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2023

Document Version:

Publisher's PDF, also known as Version of record

[Link to publication](#)

Citation for published version (APA):

Kjellberg, A. (2023, Aug 7). Sharp Contrasts Between Swedish and French Trade Union Models. Institut Montaigne. <https://www.institutmontaigne.org/en/expressions/sharp-contrasts-between-swedish-and-french-trade-union-models>

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07/08/2023

Sharp Contrasts Between Swedish and French Trade Union Models

Europe



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In this paper, Professor Anders Kjellberg, sociologist from Lund University, delves into the distinctive attributes that set Swedish trade unionism apart, contrasting its organizational framework with that of France. With a historical analysis and contemporary insights, he sheds light on the unparalleled nature of Swedish trade unionism, unraveling its evolution and current trajectory.

Sweden has the second-highest rate of unionization in the world, behind Iceland. Seven out of ten employees are affiliated to a trade union (69% in 2022), though large differences are seen between white-collar workers (73%) and blue-collar workers (59%). Such variations also prevail among Swedish-born (63%) and foreign-born (51%) blue-collar workers - knowing that foreign-born population per capita in Sweden is among the highest in the OECD and considerably higher than in France (table 1).

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Sweden has more union members (3.7 million) than France (2.15 million) even though France has almost seven times the population. This reflects the considerably lower French union density compared to the Swedish: 9% and 69% respectively (table 1). Despite that, France has a higher coverage of collective agreements (98%) than Sweden (87%).

Similarly to the Finnish and Danish systems, the high Swedish union density benefits from the state-subsidized union unemployment funds (the "[Ghent system](#)"). In Sweden and Denmark, unemployment aid is provided by these funds and supplemented by union "[income insurances](#)", thus providing additional benefits in case of unemployment. While a worker can be a member of a union unemployment fund without being affiliated to a union, receiving union income insurance requires membership in both the union and its unemployment fund.

The share of workers covered by employers' associations still exceeds those of trade unions and plays a key role in high coverage of collective agreements. In contrast to France, the Swedish state does not extend collective agreements to whole industries.

Most importantly, minimum wages exclusively rely on collective bargaining. This "[self-regulation](#)" by labour market parties themselves stands as their major reason to resist the introduction of European minimum wages. Collective bargaining autonomy is a primary feature of [Nordic labour market systems](#).

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Table 1. France and Sweden compared.

	France	Sweden
Population (million) 2021	67.7	10.4
Foreign-born population 2019	12.80%	19.50%
Unemployment rate April 2023	7%	7.10%
Employment rate 2022, 20-64 years	74%	82.20%
Currency	Euro	Swedish crowns
Number of national trade unions	72 (2019)*	52 (2023)
Number of union confederations	7	3
Total membership	2,151,000 (2019)	3,713,600 (2020)
Membership excluding students and pensioners		3,050,900 (2020)
Union density	9% (2019)	69% (2022)
Density of employers' associations	79% (2017)	86% (2021)
Coverage of collective agreements	98% (2019)	87% (2021)
Extension mechanism	Yes	No
Statutory minimum wage	Yes	No
Dominant bargaining level	Industry and company	Industry
Days not worked due to industrial action per 1,000 workers	113 (2018)	1 (2022)

Remark. Density of employers' associations refers to the share of workers in firms and public authorities affiliated to employers' associations.

* Based upon CFDT, CGT and FO (Rehfeldt & Vincent 2023).

In 2022, after years of negotiations, private sector parties concluded a new main collective agreement. Weakened employment protection was exchanged for greatly widened prospects for reskilling. The state subsidies studies up to 80% of the previous wage for a maximum of one year. Consequently, the new basic agreement is part of a tripartite deal in which the state plays an important role both as legislator and financier. If it were not for this agreement, the government would have legally hollowed out employment job protection without offering any compensation.

