two organizational principles: the industry principle (vertical unions organizing all kind of workers at a workplace) and the occupational principle (occupational unions). The principles of proximity and similarity combined could be expected to reinforce cohesion, particularly in white-collar unions, which are mostly also professional associations and large enough to have workplace clubs. Their members generally have the same workplace, the same profession, and the same educational background. These types of unions not only represent their members as employees (wages and working conditions), but also defend their professional autonomy, ethics, methods, and quality of

\textsuperscript{12} Elvander 2002: 120. Stokke (2002) on conflict regulation and balloting in the Nordic countries: "Ballots are held on a voluntary basis in Norway and Finland. In Finland they are regulated mainly through by-laws of the organisations, while in Norway regulation through basic agreements also play a role. The Labour Disputes Act of 1927 in Norway incorporates some provisions on balloting, among other things a rule allowing the mediator to treat several proposals as one entity. This rule was introduced in 1935, and used regularly in order to bundle mediation proposals in the private sector. The mechanism was especially useful in neutralising the votes from smaller and more militant LO unions or independent unions, since only the total number of votes had a bearing on the result. The practice of this rule rested upon the mediator actually having the right to demand a ballot, and precisely this question was tested in the Labour Court in 1982. The court ruled that the Labour Disputes Act did not provide such a right, which made the right to combine proposals quite illusive." (Stokke 2002: 678)
services (Bie-Drivdal 2020: 49). The last type of representation can be considered a selective incentive for membership.

**Socially segregated union structure**

The socially segregated Nordic model of separate unions and union confederations for blue-collar workers (“the LOs”), academic professionals and other white-collar workers is most evident in Sweden, in particular since LO-Denmark merged with the largest white-collar confederation (FTF) – see Table 4.

In Sweden, no blue-collar union has ever merged with a white-collar union. When the LO white-collar union of insurance employees left LO and merged with a TCO union, the social segregation of the Swedish union movement was further reinforced. No white-collar union today is affiliated to LO-Sweden. White-collar mergers across confederations sometimes occur as when the largest teacher’s union in Sweden left TCO for Saco and in 2023 merged with a Saco union of teachers (Kjellberg 2021b).

In addition, the Swedish white-collar unions are considerably stronger than their Nordic equivalents. The Danish private sector employer confederation (DA) even refuses to enter collective agreements with the academic confederation Akademikerne and its affiliates.

**Table 4. Union Confederations in the Nordic countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Blue-collar</th>
<th>Professional/Other white-collar</th>
<th>Professional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark -2018</td>
<td>LO-Denmark</td>
<td>FTF</td>
<td>AC / Akademikerne</td>
</tr>
<tr>
<td>Denmark 2019-</td>
<td></td>
<td>FH</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>SAK</td>
<td>STTK</td>
<td>Akava</td>
</tr>
<tr>
<td>Norway</td>
<td>LO-Norway</td>
<td>YS</td>
<td>Unio, Akademikerne</td>
</tr>
<tr>
<td>Sweden</td>
<td>LO-Sweden</td>
<td>TCO</td>
<td>Saco</td>
</tr>
</tbody>
</table>

AC / Akademikerne = Akademikerne, founded in 1972 (The Danish Confederation of Professional Associations) [https://www.akademikerne.dk/in-english/](https://www.akademikerne.dk/in-english/)

Akademikerne = Akademikerne, founded in 1997 (Federation of Norwegian Professional Associations) [https://akademikerne.no/english](https://akademikerne.no/english)


FH = Fågbevægelsens Hovedorganisation, founded in 2019 (Danish Trade Union Confederation) [https://fho.dk/om-fagbevægelsens-hovedorganisation/english-about-fh](https://fho.dk/om-fagbevægelsens-hovedorganisation/english-about-fh)/

FTF = Funktionærernes og Tjenestemændenes Fællesråd, 1952-2018 (Confederation of Professionals in Denmark)

LO-Denmark = Landsorganisationen i Danmark, 1898-2018 (Danish Confederation of Trade Unions)

LO-Norway = Landsorganisasjonen i Norge, founded in 1899 (Norwegian Confederation of Trade Unions) [https://www.lo.no/language/english](https://www.lo.no/language/english)

LO-Sweden = Landsorganisationen i Sverige, founded in 1898 (Swedish Trade Union Confederation) [https://www.lo.se/english/this_is_lo](https://www.lo.se/english/this_is_lo)

Saco = Sveriges Akademikers Centralorganisation, founded in 1947 (Swedish Confederation of Professional Associations) [https://www.saco.se/en/english/about-saco](https://www.saco.se/en/english/about-saco/)


TCO = Tjänstemännens Centralorganisation, founded in 1944 (Swedish Confederation of Professional Employees) [https://tco.se/om-tco/tco-in-english](https://tco.se/om-tco/tco-in-english)
UHO = Utdanningsgruppenes Hovedorganisasjon, founded in 2001 (Confederation of Higher Education Unions, Norway)

Unio (previously UHO), founded in 2001 (Confederation of Unions for Professionals) https://www.unio.no/english/


Sweden is also the only Nordic country in which blue-collar and white-collar unions across confederations participate in pattern bargaining, and together with the corresponding employers’ associations set the “mark” (the industry norm) for wage increases throughout the labour market. In Denmark and Norway this is only done by LO unions (Norway) or former LO unions (LO-Denmark in 2019 merged with the white-collar confederation FTF into FH13 (Fagbevegelsens Hovedorganisation). That reflects the strength of Swedish white-collar unions compared to their Norwegian and Danish equivalents (Kjellberg 2021a).

In the Autumn 2020, the Swedish collective bargaining cartel PTK, representing the large majority of private sector white-collar union members, negotiated a basic agreement with the Confederation of Swedish Enterprise14 (the so-called 2020 Las agreement. LO-Sweden joined the agreement a year later, marking a substantial power shift within the union movement since 1938, when LO alone signed the old basic agreement, the Saltsjöbaden Agreement. The new basic agreement was finally signed on 22 June 2022.

The presence of class-based trade unions and the absence of political and religious divisions have contributed to very high union density in Sweden. Besides ensuring that no social group is left with the feeling that it lacks a union to identify with, it has promoted a sense of community in socially relatively homogeneous union confederations.

Compared to LO-Sweden, its Danish, Finnish and Norwegian counterparts organize relatively large numbers of white-collar workers and consequently have more fluid borders with their closest white-collar neighbours. The recruitment areas of LO-Norway and YS (Confederation of Vocational Unions) markedly overlap and therefore have caused an intense membership competition not seen in for example Sweden, where competing unions often have delineation agreements specifying their recruitment areas. Both YS and AF (Akademikernes Fellesorganisasjon, Federation of Norwegian Professional Associations, founded in 1975), the predecessor to Akademikerne (Federation of Norwegian Professional Associations) were founded about thirty years after their Swedish equivalents. While YS comprises a smaller white-collar segment than Swedish TCO, AF had a much broader composition than Swedish Saco, which almost exclusively organizes university graduates. Akademikerne was founded in 2000 when a number of dissatisfied unions of university graduates left AF, which after an unsuccessful attempt to merge with YS was dissolved in 2001. The remaining unions founded the new confederation UHO (Confederation of Higher Education Unions, Norway), today Unio, at the end of 2001. With the formation of Akademikerne, Norwegian confederal structure became more similar to the Swedish structure, although it remains more fragmented.

The emergence of separate union confederations for professional employees in the Nordic countries was, to a great extent, due to the strength of the labour movement and the establishment of a welfare state with income-levelling aspirations. The origins of the professionals’ unions lie mainly in the

public sector, and their growth has been largely based on the expansion in the number of public sector employees, although the increase in membership is now greatest in the growing private sector.

Outside the Nordic countries, it is common for union affiliation to be based on entirely different social demarcations. In Italy, France and the Netherlands, for instance, political and religious forces have had an impact on union structure. In Sweden, political orientation, rather than serving as a separate basis of union organisation, has instead reinforced the class stratification of the union landscape. The Swedish LO’s strong ties to the Social Democratic Party continue to be a substantial barrier to the merging of blue-collar and white-collar unions, as the TCO and Saco confederations have retained their party-political non-alignment.

‘Social democratic’ welfare states

The Nordic model includes “social democratic” welfare states strengthening the position of workers vis-à-vis employers. The Nordic LOs have mostly been close allies to the social democratic parties, which for long periods have been in office, alone or in coalitions with other parties:


In Sweden, the cooperation between the social democratic party and LO partly explains the break with the principle of self-regulation during the wave of labour legislation in the 1970s. In 1936 the Swedish Law on Rights of Association and Negotiation was enacted with support from the social democratic government. Although this legislation deviates from the Swedish model of self-regulation, there is a world of difference between negotiated employment conditions (collective bargaining) and substantive legislation on employment conditions, which was the alternative option (see below). In the light of the employers’ fierce resistance to negotiations with white-collar unions in manufacturing, commerce and banking, legislation on the right of association and negotiation appeared as the only plausible way forward, at least for white-collar unions preferring collective bargaining to substantive legislation on employment conditions. The 1936 Law on Rights of Association and Negotiation (Lag om förenings- och förhandlingsrätt) was in accordance with the Swedish labour market model as the right to negotiations was exclusively aimed for the unions, not for the individual employees.

In Denmark the turn of events followed a different path as a substantive law for white-collar workers, the so-called funktionærloven (Law on private sector white-collar workers), was introduced in 1938 (Kjellberg 2017). It contained (among other things) a notice period of three months and sickness benefits, and subsequent revisions included additional benefits. The initiative came from the Conservative Party, which in 1937 – in the competition for the votes of white-collar workers – proposed legislation on individual employment contracts. The aim was to reinforce the middle-class identity of Danish white-collar workers and provide an alternative to collective agreements. By offering white-collar workers better employment conditions than those of blue-collar workers, the idea was that the former would abstain from union membership.
Compared to the Swedish white-collar legislation, the Danish is far more extensive due to its \textit{substantive} character and the fact that it deals with employment conditions that could be regulated by collective agreements. In contrast, the aim of the Swedish 1936 law was only to encourage \textit{negotiations} between private sector white-collar unions and employers. The existence of a social democratic government in Sweden from 1932 in itself, together with the new law, encouraged white-collar unionization by making it legitimate to join a union and by reducing the hesitancy among white-collar workers in private companies to do so. Private sector white-collar density increased rapidly in the 1930s. The blue-collar workers in the Nordic countries never needed such a legislation as they, long before the 1930s, were prepared to strike to gain the right to join unions and improve their terms of employment through collective bargaining.

