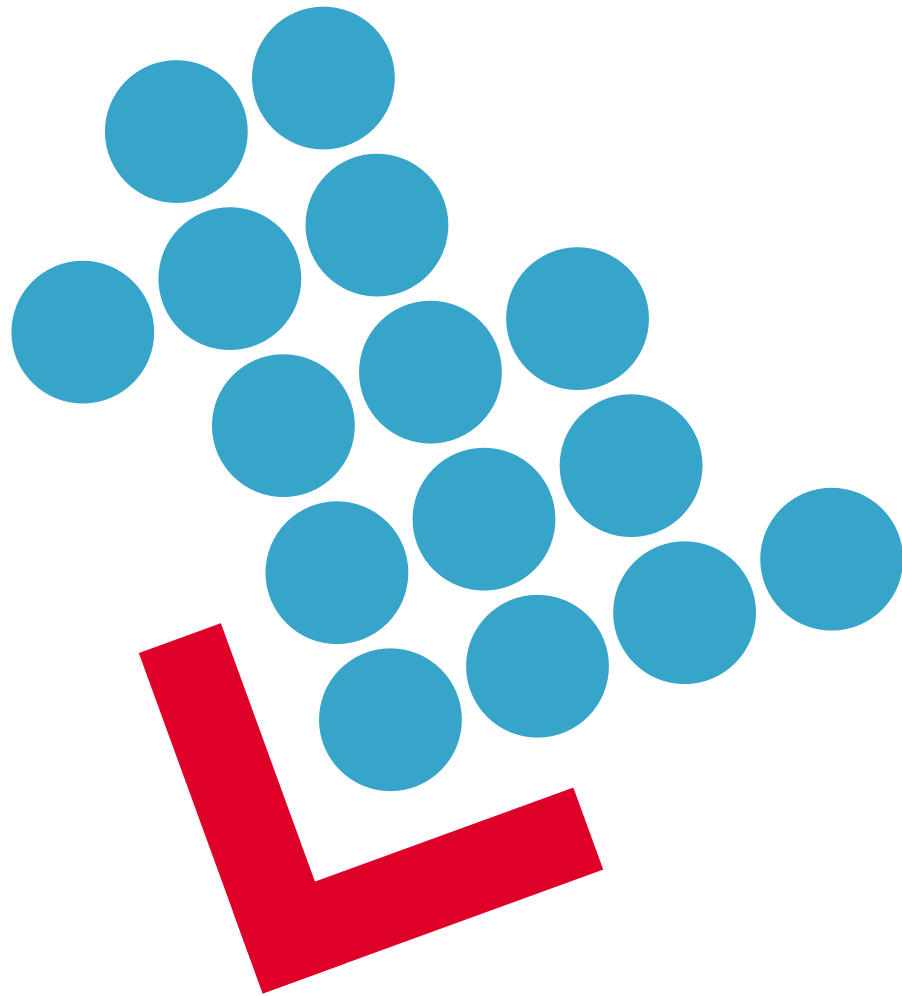




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**The Swedish Trade Union  
Confederation**

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# **The Swedish Trade Union Confederation**

## LO and the Swedish labour market

THE SWEDISH TRADE Union Confederation – LO – dates back to 1898. It was founded by the national trade unions for co-ordination of trade union policies. During the period when the trade union movement was built up, when more and more workers were organised in trade unions, the number of national unions also increased. During the 1940s the number gradually started to decline as more and more unions merged for the purpose of becoming stronger. Industrialisation was relatively late in Sweden. During the second half of the 20th century, the Swedish trade union movement became one of the strongest and probably reached the highest rate of unionisation worldwide.

As of today, the number of affiliated unions is 15, covering all of the labour market, private as well as public sectors, for blue-collar workers. The total number of members in 2006 was 1,803,800. 46 per cent of them were women and 54 per cent were men. At the LO Congress in 2000, for the first time a woman – Wanja Lundby-Wedin – was elected President of LO. It was also the first time the President came from the public sector.

Compared to organisations in some other countries, LO has a very strict organisational plan. In principle, all organised blue-collar workers at a workplace belong to the same union. There are some exceptions such as the construction sector where there are three LO unions. In case of demarcation disputes, there is a procedure of settlement of disputes between LO affiliates which implies that the LO Executive Council makes binding decisions. The number of such disputes is comparatively small. In recent years most of these disputes have emerged when some public sector activities have been opened for private alternatives. But the main result so far is that there is a growing number of employees within the private sector being organised in unions which traditionally only organised workers employed within the public sector.

There are also two main trade union confederations in Sweden for white-collar workers – TCO (Swedish Confederation of Professional Employees) with 1,3 million members (38 per cent men and 62 per cent women) and SACO (Swedish Confederation of Professional Associations) with 586,000 members (52 per cent men and 48 per cent women) – the latter organising employees with university degrees. These two confederations were formed later than LO but they and their affiliated unions have successively reinforced their positions in the labour market as the Swedish society is transforming from an industrial to more of an information society.