In contrast, the government was previously completely excluded from two historical compromises reached by trade unions and employers' associations. However,



in both cases the threat of state action played a conspicuous role:

- **The 1938 *Saltsjöbaden* Agreement**, the first basic agreement between the blue-collar Swedish Trade Union Confederation (LO) and the Swedish Employers' Confederation (Saf).

- **The 1997 Industry Agreement**, between the unions in the manufacturing industry and the corresponding Saf associations. Since then, the industry norm sets the "mark" for wage increases on the whole labour market. As small and heavily export-dependent countries, the export industry has a norm-setting role in defining wage increases among all Nordic states.

Evolutions of Swedish industrial relations

From the early Twentieth Century on, major compromises were mainly concluded between trade unions and employers' associations. The right to affiliate to a union was conceded in the 1905 Engineering Agreement and the 1906 December Compromise. In this same compromise between LO and Saf, LO also recognized the employer's prerogative.

A general strike for universal suffrage in 1902 triggered the creation of the Swedish Employers' Confederation.

A general strike for universal suffrage in 1902 triggered the creation of the Swedish Employers' Confederation (Saf), as a response to the rising socialist union movement. In the same year, the Engineering Employers' Association was reorganized into a centralized organization. Saf used the lockout extensively to escalate labour conflicts, while the Metalworkers' Union, founded in 1888, established early on a strike fund to discourage strike-breakers. The union confederation LO was founded a decade later.

Before that, the Social Democratic Party (SAP), founded in 1889, functioned as a provisional union confederation. Since the early 1990s and the abolition of collective affiliation of LO members to SAP, ties between LO and SAP have weakened, but the LO president still is a member of SAP's executive committee. On the contrary, the Danish LO cut off economic and political links to social democrats in the early 2000s. This decision facilitated the 2019 merger with the white-collar confederation FTF into the new Danish confederation FH.

Up to the 1930s, Sweden stood among countries with the highest frequency of industrial action. Labour conflicts in Sweden were usually protracted and involved numerous workers. **The 1909 great strike and lockout was internationally outstanding, both in terms of size and duration.** This situation however changed in the 1930s, when a policy of cooperation replaced confrontational practices. These changes resulted in a coalition government between SAP and the Farmers' Party in the political arena, as well as the 1938 *Saltsjöbaden* Agreement in the industrial arena. In 1941, this agreement was followed up by a centralization of LO that included the abolishment of membership balloting in bargaining rounds. This reform paved the way for the LO-Saf centralized negotiations introduced in the 1950s at the employers' initiative. **From then on, collective bargaining took place at three levels: confederal level at first, then at branch (industry, sectoral) level and finally at workplace level.**

When peak level wage negotiations came to an end, employers were once more the ones to initiate discussions. Indeed, after the 'golden age' of centralized bargaining in the 1950s and 1960s, the LO-Saf axis lost its monopoly position in the negotiation system. In the mid-1960s, all public sector employees - including civil servants and military personnel - won bargaining and strike rights. The growth of white-collar and public sector unions combined with that of bargaining cartels increasingly complicated wage negotiations. **After the unsuccessful 1980 Great Conflict, which included a massive lockout, Saf changed its**



strategy and turned to completely decentralized and individualized wage setting - therefore closing its bargaining unit in 1990. The leading blue-collar and white-collar unions in manufacturing formed a common front in 1992, to prevent Saf from also dismantling branch bargaining as in the UK private sector. Despite the deep Swedish economic depression in the 1990s, the union conflict capacity remained almost intact, and was clearly demonstrated during the 1995 conflict-ridden bargaining round.

The 1997 Industry Agreement

A year later, the 'Unions within manufacturing' constellation invited employers to negotiations on how to reform the bargaining system. **This resulted in the 1997 Industry Agreement, which restored the spirit of cooperation and refrained the employers from abolishing branch collective bargaining.** A key objective was to stop the wage-price spiral and to restore Sweden's competitiveness.