Scandinavian labour movements – represented by strong social democratic parties – extended their already considerable strength to the political sphere in the 1930s in Norway and Sweden, and considerably earlier in Denmark – where the party of small farmers headed governments based on an alliance with the social democrats in 1909-10 and 1913-20. The political compromises bringing social democratic parties to power meant that the favourite weapon of Scandinavian employers – the large-scale lockout – could no longer be used as freely as in the past. This encouraged Swedish and Norwegian employers to conclude basic agreements in the 1930s. The Swedish employer confederation Saf, however, was concerned that the right to sympathy conflicts remained intact when the 1928 laws on collective agreements and labour court were passed (other industrial action was banned during contract periods). The fear that the right to sympathy lockouts would be restricted by legislation was a conspicuous motive for Saf, when the organization entered the negotiations with LO that resulted in the 1938 Saltṣjöbaden Agreement (Swenson 2009: 45-56, 75-77). But times have changed: since the 1990s Saf and its successor, the Confederation of Swedish Enterprise (SN), have demanded legislation making sympathy conflicts \textit{illegal}.

From an international perspective, Sweden’s labour conflicts up to the mid–1920s were distinct in both length and size (Shorter & Tilly 1974, chapter 12). Under pressure from the new social democratic government in the 1930s, employers and unions were forced to reconsider their strategies. With the prospect of a protracted social democratic reign, the Saf preferred to engage in a policy of co-operation with the LO, in order to avoid undesirable state intervention (Söderpalm 1980: 15). In addition, the large-scale lockout was no longer, without reservation, an effective instrument, as it had been in the past. Thus, the social democratic conquest of political power caused the employers to review their strategies.

In order to preempt state regulation, LO and Saf concluded the Saltṣjöbaden Agreement in 1938, which formed part of a broader ‘historical compromise’ which included the industrial and political arenas (Johansson 1989, Korpi 1983). In exchange for ‘labour peace’ and acknowledgment of employer prerogative (as already recognized in the 1906 December Compromise LO-Saf), labour was to be compensated by social reforms and ‘full employment’ through (expected) economic growth. Subsequently, in the 1950s, the centralization of LO and the institutionalization of centralized bargaining between LO and Saf greatly facilitated LO’s ‘solidaristic wage policy’, which added to the cohesiveness of the Swedish union movement.
Very low frequency of labour conflicts in Sweden compared to Denmark, Finland and Norway

As we have seen, Sweden up to the 1930s was distinguished by a very high frequency of strikes and lockouts. Particularly since the 1997 Industry Agreement, however, Swedish labour conflicts are extremely rare also from a Nordic perspective. In the period 2010-2020, the yearly average of lost working days was only 8,900 in Sweden compared to 98,200 in Denmark, 127,400 in Norway and 130,300 in Finland (Medlingsinstitutet 2021: 40). The two largest Swedish strikes since 2000 have occurred in the public sector (Kjellberg 2019). In Denmark, as well, public sector employees are the most involved in labour conflicts. In 2008, nurses and staff in care institutions for children and the elderly went on strike for eight weeks. A large lockout of teachers in 2013 was brought to an end by the Danish government and also a nurses’ strike in 2021. Since 1998 there have been no large private sector bargaining conflicts in Denmark (Knudsen et al 2023). The same pattern is found in Norway, where public sector employees account for a high share of lost working days (Nergaard 2020: 47). The largest strikes in Finland since 2000 involved the important Finnish paper industry (2005) and stevedores (2010), while a large political strike in 2015 was aimed at the government’s austerity policies as part of the internal devaluation (Jonker-Hoffrén 2019).

Decentralization of collective bargaining to industry and workplace levels

In 1990, Swedish wage bargaining at peak level was dismantled as the employers’ confederation Saf withdrew from it. Since then, all “central” negotiations take place at industry (sectoral) level, followed by negotiations and agreements at workplace (local) level. The pre-1990 three-tier system of collective bargaining on wages and working conditions was transformed into a two-tier system. In the 1980s some bargaining rounds included all three levels, others only the industry and workplace levels. The first sign of the erosion of peak-level bargaining was manifested in 1983 when the Metalworkers’ Union (Metall) and the Association of Engineering Employers withdraw from peak level bargaining and concluded a separate agreement.

In Denmark, the corresponding process occurred in the early 1980s when LO-Denmark and DA decided to decentralize bargaining to their industry-level affiliates and bargaining cartels (Lind 2019: 159).

In Finland and Norway, the peak organizations were directly involved in wage negotiations, decades after the dismantling of peak level wage agreements in Denmark and Sweden. Even today, LO-Norway and the employers’ confederation NHO sometimes negotiate wage agreements, and always do so if two-year industry agreements (since 1964 always a duration of two years) are renegotiated after the first year (Hippe et al 2013: 46-47, Stokke 1999: 164). In Sweden, such renegotiations are rare, but some agreements have contained paragraphs allowing that.

The long tradition of tripartite wage agreements in Finland presupposed the participation of the peak organizations. Not until in 2008 did a decentralization to industry level take place, but the system with tripartite agreements was resumed in 2011 and 2013, and again with the 2016 Competitiveness Agreement. In 2015, the peak level Confederation of Finnish Industries (EK) decided no longer to participate in centralized bargaining, but declared that it was prepared to complete the deliberations

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15. The large 2013 offensive lockout of Danish teachers was not a response to a strike or a strike warning (Høgedahl & Ibsen 2017: 595, 604).
ending in the 2016 agreement. The background was the government’s plan to legally decentralize bargaining and limit the scope for negotiations, called “coercive laws” by the unions. EK considered it a better option to resign as a negotiating party and instead coordinate and support its affiliates’ wage negotiations. The association of forest industry, FFI, wanted to go a step further as it considered the paper industry agreement too inflexible. In 2017, FFI announced its withdrawal from EK and from negotiations at the industry level. The paper industry companies Stora Enso and Metsä Group signed collective agreements in 2020, but the largest paper company, UPM, demanded separate negotiations for each of its five business areas, and no agreement at all for the white-collar workers. After an almost four months long strike, the company got what it wanted. In other Finnish industries, the system with collective agreements at industry level has persisted.

In all Nordic countries, employers continued to exert pressure to abolish peak level collective bargaining, although not simultaneously. At least in Sweden, the aim was to completely decentralize negotiations to the workplace level and the individual employee. The Association of Engineering Employers however failed in dismantling the industry level agreements due to the creation of a common front by three manufacturing unions (one each from LO, TCO and Saco) in 1993, to prevent such a development. They were the blue-collar Metalworkers’ Union (Metall), together with the white-collar union of graduate engineers (CF) and the white-collar technical & clerical employees union (Sif). In 1996, five manufacturing unions joined these three and founded the constellation Unions within Industry (Facken inom industrin). The current names of the pioneering unions are IF Metall, Sveriges Ingenjörer (Association of Graduate Engineers) and Unionen.

Denmark and Sweden were first among the Nordic countries to dismantle peak-level bargaining. In Finland that happened more than 25 years later. As mentioned, Norwegian peak-level wage negotiations occasionally still take place and always when the usually two-year agreements are renegotiated after the first year. In Denmark and Sweden, much of the contents in industry agreements are decentralized to workplace level to increase flexibility and adaptation to local circumstances. Industry agreements are sometimes figureless in Denmark (white-collar workers and some blue-collar workers; Ibsen & Keune 2018), Norway (all private sector white-collar workers) and Sweden (many white-collar workers in the private and above all in the public sector). In Finland, opening clauses (survival clauses) were introduced in industry level agreements after the 2016 Competitiveness Agreement, but the consent of both parties is required for the implementation of such clauses at workplace level.

**Industrial pattern bargaining introduced in all Nordic countries.**

The Nordic countries are all small and export-dependent countries. When collective bargaining was decentralized to the industry and workplace levels, strong coordination was considered necessary to prevent too high wage increases, which could damage the competitiveness of exposed sector. The Swedish conflict-ridden bargaining round of 1995 was unsuccessful in this respect. Confronted with the threat of government intervention unless the labour market parties succeeded in gearing down wage increases to “European level”, the formentioned Unions within Industry (Facken inom industrin, FI) invited their employer counterparts to deliberations in 1996, resulting in the 1997 Industry Agreement (Industriavtalet). From now on, they agreed, the so-called industry norm should set the “mark” for wage increases (or more correctly raised labour costs) in the entire labour market.
In 2000, a new and reinforced mediation institute, the Swedish National Mediation Office (Medlingsinstitutet), was established by the Swedish government. It was explicitly ordered to foster the wage-leading role of the export sector, by actively promoting norms supporting this role and, when mediating, not contributing to wage increases exceeding the mark.

The industry norm is considered necessary by all principal labour market actors and the state in response to intensified international competition, especially from Germany and Finland. The Industry Agreement, which like the Saltsjöbaden Agreement contains procedures and mechanisms for conflict resolution, is generally considered a success, although some unions, especially those active in the domestic sector, hold the opinion that wages should rise faster than the industry norm. Since 1997, there have been relatively modest nominal wage increases throughout the labour market, but steadily rising real wages. In contrast to the period from the end of the 1970s until the mid-1990s, when there were high annual increases of nominal wages, but real wages hardly increased at all, real wages grew by 65 per cent between 1995 and 2017 (CPI) and continued to increase until 2022.