The Swedish labour market is characterised by a high rate of unionisation, which increased steadily up to the 1990s and reached its maximum of 86 per cent affiliation in 1986. The rate of unionisation is almost the same for the public sector as for the private sector, for women and for men, and for white-collar and blue-collar workers. It is even somewhat higher for LO women than for LO men.

### Affiliated National Unions

Number of members as of 2006-12-31

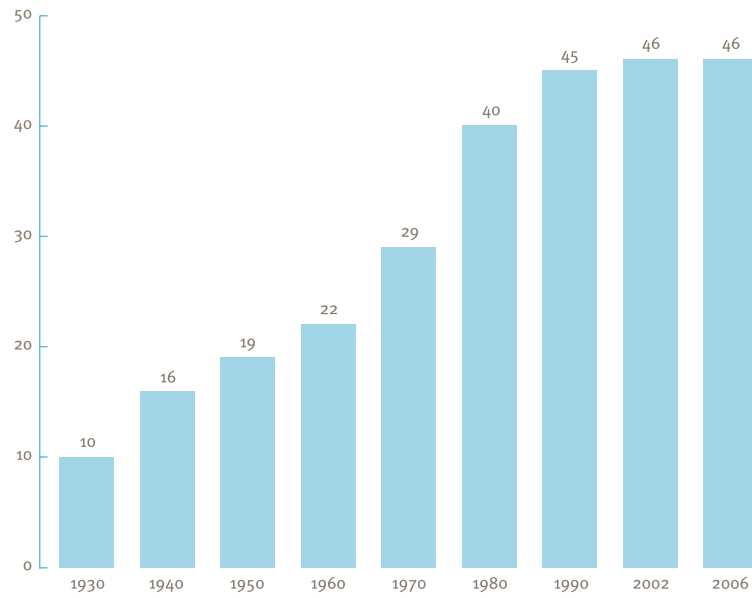
Building Worker's Union	127,438
Electricians' Union	26,009
Building Maintenance Workers' Union	39,057
Graphic and Media Workers' Union	25,271
Commercial Employees' Union	170,130
Hotel and Restaurant Workers' Union	56,754
IF Metall	433,317
Municipal Workers' Union	563,732
Food Workers' Union	45,436
Musicians' Union	3,343
Painters' Union	16,378
Paper Workers' Union	22,665
Union for Service and Communication Employees	149,780
Forest and Wood Workers' Union	52,667
Transport Workers' Union	71,823
<b>Total</b>	<b>1 803,800</b>

Table 1

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## Percentage of women within the LO unions

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Graph 1

### LO organisational structure

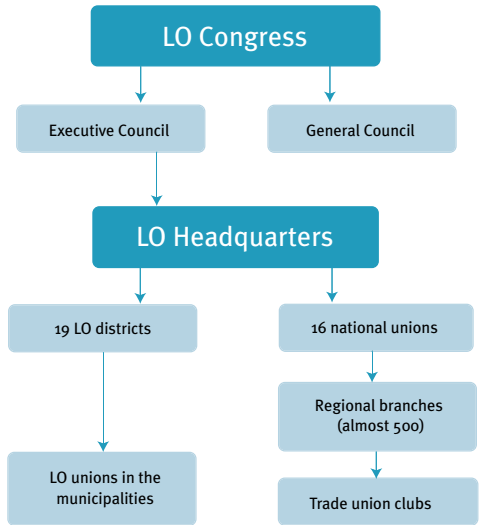
LO Congress assembles every four years. The Congress is made up of 300 delegates specially elected from the affiliated unions and the 130 members of the General Council. Usually one or several reports drafted by the Executive Council and several hundreds of motions are discussed and decided upon. The Congress decides on the main activities and policies to be promoted during the coming four years up to the next congress.

During Congress the General Council, which consists of delegates from the affiliated unions, is elected. The Executive Council, which consists of 11 members from the unions and the President and three Vice Presidents of LO, is also elected. The General Council meets twice a year and makes decisions on important reports and decide on general demands for the wage negotiations.

The Executive Council meets every other week to discuss and decide upon current issues. The LO Headquarters has around 153 employees to assist the Executive Council in this work.

The national unions are organised in regional branches and in clubs at the workplaces. The individual worker is a member of a club or, in small workplaces without clubs, of the regional branch.

LO also has both regional organisations (LO districts) and local organisations (LO unions in the municipality). There are 17 LO districts – one in each region in Sweden. Much of the work of these organisations is aimed at co-ordinating the trade union work with regional and local authorities.