The Industry Agreement is usually considered to be a success. Apart from 2022 and 2023, Swedish real wages have continuously risen since 1997. Conflicts are rare, even from a Nordic perspective, and the collective bargaining coverage is high.

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The new Swedish National Mediation Office, established in 2000, is explicitly in charge of fostering the wage-leading role of the export sector, through mediation in case of conflict and active promotion of norms backing up this role. Therefore, it could be considered an institution monitoring the Industry Agreement. The parties behind this agreement have their own mediation body, the group of 'impartial chairs' which, as does the Mediation Office, can postpone industrial action by up to fourteen days to prevent negotiations from escalating into open conflict. Strike notices are often sufficient enough to pressure employers' associations into making concessions during negotiations.

White-collar and blue-collar unions

From an international perspective, the strength of Swedish white-collar unions is exceptional and due to:

- Their high union density.
- Prominent role in the wage formation process when "the industry norm" is set.
- Key role in the process leading up to the new 2022 basic agreement.



Sweden has the most class-based union structure in the world.

Sweden has the most class-based union structure in the world. As in other Nordic countries (before the Danish mixed FH was founded), there are separate blue-collar and white-collar confederations, with the blue-collar LO, the Swedish Confederation of Professional Employees, TCO (founded in 1944) and the 'academic' Swedish Confederation of Professional Associations, Saco (founded in 1947).

While the political divisions within the French union movement hampers unionization, the socially segregated Swedish union structure implies that each social group can identify itself with "its own" unions and confederations. TCO and Saco are politically independent but cooperate on many issues with the 'social democratic' LO. The three confederations have a common office in Brussels. The blue-collar identity of LO is more important for its members than its political orientation. A large share of the LO members votes on non-socialist parties, and even the right-extremist Sweden Democrats party.

The strong dominance of blue-collar unions in LO is partly related to the [broad Swedish definition of blue-collar workers or *arbetare*](#). For instance, practical nurses and health care assistants, organized in the LO-affiliated Municipal Workers' Union, but also most restaurant employees and sales employees are included as *arbetare* in official statistics.

The biggest Swedish union is the white-collar *Unionen* (TCO) with almost 600,000 members (pensioners and students excluded). After the transfer of the TCO union of teachers to Saco in 2022, *Unionen* gathered 61% of all TCO members. Like the TCO unions of municipal employees (*Vision*) and civil servants (ST), *Unionen* is a vertical or industrial union, while the TCO union of nurses is a professional union. All Saco unions are professional associations, as is the independent union of supervisors and managers (*Ledarna*). **Apart from the occupational unions of electricians and painters, all LO unions are vertical.**

Swedish self-regulation versus French state regulation

Like Saco's second largest union, the Association of Graduate Engineers, and *IF Metall* (LO) *Unionen* belongs to the cross-collar Unions within manufacturing, that set the industry norm in concert with the corresponding SN employers' associations. SN, the Confederation of Swedish Enterprise, is the successor of Saf. The French statutory minimum wage plays a similar normative role: it more or less sets the pace for wage agreements at branch level. A clear example of French state regulation *versus* Swedish self-regulation.

Another example lies in the French unions' strong dependency on the state for financing their activities, while the high Swedish rate of unionization allows self-financing by a combination of membership contributions and capital revenues. For example, the members of *Unionen* in 2020 paid about €150 million in contributions. The total expenditure exceeded its income by more than €52 million. The deficit arising from union activities and insurances was covered by a surplus in the conflict fund, invested in financial assets and real estate. The total value of the conflict fund was €1,800 million.

Such well-consolidated conflict funds provide Swedish unions with a considerable power resource, enabling large-scale strikes of long duration while strike-breakers are rare, as a consequence of high union density. As mentioned earlier, a notice of strike may therefore function as an effective pressure. This partly explains the very low strike frequency. **Most strikes are short in duration (in general just about 5-10 days). The largest strikes since 2000 have occurred in the public sector under the auspices of the Municipal Workers' Union (LO) and the union of nurses (TCO) during five weeks in the first case and almost six in the other.**

Since the 1997 Industry Agreement, only one strike has taken place in the manufacturing industry (the paper workers' strike in 2010). There are several explanations for this. First, if wages had increased faster than in Sweden's most important competitors, such as Germany, it would have deteriorated Swedish competitiveness.