The Swedish Industry Agreement is maintained by several actors and institutions (see Bender 2022, for a detailed analysis):

- The parties behind the Industry Agreement setting the “mark”, among them the largest Swedish union, the white-collar Unionen (TCO), the largest private sector Saco union, the Association of Graduate Engineers (Sveriges Ingenjörer), and the largest private sector blue-collar union, IF Metall (LO)
- The National Mediation Office (Medlingsinstitutet, MI)
- The coordination within the blue-collar confederation LO
- The coordination within the Confederation of Swedish Enterprise (Svenskt Näringsliv, SN)
- Cooperation agreements like the Industry Agreement in other sectors

In Denmark, the norm-setting role of manufacturing industry was successively established during the 1990s. By the founding of The Confederation of Danish Industry (Dansk Industri, DI) in 1991, the manufacturing employers considerably strengthened their position within the Confederation of Danish Employers (Dansk Arbejdsgiverforening, DA). DI was further reinforced in 2008 by a merger with the Confederation of Danish Commercial, Transportation and Service Industries (Handel, Transport & Service, HTS), and today represents about 60 per cent of the votes in the executive committee of DA (Lind 2019: 156). The unions had to adjust their bargaining organization to the restructuring of the Danish manufacturing employers’ associations and founded the bargaining cartel CO-industri (Central Organisation of Industrial Employees in Denmark) in 1992. In addition to negotiating with DI, CO-industri also negotiates collective agreements with industrial companies outside DI.

The most important Swedish norm-setting agreements Teknikavtalet IF Metall (blue-collar workers in engineering) and Teknikavtalet Unionen/Sveriges Ingenjörer/Ledarna (white-collar workers in engineering) have Danish equivalents in Industriens Overenskomst (blue-collar workers in

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17. From the home page of the Swedish National Mediation Office: "The Swedish National Mediation Office strives for an efficient wage formation process not only through its mediation work, but also by consulting the parties on the labour market about the economic conditions for wage formation and through conferences, seminars and reports.” https://www.mi.se/english/about-us/
manufacturing industry) and *Industriens Funktionæroverenskomst* (white-collar workers in manufacturing industry).

Just like in Swedish bargaining rounds, there is an internal coordination within the Danish employers’ confederation DA, and within the union confederation FH (*Fagbevægelsens Hovedorganisation*), founded in 2019 by a merger of LO-Denmark and the white-collar confederation FTF.

A third coordinating institution in Denmark, but not in Finland or Sweden, is the union balloting system, which means that union members vote for or against agreement proposals and mediation proposals. The Danish mediation institute (*Forligsinstitutionen*) has the power to add voting results from several bargaining areas into one single unit, thus eliminating majority votes against a proposal in some areas, provided that the overall majority votes for. By that, state mediators have a key coordinating role in the Danish bargaining system. Like in Norway, balloting was introduced as an instrument to achieve bargaining centralization in a fragmented union movement.  

Fourth, Danish governments sometimes transform mediation proposals into law, as in the 2013 teachers’ conflict and the 2021 nurses’ conflict.

A fifth coordinating mechanism is the 1998 so-called Climate Agreement between LO-Denmark and DA (*Klimaaftalet*), aimed to improve the negotiation climate after that same year’s Great Conflict involving 400 000 employees. According to the agreement, the labour market parties shall in connection with bargaining rounds confer with the government about the socio-economic frames for wage increases (Jensen, Madsen & Due 2001: 136-138, Due & Madsen 2006: 435-451). For this, a Tripartite Forum was established, reminiscent of the conferences and seminars for the same purpose that the Swedish National Mediation Office arranges for trade unions and employers’

A parallel – at least in some respects – might be drawn between on one hand the Swedish conflict-ridden 1995 bargaining round followed by the 1997 Industry Agreement, and on the other hand the Danish 1998 Great Conflict and the 1999 Climate Agreement (Table 5). Both agreements improved the negotiating climate, and both were aimed at safeguarding the national competitiveness.

### Table 5. Labour conflicts and institutional change in the three Scandinavian countries at the turn of the century 2000.

<table>
<thead>
<tr>
<th>Conflict-ridden bargaining round(s) jeopardising international competitiveness</th>
<th>Denmark</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Institutional change to improve wage formation</th>
<th>Denmark</th>
<th>Norway</th>
<th>Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999 Climate Agreement</td>
<td>Tripartite commissions on reforming the Front runner model 1999- (Holden I, etc)</td>
<td>1997 Industry Agreement</td>
<td>2000 Reinforced mediation institute</td>
</tr>
<tr>
<td>1998 Tripartite Forum</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18. Up to 1982 Norwegian mediators could link balloting results from different agreement areas into one single unit (Stokke 2002: 678). For a comparison of different alternatives to achieve centralization of the Danish, Norwegian and Swedish union movements in the 1930s, see Kjellberg 1990.
In Norway large strikes or strike waves occurred during the bargaining rounds in 1996, 1998 and 2000 resulting in considerably raised labour costs (Dølvik 2002: 78-84, Hippe et al 2013: 48-51, Nergaard et al 2016: 37-40). Several government commissions were appointed to reform Norwegian wage formation. The most important of them was the tripartite Holden I Commission, appointed in 1999 and reporting in 2000 (NOU 2000:21). Here the principles for the Norwegian “Front runner model” (Frontfagsmodellen) still today applied were presented. Furthermore, the bargaining model was reformed in 2003 by the inclusion of white-collar workers when the size of the industry norm is calculated in the so-called Front runner model.

According to the Norwegian Front runner model, the manufacturing industry is the front runner (i.e. sets the pattern, or the norm) in collective bargaining. The United Federation of Trade Unions (Fellesforbundet) and the employers’ association Norwegian Industry (Norsk Industri) negotiate the norm-setting agreement, the Industry Agreement (Industrioverenskomsten). The LO-affiliated Fellesforbundet is the largest Norwegian private sector union with members in manufacturing industry, construction, transport, hotels and restaurants, and many other industries. Norsk industri is member of the Confederation of Norwegian Enterprise (Næringslivets Hovedorganisasjon, NHO). Besides possible increases of minimum wages, the Industry Agreement contains general wage increments which usually have a large impact on other bargaining areas.

Although manufacturing industry as a front runner conclude the first agreement, the calculation of the Norwegian industry norm is not yet finished as the local negotiations remain, and white-collar wages have also to be included. In the private sector, only blue-collar unions negotiate wage agreements at industry level. The white-collar agreements in this sector are usually figureless, which means that the white-collar wage formation exclusively takes place at local level. As the Norwegian “mark” – the front runner frame – also includes white-collar workers, the anticipated wage increase of both blue-collar and white-collar workers is included in the wage frame, which is neither a floor nor a ceiling for the wage growth, but a norm which other agreement areas are expected to relate to (NOU 2013:13, p. 10). That’s why LO-Norway and NHO together set the “mark” and not exclusively the front runner parties themselves, which “only” are responsible for the first step in the process, the industry agreement (Industrioverenskomsten), although this by itself has a great direct impact on other agreements.

In contrast, the Swedish industry norm does not include anticipated wage drift or other local wage increases unless these are specified in the central (industry) agreements as a space to be negotiated and distributed at local level. Furthermore, white-collar wages are included already from beginning of the process as the dominating private sector white-collar unions in TCO and Saco participate in the construction of the industry norm.

The Norwegian Front runner model works despite the limited size of the exposed sector (here understood as typical manufacturing companies), which employs less than 15 per cent of blue-collar workers. The Industry Agreement is norm-setting for all collective agreements in the private and

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19. LO unions and some unions affiliated to YS. The latter have parallel agreements to the LO agreements, but these unions have few members and usually achieve the same conditions as the LO unions. The most important YS unions recruiting blue-collar workers are Parat (many industries and agreements), YTF (many bus drivers; now cooperating with the LO union Fellesförbundet), SAFE (oil companies in the North Sea). E-mail March 2023 from Kristine Nergaard, Fafo Oslo.

20. The first bargaining round after the conclusion of the 1997 Industry Agreement was an exception. Anticipated wage drift was included in the norm-setting paper industry agreement 1998-2001. As shown in Table 5, the industry norm was 8.7 percent for 37 months including wage drift, and 7.5 per cent excluding wage drift.
public sector. Or, more precisely, the sum of central and local wage increases in the exposed sector constitutes the norm for all other agreements.

Similarly, as in Denmark and Sweden, LO-Norway and NHO coordinate their affiliates. The affiliates of these two confederations cannot sign collective agreements or initiate industrial action without confederal approval. Coordination of bargaining is facilitated by tripartite bodies like the contact committee (Kontaktuutvalget), where the labour market parties consult with the government, and the Technical calculation committee for collective agreements (Det tekniske beregningsutvalget for inntektsoppgjørene), in which the labour market parties and Statistics Norway participate. The aim is to create a common understanding of Norway’s economic situation when setting the wage frame for the agreements following upon the Industry agreement. This reminds of the Danish Tripartite Forum, and the meetings with employers’ associations and unions arranged by the Swedish National Mediation Office. Like the Swedish and Danish mediation institutes, the Norwegian institute has an important coordinating role, but is less restricted than the Swedish National Mediation Office regarding mediation proposals that deviate from (i.e. exceed) the industry norm.

Despite a very high union density, and a tradition of tripartite centralised wage formation, the Finnish unions had to accept a “Competitiveness Pact” in 2016, including a wage freeze for 2017, reduced public sector wages, increased social security contributions paid by the employees, extended annual working time with 24 hours without compensation, the abolishment of peak-level bargaining, and increased space for local negotiations (opening clauses). As currency devaluation was not an option, Finland resorted to “internal devaluation” to restore its strongly impaired competitiveness after other Eurozone countries had taken such steps. At the same time, trade unions and employers’ associations negotiated a preliminary frame agreement meaning that the competitive (exposed) industries would set a cap for wage increases, in other words a Finnish industry norm or “mark”. The Confederation of Finnish Industries EK welcomed the proposal of the blue-collar confederation SAK to introduce an industry norm from 2018 onwards, establishing the manufacturing industry as wage-leader. However, the negotiations collapsed when the Finnish Forest Industry Federation (FFI) left them.