Graph 2

## Collective bargaining

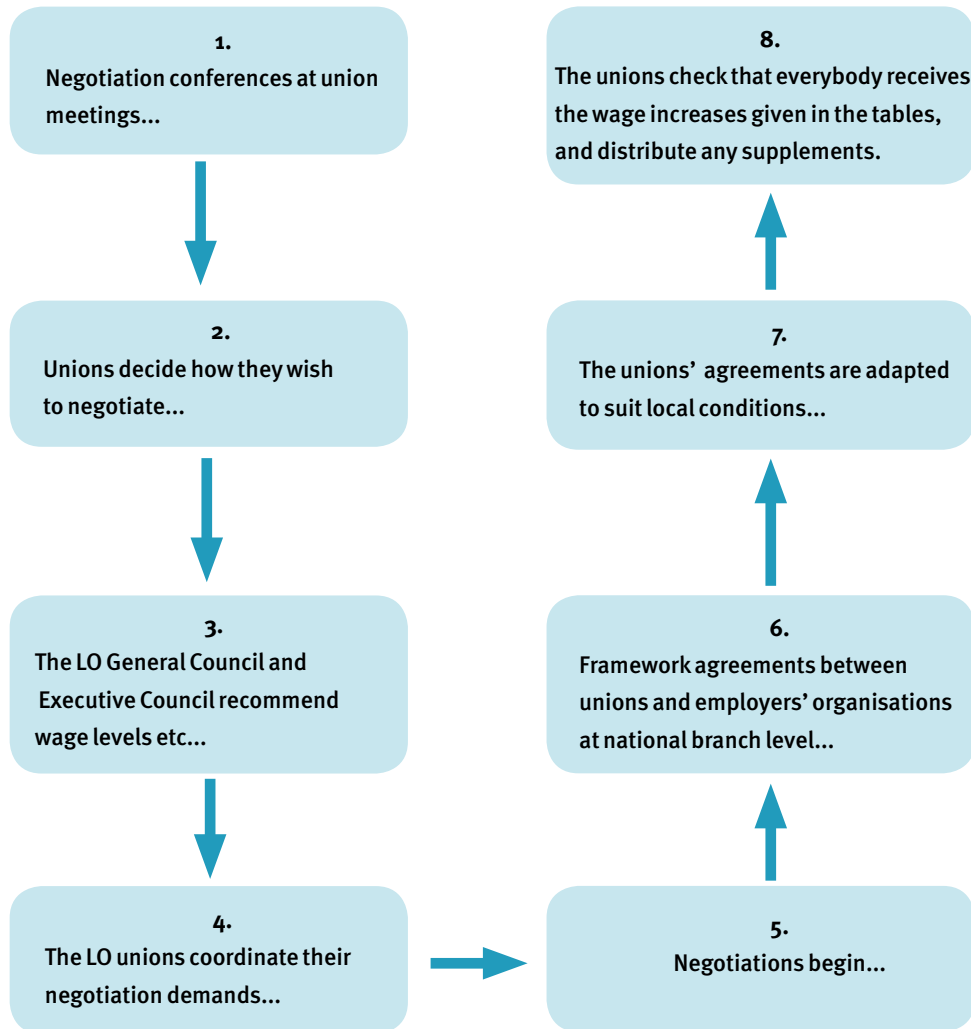
Collective bargaining is the core issue of every trade union organisation. The role of LO has changed radically during its existence. In the beginning, wages were only a question that concerned the national unions themselves. Later it developed into a system of centrally co-ordinated wage bargaining procedures. From around the 1950s up to the 1980s wage bargaining in Sweden was a question for LO and its counterpart at the time, SAF (Swedish Employers' Confederation). It was up to the national unions to adapt the generally set wage framework to their respective sectors of the labour market.

During this period much of what has been called the Swedish model was developed. Its foundation was laid in the 1950s with the introduction of the active labour market policy. LO and its unions also claimed higher wage increases for those with the lowest wages – a wage policy of solidarity. With such a wage policy some of the employees in the least efficient and unprofitable companies became unemployed. But through labour market educational and retraining measures most workers were able to get another job. The most efficient companies in the industrial sector with the best prospects flourished and expanded production. The third component, apart from active labour market policy and the increase of the lowest wages, was structural changes between the production branches leading to economic growth.

Since the 1980s no central agreement has been concluded between LO and SAF on wage increases. Each union signs its own agreement with its counterparts. Adaptations are made in each company to this overall agreement. The role of LO today is to be a forum for common discussions on the scope for wage increases. This includes the framing of co-ordinated demands for higher wage increases in sectors with many women to reduce the wage gap between men and women, and the overall strategy in the coming negotiations. This kind of co-operation has also turned out quite successful. Most of the disputes on pay adjustments arise because of the differing development between LO and TCO-SACO professions. .

On the employers' side, there are four main organisations. In the private sector there is the Confederation of Swedish Enterprise (earlier SAF). In the public sector there are three employers' organisations – the Swedish Association of Local Authorities, the Federation of County Councils and the Swedish Agency for Government Employers.