Second, the Swedish economy is dominated by large transnational companies such as ABB, Autoliv, Ericsson, Scania, Skanska and Volvo with good prospects to move production abroad if unions demand too much. Between 1980 and 2020, the number of employees in Sweden in the 80 largest manufacturing groups decreased from 447,000 to 132,500 - or by more than two thirds. In the same period of time, the number of employees abroad doubled from 326,100 to almost 675,000. A large share of this expansion has taken place in low-wage countries.



Third, before the 1997 Industry Agreement, **nominal wages increased considerably, but prices rose as well so real wages grew very slowly**. Not only the government, but also unions and employers considered it necessary to reform wage formation and scale down nominal wage increases. Despite the almost complete absence of strikes in the manufacturing industry, unions have succeeded in attaining much higher real wage growth than during the decades preceding the Industry Agreement.

The Swedish collective bargaining system is characterized by a combination of centralization and decentralization. *Centralization* refers to the strong internal coordination of collective bargaining within the Confederation of Swedish Enterprise (SN) and also within LO, the cross-collar 'Unions within manufacturing' and the coordinating role of the Mediation Office. Agreements on occupational pensions, insurances and transition are negotiated at peak level: in the private sector between SN and LO, and between SN and PTK - which is an alliance of TCO and Saco unions and the independent *Ledarna*.

Decentralization refers to the role of workplace unions to implement branch agreements, which in contrast to Germany do not include opening clauses. **There is a tight vertical articulation between headquarters of national unions, regional offices and workplace union organizations**. At workplaces with union 'clubs', these union organizations negotiate local wages and other conditions, in case of redundancies and codetermination issues. In contrast to France and Germany, there are no works councils in Sweden.

Compared to legislation, collective agreements enable greater flexibility and adjustment to different industries and local conditions, for example regarding working-hours. A recent example is the application of the Swedish law on short-time work during the pandemic. Enterprises with collective agreements had a larger room for manoeuvre than those obliged to follow the phrasing of the law. The introduction of short-term work is based on a tripartite agreement between the government and labour market parties.

New tendencies and challenges

In the last decade there has been a tendency to conclude tripartite agreements, thus making Sweden more similar to Denmark, Finland and Norway. Another example is the agreements on establishing jobs for long-term unemployed and newly arrived immigrants. The June 2022 basic agreement is bipartite but presupposes - for financial and legislative reasons - the participation of the state. In that sense, it is tripartite. **The change of government from a social democratic to a right-wing orientation in the autumn 2022 has caused problems in fully implementing the deal**. Due to insufficient economic resources allocated to the Board of Student Finance, its capacity to deal with the large number of applications for transition studies support is very limited. **The introduction of establishment jobs is delayed due to blocking from the Sweden Democrats, the right extremist party upon which the government relies**.

Another challenge for the union movement is the declining rate of unionization of blue-collar workers. After a rise to 62% during the pandemic, it fell to 59% in 2022. The decline among white-collar workers was much lower, from 74% to 73%. There are two explanations for this. First, low-wage blue-collar workers were the most exposed to the falling real wages during 2022, a year of high inflation.

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Second, the foreign-born workers served as a labour force reserve in a year of declining unemployment and rising employment rate. The share of foreign-born blue-collar workers increased from 30% in 2021 to 32,4% in 2022. This had a double negative effect on blue-collar union density: (1) **by the lower union density among foreign-born compared to native-born workers**, and (2) **by their greater drop in union density**. The foreign-born workers are overrepresented among those with temporary contracts and many are from non-EU countries with a limited knowledge about the Swedish labour market model.

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Further reading

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