Despite that, a sort of industry norm was realized during the bargaining round 2017/2018 when a two-year agreement was signed by the Technology Industry Employers of Finland and the Industrial Union. The latter was founded in 2018 by a merger of three unions. The Technology industry agreement functioned as a norm for many other agreements and was generally accepted and implemented as the employers’ associations ensured that the cap of 3.2 per cent for two years was maintained. The agreement also contained opening clauses.

The decentralisation strategy of the forest and technology industries makes it difficult to establish a Finnish industry norm similar to that of the other Nordic countries. In the long run, the Finnish labour market parties may develop such a norm, but presently, Finland seems to diverge from rather than converge with the other Nordic bargaining models (Kaitila et al 2022: 485). Nevertheless, as

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22. According to the Holden III Commission (2013), NHO in cooperation with LO-Norway shall calculate a credible total frame of the Industry Agreement, including the supplementary local wage increases in the previous year. NOU 2022:4, p. 68.
23. NOU 2022:4, p. 67.
we have seen, the technology industry agreement in the 2017/2018 bargaining round served as a functional norm for wage increases in all other industries, despite the failure to negotiate a common frame agreement on an industry norm, caused by the resistance from the Forest Industry Federation.\textsuperscript{24} During the bargaining round 2019/2020, the technology industry set the mark. For the first time, a negotiating model reminiscent of the Swedish industry norm model was tested (Fransson 2021:27). Likewise in the next bargaining round, 2021/2022, the technology industry set the norm for the entire labour market, but the public sector now took over this role to some extent, as its employees will get somewhat more than the manufacturing industry workers during five years. The aim of this is to raise public sector wages relative to those in the private sector, but the linkage to the latter also makes it possible to still to consider the industry as norm-setting.

\textit{Industrial pattern bargaining in practice in the four Nordic countries}

After discussing the establishment of industry norms in the Nordic countries, a few remarks are necessary about the industry norms in practice. In Table 6, the size of the Swedish industry norm per 12-months periods is presented for each bargaining round since 1998. It should be noted that the industry norm refers to increased \textit{labour costs}, which include more than wage increases. Examples of such costs are shortened working-time and increased costs for occupational pensions.

Since the 1997 Industry Agreement was revised in 2011, the construction of the Swedish industry norm is much more coordinated than before. In the bargaining round of 1998-2001, following the signing of the Industry Agreement in 1997, the first manufacturing agreement was concluded between the Paper Workers’ Union (\textit{Pappers}) and the corresponding employers’ association. Unique for this agreement, which became norm-setting, was that the expected wage drift (0.4 per cent per year) was included in the calculation of the industry norm (“the mark”). After the revision of the Industry Agreement in 2011, none of the affiliates of Unions within Industry (\textit{Facken inom industrin}, FI) concludes negotiations ahead of the others. The so-called Impartial Chairs\textsuperscript{25}, which is an important mediating institution within the Industry Agreement, have a strong coordinating role during the process when the mark for the whole manufacturing industry is negotiated, and by that also for the whole Swedish labour market. A small group of union representatives negotiates with a corresponding small group of employers’ representatives. In the final month, the Impartial Chairs direct the process. The union negotiation representatives then have close contacts with the members of the FI Council, the chief negotiators from the five industrial unions.


\textsuperscript{25} Facken inom industrin 2016.
Table 6. The Swedish industry norm (%) by bargaining round since 1998.

<table>
<thead>
<tr>
<th>Industry Agreement by bargaining round</th>
<th>Duration</th>
<th>Industry norm or ‘mark’ (wage + other costs)</th>
<th>Average ‘mark’ by 12 months periods (not by calendar year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1998 – January 2001</td>
<td>Three years(^{26})</td>
<td>6.9(^{%}); 7.5(^{%}); 8.7(^{%})(^{28})</td>
<td>2.4(^{%}); 2.5(^{%}); (2.8(^{%})(^{29})</td>
</tr>
<tr>
<td>February 2001 – March 2004</td>
<td>Three years(^{30})</td>
<td>8.5(^{%}); (7.0(^{%})), 7.3(^{%}); (5.8(^{%})) (^{31})</td>
<td>ca 2.7(^{%}), ca 2.3(^{%})</td>
</tr>
<tr>
<td>April 2004 – March 2007</td>
<td>Three years</td>
<td>7.3(^{%}); (6.9(^{%}), 5.7(^{%}))(^{32})</td>
<td>2.4(^{%})</td>
</tr>
<tr>
<td>April 2007 – March 2010</td>
<td>Three years</td>
<td>10.2(^{%}); (8.1(^{%}))(^{33})</td>
<td>3.4(^{%})</td>
</tr>
<tr>
<td>White-collar: April 2010 – September 2011/January 2012</td>
<td>18 months</td>
<td>2.6(^{%})</td>
<td>1.75(^{%})</td>
</tr>
<tr>
<td>Blue-collar: April 2010 – January 2012</td>
<td>22 months</td>
<td>3.2(^{%})</td>
<td>1.75(^{%})</td>
</tr>
<tr>
<td>February 2012 – March 2013</td>
<td>14 months</td>
<td>3.0(^{%})</td>
<td>2.6(^{%})</td>
</tr>
<tr>
<td>April 2013 – March 2016</td>
<td>Three years</td>
<td>6.8(^{%})</td>
<td>2.3(^{%})</td>
</tr>
<tr>
<td>April 2016 – March 2017</td>
<td>One year</td>
<td>2.2(^{%})</td>
<td>2.2(^{%})</td>
</tr>
<tr>
<td>April 2017 – March 2020</td>
<td>Three years</td>
<td>6.5(^{%})</td>
<td>2.2(^{%})</td>
</tr>
<tr>
<td>April 2020 – October 2020</td>
<td>7 months*</td>
<td>0.0(^{%})</td>
<td>-</td>
</tr>
<tr>
<td>November 2020 – March 2023</td>
<td>29 months</td>
<td>5.4(^{%})</td>
<td>2.2(^{%})</td>
</tr>
</tbody>
</table>

Note: *Prolongation for seven months due to the covid-19 pandemic without wage compensation.

In parallel with the coordinated negotiations that lead to the setting of the mark, each individual FI union negotiates their own agreement(s). At the same time as the industry norm is set, negotiations are concluded for all expiring industrial collective agreements. The mark is inserted in these agreements, which are signed simultaneously, thus establishing the industrial norm. Consequently, there is no separate agreement on the “mark”. As the mark is a labour cost norm, and not a wage norm, the relative weight of its different components (for example wage increase, shortened

\(^{26}\) 35 months.

\(^{27}\) The agreement Metall – Association of Engineering Employers (wage increase 5.7\(^{\%}\), shortened working-time 1.2\(^{\%}\).

\(^{28}\) See next note.

\(^{29}\) In *Utvärdering av 1998 års avtalsrörelse* (Facken inom industrin 1998, pp. 9, 12, 15, 30-31) 0.4\(^{\%}\) estimated wage drift for each year is included in the industry norm, which then would be 2.8\(^{\%}\) per 12-month period. The total labour cost for the 35 months long Metall agreement would then be 8.2\(^{\%}\). For agreements 37 months long, the total labour cost for the whole period would be about 8.6\(^{\%}\). The first agreement, the norm-setting paper industry agreement, was calculated to 2\(^{\%}\); 0.5\(^{\%}\) (shortened working-time) for the first year, 1.9\(^{\%}\); 0.5\(^{\%}\) for the second year and 1.9\(^{\%}\); 0.5\(^{\%}\) for the third year, which means 2.5\(^{\%}\); 2.4\(^{\%}\); 2.4\(^{\%}\) = 7.3\(^{\%}\). As the agreement was 37 months long, the total calculated cost would be 7.5\(^{\%}\) (by 2.5\(^{\%}\) 12-month period). The estimated wage drift was between 0\(^{\%}\) and 0.4\(^{\%}\) per year. When adding 0.4\(^{\%}\) wage drift each year, the total would be 2.9\(^{\%}\); 2.8\(^{\%}\); 2.8\(^{\%}\) = 8.5\(^{\%}\). For the 37 months, the total calculated cost would be 8.7\(^{\%}\) (on average 2.8\(^{\%}\) per 12-month period).

\(^{30}\) 36-38 months (in engineering 38 months).

\(^{31}\) Blue-collar 7.0\(^{\%}\) wage increase (2.5\(^{\%}\); 2.3\(^{\%}\); 2.2\(^{\%}\)) + 1.5\(^{\%}\) shortened working-time (0.55\(^{\%}\); 0.4\(^{\%}\); 0.55\(^{\%}\)) = 8.5\(^{\%}\) cost increase (2.8\(^{\%}\) per 12 months); white-collar 5.8\(^{\%}\) wage increase (2.2\(^{\%}\); 1.9\(^{\%}\); 1.7\(^{\%}\)) + 1.5\(^{\%}\) shortened working-time (0.55\(^{\%}\); 0.4\(^{\%}\); 0.55\(^{\%}\)) = 7.3\(^{\%}\) cost increase (2.4\(^{\%}\) per 12 months).

\(^{32}\) Blue-collar 6.9\(^{\%}\) wage increase + 0.5\(^{\%}\) shortened working-time = 7.4\(^{\%}\) cost increase; white-collar 5.7\(^{\%}\) + 0.5\(^{\%}\) shortened working-time = 6.2\(^{\%}\) cost increase.

\(^{33}\) Of which wage increases in engineering 8.1\(^{\%}\) (2.8\(^{\%}\) first year +2.5\(^{\%}\) second year + 2.8\(^{\%}\) third year) to which came increased costs for pensions and other things.
work time and increased payments to the occupational pension) may vary from agreement to agreement. The important figure is the overall labour cost.