## The wage negotiation procedure



Graph 3

Wage agreements are often for a two- or three-year period. The long duration of the agreements is important because they secure an extensive period for which the wage outcome is quite certain. It is important not only for the employer but also for the employee to know the wage increases in coming years. Furthermore, it is also significant because of the very strict legal importance of a collective agreement.

The right to take industrial action, strikes as well as lockouts, is a collective right. It is strictly connected with the collective agreements between the employer and the employees. Once the agreement is signed, there is no possibility to recourse to any kind of industrial action. In case of a wildcat strike, it is possible to proceed against the persons involved and impose a fine on them. The unions have no possibility of intervening in these cases as they have signed the agreement. Of course, if the employer does not comply with the agreement, the situation is different.

When the period of the agreement has expired, the right to take industrial action is, on the other hand, very wide. The possibility to strike exists in almost all sectors, but there are of course some restrictions in relation to essential services like urgent surgery operations in hospitals. The threat of a strike is often the only action needed. A big strike with many workers involved occurred in 1980. In 2003, the Municipal Workers' Union was out on a rather long-lasting and extensive strike

The legal force of the collective agreements is of course of special importance for wage bargaining. But in practice it is even more important in the everyday life of a worker. The legal force of the agreements applies to all kinds of collective agreements – work contracts, working time, equality and many other working conditions which such agreements cover. A dispute regarding any of these aspects in a collective agreement can be negotiated locally by the union at the workplace. If the dispute is not solved, it can be negotiated at central level between the national union and its counterpart. The last resort is the labour court where judges representing both social partners finally solve the dispute. But not many disputes proceed this far.



## Other areas of responsibility

THE MAIN AIM OF LO is to organise the co-operation between the affiliated unions. This is done in the form of discussions and activities following the decisions made by the Executive Council. There are also many areas of research, for which LO takes responsibility. The unions, of course, take care of the aspects of many of these areas as far as it concerns their respective sectors of the labour market.

Contractual insurance is important for the Swedish trade union members. In total, 5 per cent is paid in addition to your wage for such insurance. This insurance covers sick leave, old age pension, occupational injury, etc. The payments from this insurance come on top of what you get from the public insurance scheme. LO negotiates with the employers on the current payments from the employers and the rules for remuneration from this collective insurance. Apart from the yearly payments, a great responsibility lies in administrating the funds generated by the payments.

General and specific information on trade union issues is a task for LO. Information on the insurance system is an important part of this. There are always questions that need highlighting by way of information campaigns but they differ from time to time.

Trade union training is another specific LO task. LO owns three colleges for longer courses. There are also shorter courses that you attend together with your local trade union colleagues. These courses provide general training in trade union issues. Some are specific for the kind of work that you perform for the trade union, e.g. as chairman, treasurer or safety representative in your local club. These are courses that you often can attend during paid working hours as part of the time spent for trade union work. Some courses give you information on certain subjects like economics, international affairs, etc. For many of these courses you have to take leave of absence and you receive compensation from your union for loss of income.

Economic policy is a subject of great interest for the wage negotiations. LO therefore has a special department for economic policy. Another topic that needs to be studied by the trade unions is the public welfare system, its

development and, sometimes, even threats to the system as such. The general aspects of industrial policy is also a LO topic, like the general development of different sectors of the economy and its regional consequences.

The co-operation between LO and the Social Democratic Party is mainly carried out by the LO at central level, although the affiliated unions have their contacts concerning specific issues.

International relations are playing an increasing role in LO policy. LO is represented in international organisations such as the ILO and is affiliated to the Council of Nordic Trade Unions (NFS), the European Trade Union Confederation (ETUC), the Trade Union Advisory Committee to the OECD (TUAC) and the International Trade Union Confederation (ITUC). Much of the international work is performed in close co-operation with TCO (white-collar workers) and SACO (academics).



## In the very centre of society

LO HAS, SINCE ITS FOUNDATION, had strong links to the Social Democratic Party. These links used to be both personal and organisational. The formal organisational links do not exist any longer. The personal connections between trade unionists and the party stay strong. This goes for all levels of society. The president of LO is traditionally a member of the Executive Committee of the Social Democratic Party – elected by the Party Congress. At regional and local levels, trade union members also hold positions as members in the Social Democratic Party. The work done by these trade unionists in the party organisations is co-ordinated by the regional and local organisations of LO. There is also, since many years, a specific organisation (SAMAK- Joint Committee of Nordic Social Democratic Labour Movement) for co-operation between the LO organisations and the Social Democratic Parties in the Nordic countries.

The trade unionists also have important roles, centrally, regionally and locally, as representatives in consultative committees of various authorities. The most important ones are probably the different geographical bodies of the Labour Market Board, responsible for labour market policy.