As shown in Table 7, wage drift has been very low in Sweden since the end of the 1990s, i.e. the period since the Industry Agreement was signed. Wage drift refers to wage increases that deviate from the centrally agreed figure, and can be caused by local negotiations, by market forces, or a combination of both. In addition, depending on the type of agreement (Table 8), some parts of the centrally agreed wage increases are negotiated at local level and not shown as wage drift in Table 7. In case of figureless sectoral agreements, most prevalent among public sector white-collar unions, wage formation is almost entirely local.

Table 7. Actual versus centrally agreed wage increases and wage drift (%) in Sweden, 1995-2022

<table>
<thead>
<tr>
<th>Year</th>
<th>All sectors</th>
<th>Private sector</th>
<th>Local govern.</th>
<th>Central govern.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
<td>CA</td>
<td>WD</td>
<td>All</td>
</tr>
<tr>
<td>1995</td>
<td>3.3</td>
<td>2.3</td>
<td>1.0</td>
<td>3.8</td>
</tr>
<tr>
<td>1996</td>
<td>6.0</td>
<td>4.5</td>
<td>2.5</td>
<td>5.8</td>
</tr>
<tr>
<td>1997</td>
<td>4.5</td>
<td>3.8</td>
<td>0.7</td>
<td>4.7</td>
</tr>
<tr>
<td>1998</td>
<td>3.7</td>
<td>2.8</td>
<td>0.9</td>
<td>3.4</td>
</tr>
<tr>
<td>1999</td>
<td>3.4</td>
<td>2.5</td>
<td>0.9</td>
<td>2.6</td>
</tr>
<tr>
<td>2000</td>
<td>3.7</td>
<td>2.7</td>
<td>0.7</td>
<td>3.3</td>
</tr>
<tr>
<td>2001</td>
<td>4.4</td>
<td>3.0</td>
<td>1.4</td>
<td>3.8</td>
</tr>
<tr>
<td>2002</td>
<td>4.1</td>
<td>2.8</td>
<td>1.3</td>
<td>3.6</td>
</tr>
<tr>
<td>2003</td>
<td>3.5</td>
<td>2.7</td>
<td>0.8</td>
<td>3.0</td>
</tr>
<tr>
<td>2004</td>
<td>3.3</td>
<td>2.2</td>
<td>1.1</td>
<td>3.0</td>
</tr>
<tr>
<td>2005</td>
<td>3.1</td>
<td>2.3</td>
<td>0.8</td>
<td>3.2</td>
</tr>
<tr>
<td>2006</td>
<td>3.1</td>
<td>2.4</td>
<td>0.7</td>
<td>3.1</td>
</tr>
<tr>
<td>2007</td>
<td>3.3</td>
<td>3.0</td>
<td>0.3</td>
<td>3.4</td>
</tr>
<tr>
<td>2008</td>
<td>4.3</td>
<td>3.4</td>
<td>0.7</td>
<td>4.6</td>
</tr>
<tr>
<td>2009</td>
<td>3.4</td>
<td>3.1</td>
<td>0.3</td>
<td>3.2</td>
</tr>
<tr>
<td>2010</td>
<td>2.6</td>
<td>2.0</td>
<td>0.6</td>
<td>2.5</td>
</tr>
<tr>
<td>2011</td>
<td>2.4</td>
<td>1.8</td>
<td>0.6</td>
<td>2.5</td>
</tr>
<tr>
<td>2012</td>
<td>3.0</td>
<td>2.8</td>
<td>0.2</td>
<td>3.2</td>
</tr>
<tr>
<td>2013</td>
<td>2.5</td>
<td>2.2</td>
<td>0.3</td>
<td>2.3</td>
</tr>
<tr>
<td>2014</td>
<td>2.8</td>
<td>2.2</td>
<td>0.6</td>
<td>2.9</td>
</tr>
<tr>
<td>2015</td>
<td>2.4</td>
<td>2.3</td>
<td>0.1</td>
<td>2.3</td>
</tr>
<tr>
<td>2016</td>
<td>2.4</td>
<td>2.3</td>
<td>0.1</td>
<td>2.3</td>
</tr>
<tr>
<td>2017</td>
<td>2.3</td>
<td>2.1</td>
<td>0.2</td>
<td>2.0</td>
</tr>
<tr>
<td>2018</td>
<td>2.6</td>
<td>2.1</td>
<td>0.5</td>
<td>2.5</td>
</tr>
<tr>
<td>2019</td>
<td>2.6</td>
<td>2.1</td>
<td>0.4</td>
<td>2.5</td>
</tr>
<tr>
<td>2020</td>
<td>2.1</td>
<td>1.4</td>
<td>0.7</td>
<td>2.0</td>
</tr>
<tr>
<td>2021</td>
<td>2.6</td>
<td>2.2</td>
<td>0.4</td>
<td>2.8</td>
</tr>
<tr>
<td>2022</td>
<td>2.7</td>
<td>1.7</td>
<td>1.0</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Remark 1. WI (“Wage increase”) = actual yearly wage growth by calendar year according to short-term statistics of wages and salaries.

CA (“Central agreements”) = yearly wage growth by calendar year according to central (sectoral) agreements.

WD (“Wage drift”) = yearly wage drift by calendar year.

Remark 2. WI (Wage increase) refers to the increased wage and not to increased labour cost (which can include e.g. shortened working-time, improved occupational pensions and professional development/reskilling).

Remark 3. The WI (Wage increase) and WD (Wage drift) of blue-collar and white-collar workers is influenced by changes in the composition of blue-collar and white-collar workers respectively. For example, an increasing share of white-collar workers with university degree can raise the average white-collar wage (reflected in in the table) without a wage increase of the individuals making up the white-collar collectivity. Consequently, a higher wage drift among white-collar workers compared to blue-collar workers may at least in part be caused by a growing share of white-collar workers with higher education.
Remark 4. The relatively few figureless agreements in the private sector are excluded. In the public sector wage increases in figureless agreements are approximated with the industry norm per centage. The statistic for the year 2022 is still preliminary.

Remark 5. The absence of wage statistics broken down by blue-collar and white-collar workers in the public sector is related to public sector employers’ reluctance to include that in the paragraphs on wage statistics in public sector collective agreements, and white-collar unions' reluctance to disclose their statistics. The Swedish National Mediation Office (MI) is dependent on cooperation with the labour market parties that provide MI with wage statistics.

Remark 6. Observe that the 2000 bargaining round was extended into 2021, due to the covid-19 pandemic, prolonging the old agreements for seven months without any wage compensation.

Source: Swedish National Mediation Office (Medlingsinstitutet, MI).

Since the 2008 financial crisis, wage drift has been particularly low. The central agreements in the period 1998-2006 contained much lower negotiated wage increases in the private sector than the resulting wages, meaning that the wage drift during these years was relatively high (Hultén 2019: 52). Due to the markedly deteriorated business cycle during the years before the 2010 bargaining round, the resulting nominal wage increases were lower than before and continued to be (Hultén 2019: 4). As we have seen, the same was true for wage drift. Real wages, however, continued to increase.

It should be noted that Table 7 contains statistics only for entire sectors. Although the impact of the industry norm is considerable, the prospects of some groups to obtain more are not insignificant. Relative wages can be changed either by higher wage increases in industrial agreements, or where there is plenty of scope for local wage formation and/or wage drift.

Coordinated bargaining guided by the industry norm is combined with different models of decentralised, i.e. local, wage formation. While some sectoral agreements are figureless, others contain traditional wage scales or piece work (models 1 and 7 in table 8). Figureless agreements are most common in the public sector. No blue-collar union has signed such an agreement, and there is none in manufacturing industry (if there was, an industry norm would not be possible). Some agreements guarantee individuals a fixed minimum wage increase, while the remaining pay increases agreed in sectoral agreements are distributed at workplace level (agreement models 3, 5, 6 and 7); others have no such guarantees. In Model 2, there is no local wage frame and no individual guarantee, but if the local parties fail to conclude an agreement, a fall-back provision regulating the size of wage increases enters into force.
Table 8. Agreement models by category of workers and sector in 2021 (%) in Sweden

<table>
<thead>
<tr>
<th>Agreement model</th>
<th>Share of employees by sector (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Private Sector</td>
</tr>
<tr>
<td>1. Local wage formation without nationally determined wage increase (figureless agreements)</td>
<td>11%</td>
</tr>
<tr>
<td>- Blue-collar</td>
<td>0%</td>
</tr>
<tr>
<td>- White-collar: unions of managers, teachers, nurses, bank employees, and so on</td>
<td>27%</td>
</tr>
<tr>
<td>2. Local wage formation with a fall-back provision (stupstock) regulating the size of the wage increase</td>
<td>12%</td>
</tr>
<tr>
<td>- Blue-collar</td>
<td>2%</td>
</tr>
<tr>
<td>- White-collar: graduate engineers/engineering (teknikavtal), Unionsen/IT, ST, medical doctors</td>
<td>29%</td>
</tr>
<tr>
<td>3. Local wage formation with a fall-back provision regulating the size of the wage increase and some form of individual guarantee</td>
<td>7%</td>
</tr>
<tr>
<td>- Blue-collar: IF Metall/chemical industry</td>
<td>3%</td>
</tr>
<tr>
<td>- White-collar: Unionsen/engineering (teknikavtal) Unionsen /chemical industry and food industry</td>
<td>12%</td>
</tr>
<tr>
<td>4. Local wage frame (wage pot) without an individual guarantee</td>
<td>15%</td>
</tr>
<tr>
<td>- Blue-collar: Kommunal (LO), IF Metall/steel</td>
<td>14%</td>
</tr>
<tr>
<td>- White-collar: Unionsen/motor trade/media</td>
<td>16%</td>
</tr>
<tr>
<td>5. Local wage frame with an individual guarantee; alternatively a fall-back provision regulating the individual guarantee</td>
<td>15%</td>
</tr>
<tr>
<td>- Blue-collar: IF Metall/engineering (teknikavtal)</td>
<td>16%</td>
</tr>
<tr>
<td>- White-collar: Unionsen/steel/trade/staffing/building/hotel &amp; restaurants</td>
<td>14%</td>
</tr>
<tr>
<td>6. General wage increase and local wage frame</td>
<td>27%</td>
</tr>
<tr>
<td>- Blue-collar: commercial employees, hotel and restaurant workers and paper workers</td>
<td>44%</td>
</tr>
<tr>
<td>- White-collar</td>
<td>0%</td>
</tr>
<tr>
<td>7. General wage increase (wage tariffs or piece work)</td>
<td>13%</td>
</tr>
<tr>
<td>- Blue-collar: building and transport workers, painters</td>
<td>21%</td>
</tr>
<tr>
<td>- White-collar: air pilots, Unionsen/cabin crews</td>
<td>1%</td>
</tr>
<tr>
<td>Number of agreements by sector</td>
<td>619*</td>
</tr>
<tr>
<td>Number of employees covered by collective agreements (thousands)</td>
<td>2 267</td>
</tr>
</tbody>
</table>

* Of which 379 agreements signed by the Confederation of Swedish Enterprise (Svenskt Näringsliv, SN, 1 986 600 employees) and 240 agreements related to other private sector employers’ associations (280 100 employees).

** Of which 3 agreements in central government (staten: Arbetsgivarverket, 268 000 employees) and 22 in local government (kommuner och regioner: Sveriges Kommuner och Regioner, SKR, 1 212 400 employees).

Remark. Blue-collar workers are defined as employees covered by agreements concluded by LO unions.

The Swedish industry norm is unique in the North (Norden) as five unions affiliated to different confederations, together with their employer counterparties, establish the norm, more precisely:

- The blue-collar LO unions IF Metall, the Union for forest, wood and graphic industry (GS) and the Food Workers’ Union (Livs)
- The TCO white-collar Union Unionen
- The Saco white-collar (professional) union Association of Graduate Engineers (Sveriges Ingenjörer)

In Denmark and Norway, the wage norm is, as mentioned, set exclusively by LO unions and corresponding employers’ associations or, as in Denmark, only former LO unions, now FH unions. FH was founded in 2019 by a merger between LO-Denmark and the white-collar confederation FTF, which was dominated by public sector employees. The Danish bargaining cartel CO-Industri sets the wage norm together with Danish Industry. The member unions are, by size, the United Federation of Danish Workers (3F), Danish Metalworkers' Union (Danish Metal), Union of Commercial and Clerical Employees (HK Privat), Danish Association of Professional Technicians (Teknisk Landsforbund), the Electrical Union (Dansk El-forbund), Danish Union of Plumbers and Allied Workers (Blik & Ror), Danish Railway Federation (Dansk Jernbaneforbund), Danish Union of Workers in Service Trades (Service Forbundet) and Danish Union of House Painters (Malerforbundet).

In contrast to LO-Sweden, LO-Denmark had some white-collar unions among its affiliates (HK Privat and Teknisk Landsforbund – see above), like today’s LO-Norway. It should be observed that the Swedish concept of blue-collar workers (arbetare) is wider than in all other countries. In contrast to the Association of Graduate Engineers (Sveriges Ingenjörer), which is among the unions setting the industry norm in Sweden, its Danish equivalent The Danish Society of Engineers (Ingeniørforeningen i Danmark, IDA) is denied bargaining rights by the Confederation of Danish Employers (Dansk Arbejdsgiverforening, DA), and consequently also by Danish Industry. Ingeniørforeningen is affiliated to AC/Akademikerne, the equivalent to the Swedish Saco.

According to its collective agreement, the members of the Danish white-collar union HK Privat are covered by a collective agreement only at workplaces where at least 50 per cent of the employees are union members (Due & Madsen 2012). In Norway, a corresponding 10 per cent rule is in force in the private sector, but only for blue-collar workers. Furthermore, in Norway it is required that a workplace union make a demand to the employer to be covered by the collective agreement (Kjellberg & Nergaard 2022). Workplaces without a local union organization are consequently usually not covered by collective agreements, but in enterprises with more than one workplace, agreements can be concluded covering those with union presence as well as those without.

In Denmark, about 80 per cent of the employees in the FH – DA area belong to the so-called mindstelønsområdet (the minimum wage area). Here, only the minimum wage increases are negotiated at industry level. According to the Industry agreement between Co-Industry and Danish Industry, the minimum wage was raised by 2 per cent in 2020, 2021 and 2022. Another 1 per cent per year was added in the so-called free choice account (fritvalgskontoen). The individual can here choose between more money to the occupational pension or wage connected to free time, as for care

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34 This, and the following, is based on information obtained from professor emeritus Jørgen Steen Madsen by e-mail 2023-01-24.
of sick children or “senior days”, and, in some agreements, extra leisure time. The total wage increase consequently amounted to about 3 per cent per year, but it should be noted that a raised minimum wage does not mean that the actual paid wage is automatically raised with the same percentage.

In the old minimum wage system (*minimallønssystem*), an increase of the minimum wage was a benchmark for all wage increments although the wage in local negotiations was raised somewhat more. Such automatically raised wages do not exist in the decentralised bargaining system of today, in which it local negotiations are required to reward raised productivity, etc., with wage increases.

The actual wage development according to DA’s wage structure statistics was with the 4th quarter as a point of comparison 2.5 per cent in 2020, 3.2 per cent 2021, and preliminarily 3.5 per cent in 2022. This does not deviate much from the raised minimum wage + the free choice at 3 per cent in total. That is remarkable, as these years were characterised by economic boom and record high employment. The introduction of the free choice implies a certain recentralization of the Danish collective bargaining system, aimed at encouraging union members to vote yes to negotiating results.

The manufacturing industry is a norm-setter in the Danish bargaining system as the subsequent negotiations in the private sector – and not least at the normal wage area – is based on an estimation of the total wage increase that is expected for those who are covered by the Industry agreement.

As mentioned, in the Norwegian Front runner model the central + local wage increases in the exposed (competitive) sector constitutes the norm for all other agreements. Despite the absence of white-collar unions from actual bargaining on the Industry agreement (*Industrioverenskomsten*), the white-collar wage increases in the competitive sector are included when the size of the industry norm is calculated. At central level, the private sector white-collar workers have figureless agreements, which means that their wage formation takes place at local (workplace) level.

The Norwegian Industry agreement is followed by local negotiations, in which five criteria are used: the financial situation of the company (decisive for whether there is a local wage supplement), its competitive position, the development of productivity, the future prospects of the company, and the need for recruiting workers (Stokke 2012:9-13). The first four of these criteria are used in the whole LO-NHO area and confirmed by a 1990 agreement between the two confederations. The fifth criterion is only included in the Industry agreement.

*New Swedish basic agreement in 2022: transition agreements, state funding, and revised employment protection law*

Since the Employment Protection Act (*Lagen om anställningsskydd, Las*) was passed in 1974 it has successively been revised with the result that a larger share of employees has fixed-term contracts than before. The most insecure form, ‘general fixed-term employment’ (*allmän vissidsanställning*), which was introduced in 2007, has expanded the most. Since 1993, commercial private employment agencies and temporary work agencies are legal. As a consequence of the deep economic crisis in the 1990s, when the position of the individual employee relative to the employer was weakened, and the fact that Sweden has the most liberal legislation among the Nordic countries regarding temporary
jobs, the share of temporary jobs has become very high in some industries and occupations. Only six European OECD states have a higher rate of temporary employment than Sweden.35

The Employment Protection Act was contested for many years. While unions wished to restore the law more or less to its original form, the employers demanded further liberalizations. Despite these radically opposed demands, a first round of negotiations took place in 2008-2009 after LO-Sweden in September 2007 invited the Confederation of Swedish Enterprise (Svenskt Näringsliv, SN) to deliberations on the issue, also involving the white-collar cartel PTK.36 These talks were complicated, as SN also demanded restricted conflict rights. In March 2009, SN terminated the negotiations on the grounds that LO had not made sufficient concessions regarding conflict rights. and the “last in, first out” rules in case of redundancies stipulated in the Employment Protection Act. Unions, in turn, argued that this was not necessary, as the law allows for derogation, meaning that the statutory regulations can be replaced by collective agreements, allowing for exemptions to the last in, first out rule.

A new attempt was made in 2012-2013, and again in 2015, when PTK and SN entered negotiations to change the dismissals/redundancy rules (an employer demand) in exchange for better transition and reskilling conditions (a union demand). While the employers wanted to keep the most competent persons in the event of redundancies, without considering seniority, the unions stressed the importance of reskilling and professional development to prevent dismissals, and of transition support to employees at risk of losing their jobs. PTK also demanded that the dismissals/redundancy rules should include those with fixed-term jobs. This time, the negotiations brought forth sharp disagreements within PTK (Table 9). On one side were the Saco unions, headed by the Association of Graduate Engineers (Sveriges Ingenjörer), who refused to accept that the principle last in, first out rule should be abolished. On the other side was the largest union in PTK, Unionen, for which improved transition agreements were more important than maintaining the last in, first out rule as it was stipulated in the Employment Protection Act (Las) at the time. The consequence of this rift was that PTK as a whole could not accept the far-reaching concession on the Employment Protection Act that employers demanded. When negotiations were resumed in 2015, they failed again due to the position of Saco unions that local union organizations would lose all influence if the local negotiations on priority lists (turordningslistor) were abolished, that is the lists of workers that will lose their jobs in case of redundancies. The term “priority” refers to the order of workers according to the principle last in – first out. The employer has by law the right to exempt some workers from the priority list. After negotiations with trade unions in enterprises with collective agreements such a list may be modified, for example fewer workers that will lose their jobs and/or further exemptions from the list, that is people that the employer wants to keep.