Sweden is since long characterised by popular movements covering most aspects of daily life. The biggest ones are of course LO and its affiliates with nearly two million members. LO has special links to many of the other organisations in the labour market personally as well as at organisational level. Among these are the insurance company, Folksam, the educational organisation, ABF (Workers' Educational Association) and Bilda, a publishing house for educational and other materials. LO also has links to the co-operative movement.

## Priority policy areas

FULL EMPLOYMENT has always been at the top of the trade union agenda. Unemployment is not only a loss of potential production for the whole society but also a personal disaster if long-lasting. Long-term unemployment is a reason for social injustice and may lead to social unrest.

The main tool for keeping unemployment down at the lowest possible level is to keep production up, i.e. an adequate demand for the produced goods and services. And high real wages are, in turn, the main method for sustainable total demand. Therefore, the wage negotiations also are central for the overall demand. The wages have to be high enough to ensure the overall demand but the nominal increases have to stay within the scope not leading to inflation. The combination of wage negotiations and measures to increase demand is the central issue for the Swedish LO and its affiliates.

The Swedish economy is highly dependent on the development in other countries, mainly in the European Union countries. Wage development has to be in line with wage development in other EU countries. Efforts must also be made to influence the economic policies in other EU countries, via the Swedish Government and via the European trade union movement. As two thirds of the Swedish exports go to EU countries, it is crucial to succeed in these efforts.

Skills development has become an ever more important priority area for the Swedish LO. It has also been at the centre of the political debate for several years. One question is whether society can provide resources to stimulate skills development. Another question is the amount of resources that can be allocated in negotiations with the employers for skills development in each company. A complete system is not yet fully elaborated for the Swedish labour market. Skills development is also an important factor affecting the wage development.

Skills development or training for new kinds of occupations for those about to become unemployed has long been a crucial part of Swedish labour market policy. As the structure of the labour market also changes, it has been necessary to transform this kind of training from mainly industry

type jobs into more of services and information society jobs. LO is continuously involved in the development of the active labour market policy.

Your competence as an employee is also part of another priority area – not only more but also better jobs. Skills and knowledge is a prerequisite for obtaining quality in work. But there are many more aspects. The way your work is organised is important for your possibilities of influencing. If you can influence the way your work is performed and the scheduling of your working time, the quality of your work will improve. Increased responsibility will also raise the wage demands from the LO unions. In the same way a safe working environment – not endangering your health and not leading to stress and other “modern” types of bad working environment – is positive for your job, making it possible for you to work all the way to your retirement age.

Equality between women and men has made great progress in Sweden. Still, this is a priority area. Men and women are active in the labour market to the same extent. Wage differentials are relatively small. The remaining differentials are still a priority for the unions to overcome. The main reason for the differentials is separate labour markets for men and women, with a concentration of women in relatively low-paid service jobs in the public sector. Of course, equal pay for equal jobs is the initial request. After that follows the discussion on equal pay also for equivalent jobs. Besides, there must be a right to full-time jobs for those who want this. A large percentage of women work part-time and many of them want to increase their working time. The well-developed Swedish child-care system is a prerequisite of both parents having full-time jobs. The right to full-time jobs and improved child-care, therefore, are priority areas.

Labour legislation is another central issue for LO. When the employers' organisation (Swedish Enterprise) in the 1970s abandoned the negotiations on improvements of the then existing agreements on working conditions, LO turned to the Social Democratic government and asked for new labour legislation. Several laws were then passed during the 1970s and these now form the basis of the regulation of the labour market. After the introduction of these laws it has also been possible for LO and the affiliated unions to negotiate collective agreements, which adapt and often improve the minimum requirements provided in the labour laws. But lately it has been necessary for LO to protect the laws on co-determination, working environment, the right to trade union work during paid working hours for trade union officers at the workplace and other laws from attacks from non-socialist political parties.

The rules of the Swedish labour market are not as inflexible as it is often claimed by the employers and the non-socialist parties. They do not protect against changes but give the employees the opportunity to fair terms in times of change. During the heavy restructuring taking place in the first years of the new century, the need for improvements of the rules for collective agreements has been obvious for LO. This is being discussed with the employers.

The Swedish welfare system has often been used as a good example for other countries. The fundamental principle of this system is, to a large extent, to link the benefits to the person's actual loss of income. During the difficult years of the 1990s this principle was not modified but the percentage of benefits for illness, unemployment, etc. was reduced. The unemployment benefit scheme is run by the unions, but is mainly financed by the state. Most of these benefit payments have since then been restored, but not all of them. There are ceilings in most of the benefit schemes implying that you get the percentage of your income up to a certain income level. For those with higher incomes, therefore, the system offers a relatively smaller level of compensation. The ceilings are heavily criticised and improvements are being discussed. Perhaps the parental allowance system can be called the jewel of the crown in the Swedish welfare system. During the parental leave of thirteen months you receive 80 per cent of your wage. Two of the months are dedicated specially to the father. If the father does not stay at home with the child during at least two months the total time is reduced to 11 months. You can stay at home for another 3 months after this year but then you only receive a minor compensation (in 2006, SEK 60/day). Preliminary decisions have been made to improve even this system.