In November 2017, LO invited SN to negotiate on restricting the use of part-time and fixed-term jobs (in particular general fixed-term, allmän visstid), on so-called planing (hyvling, which is a way to cut labor costs by reducing working hours for individual employees), and on improved professional development and transition (omställning). For the Commercial Employees’ Union

(Handels) and the Municipal Workers’ Union (Kommunal), all or some of these demands were important, for IF Metall the latter two.

Table 9. A long way to the 2022 new Swedish 2022 basic agreement

<table>
<thead>
<tr>
<th>Years</th>
<th>Disagreements</th>
<th>Different priorities /conflicting interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2009</td>
<td>LO – SN</td>
<td>SN terminated negotiations due to insufficient LO concessions on conflicts rights and on the principle “last in, first out” in case of redundancies</td>
</tr>
<tr>
<td>2012-2013</td>
<td>PTK – SN, Within PTK</td>
<td>Unionen (TCO) gave priority to a transition agreement. The Saco Association of Graduate Engineers opposed the abolishment of “last in, first out. This disagreement within PTK caused the collapse of the negotiations.</td>
</tr>
<tr>
<td>2018-2022</td>
<td>LO/PTK – SN, LO – PTK, Within LO</td>
<td>“Las Agreement” PTK – SN 16 October 2020 (preliminary new basic agreement). After concessions to the two largest LO unions the agreement was signed 4 December 2020 by PTK, SN and the LO unions IF Metall and Kommunal. These two unions considered, like PTK, that skills development (studies with 80% of the wage for one year), transition, and some other issues were more important than opposing liberalized “last in, first out” rules. Other LO unions, like the Building Workers Union and Transport, disagreed. After new negotiations, LO signed together with SN, PTK, IF Metall and Kommunal the new basic agreement 22 June 2022.</td>
</tr>
</tbody>
</table>

Blue-collar LO (Swedish Trade Union Confederation, white-collar PTK (PTK – the council for negotiation and cooperation), SN (Confederation of Swedish Enterprise).

The negotiations started in 2018, but in January 2019 the terms were changed as the government, together with the Center Party and the Liberals presented a platform on a “modernized labour law” allowing for an increased number of employees exempted from the last in, first out rule. This was a precondition for the two parties to accept a coalition government comprised of the Social Democrats and the Green Party. A commission (the Toijer Commission) was appointed by the government to deliver proposals in accordance with this agenda. However, the so-called January Agreement (Januariöverenskommelsen) between the government and is two supporting parties (the Center Party and the Liberals), admitted an alternative to legislation if the labour market parties negotiated a collective agreement allowing for more flexible redundancy rules. The LO-affiliated Paper Workers’ Union (Pappers) left the LO-led negotiations as it would not accept reduced employment security. Importantly, the white-collar cartel PTK joined the negotiations. LO, PTK and SN agreed on discussing a wide set of issues, including employment protection, transition and how the unemployment insurance should be reorganized. As it would be easier for employers to dismiss people both in case of redundancies and for “personal reasons”, five LO unions chose to leave the negotiations, as did the Saco teachers’ union within PTK. The five LO unions were (Kommunal) and the unions of building workers (Byggnads), communication workers (Seko), maintenance workers (Fastighets) and painters (Målnarna).

Due to the ongoing bargaining round, further negotiations were postponed to September 2020, but stalled in the night preceding 1 October. Seven out of the 14 LO unions voted to resume the
negotiations, six voted against and one abstained. LO, PTK and SN returned to the negotiation table 15 October. The day after, SN submitted a final bid which PTK and SN approved, but LO unanimously rejected. This agreement was a compromise between liberalized employment protection and improved prospects for professional development and transition. The political January Agreement of 2019 gave the employers a very strong bargaining position, with the result that LO obtained very little of their prioritized issues. After LO’s rejection of the agreement, PTK and SN opened it up for individual LO unions to join. IF Metall and Kommunal did so, after supplementary negotiations in which they were conceded some of their demands. Being the second largest and the largest LO union respectively, they together represent a majority of LO’s membership base (61 per cent at the end of 2020), but have only one vote each in LO’s board.

As a result, a new basic agreement between SN, PTK, IF Metall and Kommunal was signed on 4 December 2020 (preliminary, as the related legislation process was not yet fulfilled). The four signing (labour market) parties were invited to participate in a new government commission to design the necessary legal and regulatory provisions. The Toijer Commission had finished its report, which in important respects was more employer-friendly than the new basic agreement, and had therefore exerted pressure on the unions, but also the employers, to conclude a basic agreement.

The reason for some LO unions deciding to sign the December 2020 basic agreement while others did not, was that their members have very different working and employment conditions, as the challenges facing workers vary between industries. In some female-dominated LO unions, for example the public sector dominated Kommunal (but with many members also in the private sector), insecurity is associated to general fixed-term jobs (allmän visstid), for others like Handels in the retail sector, planing (hyvling) was a bigger issue. Particularly unions in industries with many small enterprises, like the Transport Workers’ Union (Transport), are critical to introducing more exemptions to the last in, first out rule and also to liberalized dismissal for “personal reasons”. General fixed-term jobs and planning are not common in the manufacturing industry, so for IF Metall (and the TCO union Unionen), professional development and improved transition are key priorities, and for IF Metall also temporary agency work (for the varying priorities among LO unions, see table 2 in Kjellberg 2022c:48).

For IF Metall and PTK the great advantage with the new basic agreement was the increased prospects for competence development – with 80 per cent of the wage in one year – also for fixed-term workers (including agency workers), and the improved transition conditions in a time of rapid technological development due to electrification and climate change (Kjellberg 2022c:41). If a factory is closed the rule last in – first out is not applicable. In this case, instead competence development and transition are the important tools. For IF Metall the increased number of exemptions from the dismissal rules in case of redundancies was the “toughest concession”. According to the basic agreement, enterprises independent of size may exclude as much as 15 per cent of the redundant employees from the priority list (the list of lay-offs, turordningslistan). This was a new option not included in the report from the Toijer Commission – see Table 10.

37. The problems with fixed-terms jobs are less significant among white-collar workers; the first quarter of 2020, 21 per cent of blue-collar workers had such jobs compared to 11 per cent of white-collar workers (Kjellberg 2022c:48-49).
38. In the manufacturing industry, about 20 per cent of blue-collar workers are agency workers or have fixed-term jobs. The last in, first out rule is not applicable for any of these two categories. Kjellberg 2022c: 41-42.
39. Kjellberg 2022c: 47. The Toijer Commission proposed exempting five persons irrespective of the size of the enterprise. At that the time, the Employment Protection Act permitted two exemptions in enterprises with up to 10
Table 10. The process of changing the order of priority (turordningen) in the Swedish Employment Protection Act (Las)

<table>
<thead>
<tr>
<th>Law / proposal /agreement</th>
<th>Number of workers exempted* from the order of priority: from the rule last in – first out**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old Las (1974 – September 2022)</td>
<td>Two in enterprises with a maximum of ten employees</td>
</tr>
<tr>
<td>A proposal from the Center Party in the 2018 election campaign</td>
<td>No priority order at all in enterprises with up to 50 workers</td>
</tr>
<tr>
<td>The 2019 January Agreement between the Social Democrats, the Green Party, the Center Party and the Liberals***</td>
<td>“Clearly extended exemptions from the priority list” by legislation or by a new basic agreement followed-up by legislation</td>
</tr>
<tr>
<td>The Toijer Commission on 1 June 2020 submitted the report “A Modernized Labour Law”</td>
<td>Five irrespective of the size of the enterprise</td>
</tr>
<tr>
<td>Basic Agreement 22 June 2022. Revised legislation from 1 October 2022.</td>
<td>Three** irrespective of the size of the enterprise, or in enterprises with collective agreements 15% of the redundant workers</td>
</tr>
</tbody>
</table>

* The number of exemptions refers to workers that the employer wants to keep.
** In case of dismissals due to redundancies, the employer must make a priority list (turordningslista) in accordance with the rule “last in – first out. From this list, the employer has the right to exempt a number of persons that he/she wants to keep. If the enterprise has a collective agreement, additional exemptions may be made after negotiations with the union. Then an “agreement priority list” (avtalsturlista) is constructed.
*** The Social Democrats and the Green Party were government parties. The Center Party and the Liberals are neoliberal parties signing the 2019 January Agreement (Januariöverenskommelsen), which contained a list of demands required to be fulfilled to support the government.

In their negotiations before signing the agreement Kommunal succeeded among other things to achieve reduced time before general fix-termed jobs are transformed to permanent jobs will be reduced from 18 months to 12 months.

Another argument for IF Metall and Kommunal signing the agreement was the opportunity to influence the final version of the agreement and the continued legislation process (Las had to be changed and the state would finance large parts of the reforms40) and “to wring the issue of employment protection out of the hands of politicians” and by that reinforce the Swedish model of self-regulation although it in this case rather was a mix of state regulation and self-regulation. The option for the unions to choose the political way to reform Las was due to the parliamentary situation closed. The social democratic government was not a majority government but dependent upon two neoliberal parties standing behind the January 2019 political agreement, on which the existence of the government was dependent.

The highest LO decision-making body between congresses, the general council (representantetskapet) was called to an extra meeting on 27 May 2021 and accepted a proposal put forward by a divided LO board (styrelse), to enter new negotiations with SN. There were three reasons for this:

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40. According to a calculation done when the 2019 January Agreement was signed by the government and two non-government parties, the annual cost for the state would be SEK 11 billion or about 1 billion Euro.
The old transition agreement between LO and SN from 2004 would have to be renegotiated if all LO unions were to get the same conditions as those signing the new basic agreement.

To prevent that the transition conditions for the non-signing LO unions would be worse than in enterprises without collective agreements. The latter will be covered by a new public grant and loan scheme (offentligt omställningsstudiesöd) administrated by the Legal, Financial and Administrative Services Agency, Kammarkollegiet.

To prevent the degradation of LO as a trade union confederation. This would arguably be the consequence if PTK were the only union confederation to sign the new basic agreement. It was also necessary to enable LO to monitor and influence related issues in the future.

With that, all workers covered by collective agreements signed by LO unions will be covered by some, but not all, benefits in the new basic agreement (about these benefits, see Kjellberg 2022c:64). SN demanded that LO, although not each individual LO union, had to sign the agreement. Until now (February 2023), five LO unions have joined the basic agreement, which was finally signed on 22 June 2022. Aside from IF Metall and Kommunal, these are the Hotel & Restaurant Workers’ Union, Seko (communication workers) and the Paper Workers’ Union (Pappers).

Besides PTK, the following TCO white-collar unions, previously not being affiliated to PTK, have signed the agreement: Vision (dominated by municipal employees but also recruiting members in the private sector) and ST (civil servants + members in state-owned companies). Vision became affiliated to PTK on 1 January 2023.

The new basic agreement between the Confederation of Swedish Enterprise (Svenskt Näringsliv, SN), PTK and LO-Sweden is labeled Huvudavtal om trygghet, omställning och anställningsskydd, or Main agreement on security (skills development), transition, and employment protection, and is colloquially called Trygghetsöverenskommelsen (the Security Agreement). The agreement was enacted entered into force on 1 October 2022.

The following is PTK’s own presentation of the agreement (agreements in the plural as one is for PTK and the other for LO):

“In short, the agreements contain three parts:

• More flexible rules for companies to retain the right skills in the event of redundancies and greater predictability in legal disputes about termination of employment due to personal reasons.

• Increased employability for all workers through enhanced opportunities for skills development and retraining.

• Greater employment protection for workers in atypical employment, such as part-time and fixed-term contracts, as well as performing agency work.

New legislation underpinning the labour law reform, in line with what the social partners had demanded, was adopted by the Swedish Parliament in June 2022, including a new public transition study aid aimed at employees who are established in the labour market.

A transition study aid is put in place with very generous conditions. On top of that, a new collectively agreed financial study aid is established which will give the individual the right to financial support for both shorter and longer courses to develop skills, both while in employment and in between jobs.
This will bring an important benefit for the job security of the employees as it will improve their possibilities to up- or re-skill in the labour market. It will also benefit the companies in terms of a more productive and skilled work force.” (PTK: “The biggest labour market reform in 40 years”).

Expansion of tripartite cooperation in the Swedish model of industrial relations

In recent years, a number of close interactions between the labour market parties and the state could be interpreted as Swedish industrial relations converging to some extent with those in Denmark, Finland and Norway, where tripartite agreements (particularly in Finland and Norway) have been much more common than in Sweden. This tendency does not, however, concern wage negotiations or wage policy where tripartite agreements are absent in Sweden.

In the case of employment protection, state involvement was unavoidable, as the Employment Protection Act had to be changed due to the new basic agreement. The labour market parties demanded that the government proposal be entirely based on the 2020 basic agreement that entered into force in 2022. Also, the state contributes a large share of the funding for the transition reform.

Of course, threats of state intervention unless the labour market parties negotiate an agreement is not a new phenomenon in Sweden. As mentioned, this happened in the mid-1930s before the 1938 basic agreement LO-Saf (the Saltsjöbaden Agreement), and again in the mid-1990s before the 1997 Industry Agreement.

Other tripartite deals, however, were not made under the threat of state intervention with the exception of a 2019 restriction of union rights to strike. This happened after the Swedish Dockworkers’ Union (Hamnarbetarförbundet, a small and militant independent union) issued a long strike (followed by a large lockout), to pressure the dock company (APM Terminals) running the large Gothenburg container port into signing a separate collective agreement although the company had already signed one with the LO-affiliated Transport Workers’ Union (Transport). To forestall the government commission tasked with delivering a proposal, the union and employer confederations LO, TCO, Saco, and SN, presented their own proposal on restricted strike rights in cases when there already exists a collective agreement. Thus, the new legislation was based on their proposal.

Other recent tripartite reforms are:

- Establishment jobs (etableringsjobb) for newly arrived migrants who have been in Sweden for up to three years, and long-term unemployed. There are at present roughly 150 000 long-term unemployed (more than one year) in Sweden, many of them coming as refugees to Sweden in 2015. This initiative came from the labour market parties, specifically in a 2017 frame agreement between LO-Sweden, Unionen and the Confederation of Swedish Enterprise (SN). A government bill was ready in 2020 and approved in May 2022 by the European Commission. The frame agreement has to be implemented in collective agreements at the industry (sectoral) level. The original aim was that establishment jobs would be introduced in the second half of 2019, but the political process in Sweden and the EU dragged on, and the agreement entered into force on 1 January 2023. The income of the

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42. Andersen et al 2014: 36.
employee will be a combination of wage from the employer (the smaller part, about SEK 9000 per month) and remuneration from the state. The total income corresponds to the minimum wage in collective agreements for the particular sector. The employee can have an establishment job for up to two years. During this time, work is combined with learning activities such as Swedish language courses, with the aim of transitioning into a regular job with the same employer.

- Short-time jobs (*korttidsarbete*), introduced by the government during the covid-19 pandemic and the ensuing economic crisis. The state here pays three quarters of the costs for employees with reduced working-time. The labour market parties very rapidly concluded collective agreements on short-time jobs for almost the entire labour market. A law on short-time jobs, which was supposed to be used during deep recessions, was enacted already in 2014. It was based on a proposal from unions and employers’ associations in the manufacturing industry, and followed by tripartite negotiations as the state was supposed to finance the system. In the 2019 variant of short-time jobs, employees with reduced working-time retain more than 90 per cent of their wage. It has saved hundreds of thousands of employees from unemployment. At the end of 2020, short-time jobs had been conceded for almost 590 000 employees, but the number declined considerably as the economic situation was improved. To obtain short-time support the employer has to have an agreement with its employees declaring how much the working-time and wages are reduced. As this is easiest to achieve if the company has a collective agreement, many companies during the covid-19 crisis joined employer associations (which automatically ties them to a collective agreement). In companies without collective agreements, it is required that at least 70 per cent of the employees at the unit in question accept the proposal on short-term jobs. Furthermore, the reduction of working-time and wages must be the same for all employees with short-time work. With a collective agreement, the short-time work be used more flexibly and be adjusted to sectoral and local circumstances. During the financial crisis there no such state support existed. Instead, *IF Metall* and *Unionen* signed crisis agreements directly with their employer counterparts.

As shown in Table 11, legislation was required for all five reforms, and financial support in all cases but one, giving the state a key role. In all cases, the initiatives came from the labour market parties in the private sector.

**Table 11. Recent Swedish tripartite regulations in case of transitions and layoffs**

<table>
<thead>
<tr>
<th>Reform</th>
<th>Legislation</th>
<th>State subsidies</th>
<th>Collective agreement</th>
<th>The new basic agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reformed Las</td>
<td>X*</td>
<td></td>
<td>Las agreement</td>
<td>X</td>
</tr>
<tr>
<td>New transition arrangements</td>
<td>X*</td>
<td>X</td>
<td>Las agreement</td>
<td>X</td>
</tr>
<tr>
<td>New collectively agreed</td>
<td>X</td>
<td>X</td>
<td>Las agreement</td>
<td>X</td>
</tr>
<tr>
<td>unemployment insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term jobs</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Establishment jobs</td>
<td>X*</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

* Included in the political 2019 January Agreement.

The most important tripartite deal of course concerns the reformed Employment Protection Act, and associated improved professional development and transition benefits. The 2022 basic agreement
and its forerunner (the 2020 “Las agreement”, or the preliminary basic agreement) are bipartite, but require legislation and state funding to be implemented. The basic agreement also includes the planned remodeling of the Swedish Ghent system, entailing collective agreed unemployment funds (Table 11), which are being studied by a government commission and have not yet been introduced.

Regarding the initiative to the reform the Employment Protection Act, LO invited SN to negotiations in 2017 due to the increased use of the most insecure forms of fixed-terms employment, but it was PTK alone among the union peak organizations which in 2020 signed the actual agreement. In contrast, the previous private sector basic agreement, Saltsjöbaden in 1938, was signed only by LO and SN’s predecessor, Saf.

This dramatic change of the power relations reflects a structural shift within the union movement, due to the growth of white-collar workers, combined with the expansion of Swedish white-collar unions and bargaining cartels. PTK was founded in 1973 as a bargaining cartel for TCO and Saco private sector unions. During the decades of centralized bargaining at peak level, PTK and LO represented white-collar and blue-collar workers respectively. No other country has had a bargaining cartel with affiliated unions from two union confederations, among them the Association og Graduate Engineers, Sveriges Ingenjörer (Saco) and Unionen (TCO). Unionen is also quite unique from an international perspective, as a vertical white-collar union recruiting members from all manufacturing industries as well as from top managers to the lowest grades of technical and office workers (a heritage from one of its founding unions, Sif).

The strength of the Swedish white-collar unions is also evident from the fact that unions from white-collar confederations participate in setting the industry norm, not only blue-collar unions as in the other Nordic countries. These and other differences between the Nordic countries shall not obscure all similarities, as the high rate of unionization and density of employers’ association or the preference of self-regulation (collective agreements) to state regulation (legislation). In the latter respect Sweden appears to become more similar to the other Nordic countries in the last ten years, as regards the frequency of tripartite cooperation.43

References


43. This has recently attracted attention in a special section of the Swedish journal Lag & Avtal (Law & Agreement) no 1 2023, pp. 14-21 (interviews with among others the former labour market minister Eva Nordmark and the labour law professor Petra Hertzfeld Olsson), and in the podcast Arbete & Fritid of the union magazine Arbetsvärlden on “Parterna och politiken har upptäckt varandra” (a talk between Mikael Feldbaum and the former state secretary Samuel Engblom): https://www.arbetsvarlden.se/parterna-och-politiken-har-upptackt-varandra/


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