The number of immigrants is twice as high within LO (14 per cent) as compared to TCO and SACO. Out of these 14 per cent, 10 per cent were born outside the Nordic countries and 4 per cent within the Nordic countries. 22 per cent of the LO members have at least one parent born outside Sweden.

The social integration work has become an ever-increasing issue of importance to LO. Within LO there is, among other things, a special organisation for immigrants who are active within the unions. LO acts for increasing the rate of employment among immigrants as this figure is still lower than for those born in Sweden.

## International relations

The Swedish trade unions have from the start worked with an international perspective. Due to the need for support to free and democratic trade unions in developing countries, globalisation of enterprises and intensified co-operation within the European Union, the international liaisons are of increasing importance.

There are no restrictions for international capital to move freely between countries and companies. The biggest companies are in the real sense international, with ownership and production spread all over the globe. The turnover of these companies is often larger than the GDP of many countries. In this globalised economy there is a need for the national trade unions and their international organisations to lay down rules that can put the trade unions on a more equal footing with the enterprises.

The Swedish LO has for many years given priority to the work within the ILO and has been one of the strongest supporters of the ratification of the ILO conventions and recommendations. The core labour standards have now gained wider acknowledgement in international circles. But the work, to have these standards (covering freedom of association, forced labour, child labour and discrimination) successfully included in all trade agreements, has to continue. The use of so-called social clauses with these core ILO conventions has gained momentum within the trade negotiations of the European Union.

The inclusion of core labour standards in trade agreements is only a first step. To succeed in achieving this, the trade unions in both developed and in developing countries must be strong enough to oppose any misuse of the labour force. Therefore the continuous international trade union solidarity work for fellow trade unions in developing countries is always important. For this work LO and TCO have since long a common organisation – LO-TCO Secretariat of International Trade Union Development Co-operation – which carries out not only the international solidarity assistance given by LO and TCO but also by their affiliated unions. For LO the solidarity support is also channelled through the Olof Palme International Centre in co-operation with the Social Democratic Party, KF (the co-operative movement) and ABF (The Workers' Educational Association).

At global level LO works within the International Trade Union Confederation (ITUC). The support for the ITUC work for core labour standards and international solidarity assistance has recently been combined with a new demand from the Swedish LO to ITUC – to fight for the right of

workers to take cross-border sympathy action. The Swedish LO has since long struggled for this right in the EU and this work is now a central part of the demands from the ETUC. The Swedish LO considers it to be an important struggle to pursue for the ITUC at global level.

Since the establishment of the European Trade Union Confederation (ETUC), the Swedish LO has been a member. The participation in the ETUC work has increased especially since Sweden's entry into the EU. LO is actively committed to all of the ETUC work. As a member of the EU the involvement now also includes many other bodies, e.g. the European Economic and Social Committee. A special LO-TCO-SACO office has been established for contacts in Brussels.

At the OECD level, LO participates in the work of TUAC (Trade Union Advisory Committee). Economic and labour market policies, conduct of multinational enterprises and the fight against tax havens are priority matters.

At Nordic level, LO takes part in the work of the Council of Nordic Trade Unions (NFS). Within the NFS the work with European questions is co-ordinated between the Nordic trade unions. But equal importance is attached to the co-operation with trade unions in Central and Eastern Europe. The Baltic countries have become an area of special interest, as our eastern neighbours will be members of the EU.

LO has specifically promoted a project called the Baltic Labour Law Project, aiming to increase the knowledge and capacity of Baltic trade unions to defend the rights of their members. LO also participates in the Baltic Sea Trade Union Network (BASTUN).



## The Swedish labour market – some statistics

THERE ARE SOME specific features of the Swedish labour market:

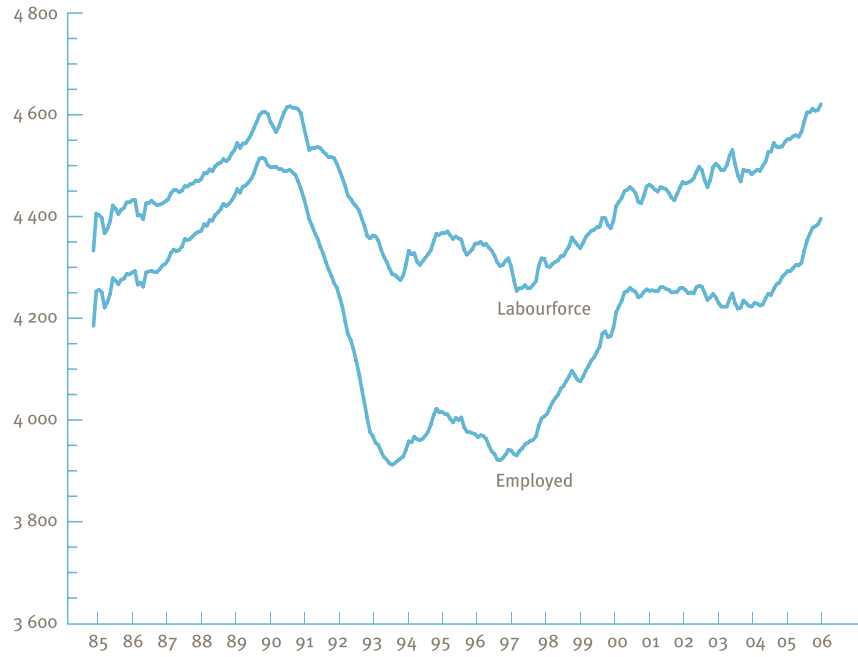
- a high overall rate of labour force participation
- a high rate of women's labour force participation
- an uneven distribution of men and women between the various sectors of the labour market
- low unemployment.

This description is especially relevant for the period up to the beginning of the 1990s. But since the end of the 1990s, the Swedish labour market is regaining most of these positive aspects. The economic crisis during the first half of the 1990s had a disastrous effect on the participation rate, down from 83 per cent to 73 per cent, and on the rate of unemployment, up from 2 per cent to 10 per cent. Within a period of five years, half a million jobs were lost – i.e. more than 10 per cent of the jobs.

The Government's budget had to work its way up from a record deficit of 11.9 per cent in 1993, and was actually gaining a 2.3 per cent surplus in 1998. The measures were very hard on the workers as many of the favourable parts of the social security system were curtailed. It was a hard time for the relationship between the Swedish LO and the Social Democratic government. The tensions were gradually reduced as the government set up as its goal to reduce the open unemployment to 4 per cent – and succeeded.

## Labour force and employment 1985–2006

In thousands. Seasonally adjusted.

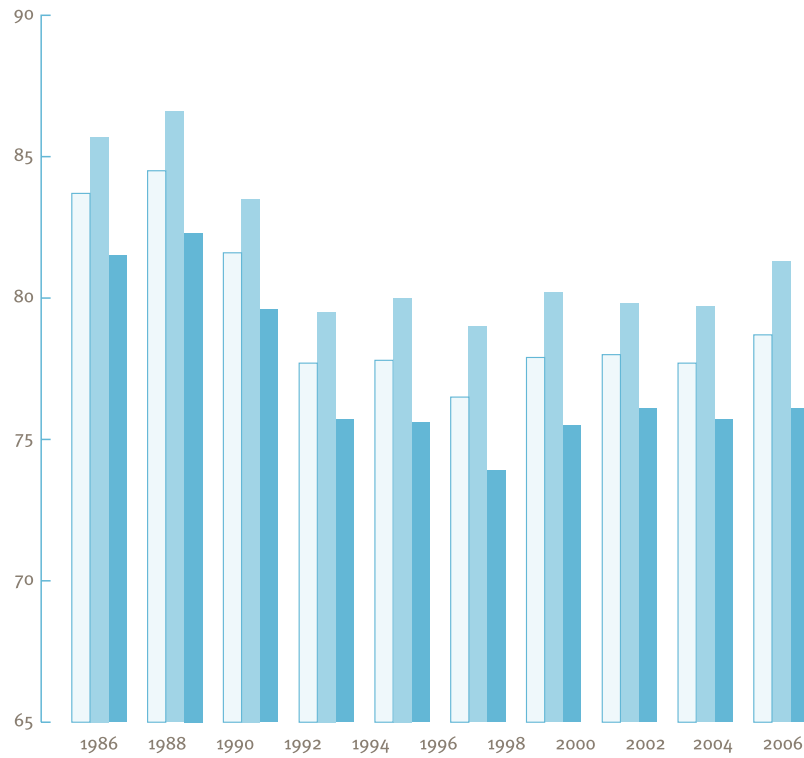


Graph 4

Source: SCB

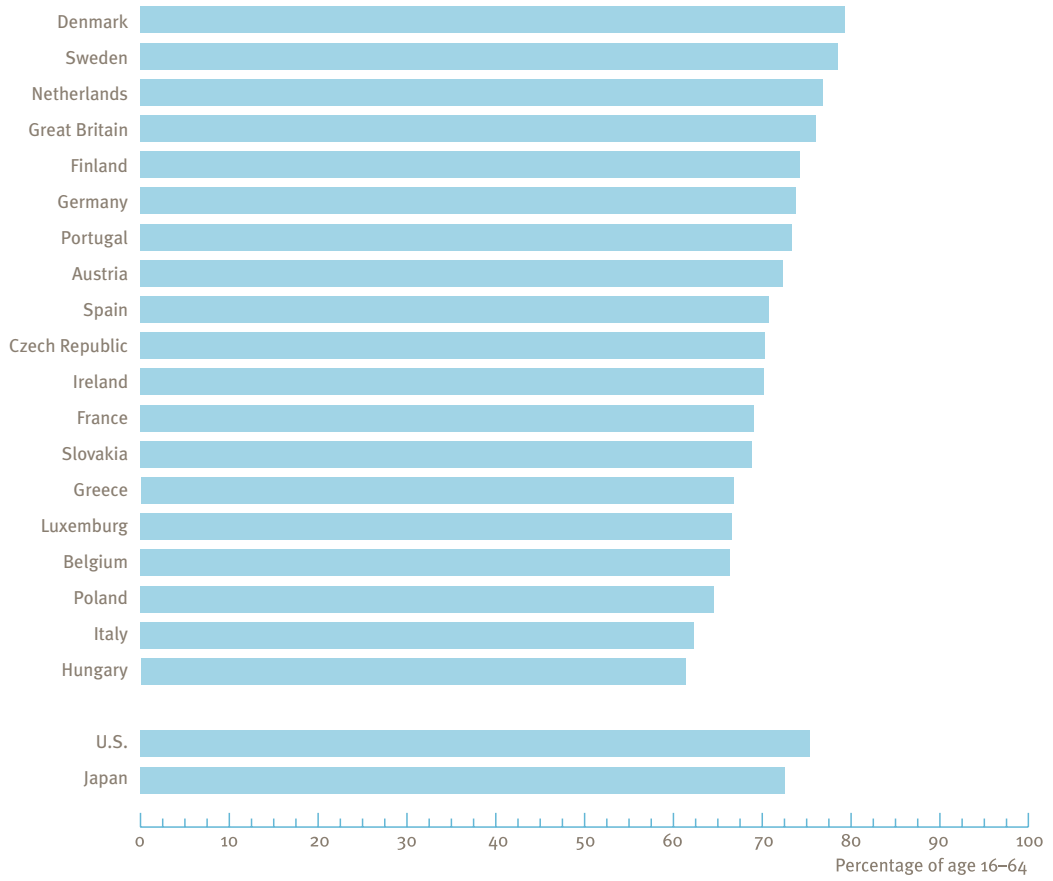
## Labour force participation rate 1987–2006

All persons Men Women



Graph 5

Labour force participation rate in a selection of EU countries, USA and Japan 2005



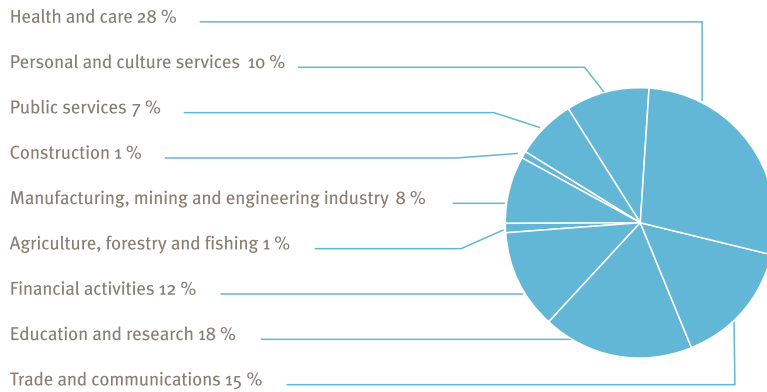
Graph 6

Source: OECD Labour Force Statistics

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### Economically active population by sector – women

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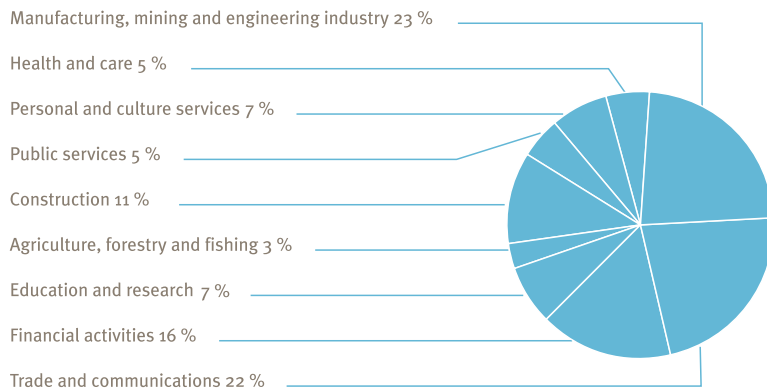


Graph 7

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### Economically active population by sector – men

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Graph 8

