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Political context affecting working life aspects

The Swedish general election was held on 9 September. Neither of the two major blocs secured a parliamentary majority and the result was a hung parliament. The left bloc, ‘the Red-Green coalition’, secured 144 seats, while the centre-right bloc, ‘the Alliance coalition’, secured 143. In addition, the nationalist anti-immigration party the Sweden Democrats secured 62 seats.

The red-green coalition led the transitional government as negotiations about the forming of a new government was held. Since a transitional government is traditionally not mandated to introduce any major changes or reforms, few major reforms were introduced in the second half of the year.

It was not until mid-January 2019 that the parliament finally approved a new government – more than four months after the election. The new government is made up of a Social Democratic and Green Party coalition and the two parties thus remain in office for a second term. This time, however, in order to secure a parliamentary majority, the Liberals and the Centre Party have participated in designing the political agenda for the years to come. The four-party negotiations resulted in what is now being called ‘the January Agreement’, a 73-point policy plan that the new government is now set to implement (Eurofound 2018a, 2018b & 2018c).

Labour market reforms or major packages of working life regulations

The political uncertainty that characterised the month leading up to the election and the many months that passed thereafter without an elected government in place meant that no major labour market reform plans were announced until mid-January the following year. One of the main policy points eventually agreed upon by the Social Democratic, the Green Party, the Liberals and the Centre Party, was that in order to increase flexibility on the labour market, the Employment Protection Act needs revising (Socialdemokraterna 2019).

Social partners’ views and reactions on changes in governments and working life policies

After the long period of negotiations, most major social partner organisations have expressed that they are pleased that a new government is finally in place. Regarding the planned reforms of the Employment Protection Act, The Swedish Confederation of Enterprise wishes to see a more comprehensive reform plan. The Swedish Trade Union Confederation supports the deal in general but opposes changes to the employment protection regulation. Both organisations argue that the design of employment protection should be in the hands of the social partners. (Svenska Dagbladet, 2019-01-23; Dagens Industri, 2019-01-21).
Developments in industrial relations 2018

Changes affecting the national-level actors and institutions in 2018

*Actors*

No major developments in this area to report on. (The most important development in this area was the debate regarding new strike regulations. While the deal was struck on confederation level, the sectoral level is the most affected. Thus, see next section for more information about this topic.)

*Representativeness*

No major developments in this area to report on.

*Institutions*

No major developments in this area to report on.

Changes affecting the sectoral and company level social dialogue 2018

The most significant development in this area regards the new conflict regulations. Please see section on Collective labour disputes for more information.

*Innovation in collective bargaining*

No major developments in this area to report on.
### National social dialogue in 2018 – Scope and Contribution

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
<th>Social dialogue interaction</th>
<th>Social dialogue outcome and/or output</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxation and non-wage related labour costs - environment taxes</strong></td>
<td>The new policy plan agreed on by the current government and the Liberals and the Centre Party included a number of changed taxes, such as a lowering of the highest marginal tax rate (värnskatt) and an ecological tax reform, through which the balance of the tax burden is shifted from income from work to increased environment taxes. The agreement also includes making the tax system more beneficial for entrepreneurs (Socialdemokraterna 2019).</td>
<td>Still in the very early stages. But the social partners are likely to be consulted once in the official inquiry processes.</td>
<td>Agreement made only a few days ago (at the time of writing). No further progress reported.</td>
</tr>
<tr>
<td><strong>Pension reforms - Broader package of pension reform</strong></td>
<td>A significant pension reform is underway in Sweden. Due to the hold up in forming a new government, the issue has been paused for the last few months. The main change will be a raising of the pension age span. In Sweden, there is no statutory retirement age, but the earliest age from which you can choose to take out your public pension is 61. And until the age of 67 you have the right to remain employed without having to seek the explicit permission of your employer. From 2020, the plan is to start to sequentially raise the retirement age. In 2023, the age span will be 64 / 69 years (The Government, 2017).</td>
<td>The social partners are being formally consulted in the process of designing the new pension system by an ad hoc constellation called the Pension group (Pensionsgrupperen).</td>
<td>Specifics of the new pension system are still being worked out. A formal proposal is likely to be brought before Parliament later in 2019.</td>
</tr>
<tr>
<td><strong>Work-life balance - Family leave</strong></td>
<td>The government is planning to introduce a new ‘family week’. Working parents to children aged 4-16 will get three more days of paid parental leave days to use when the child(ren) cannot be in school due to leave or school planning days. The three days will eventually be extended to five days. The family week was part of the four-party agreement that led up to the forming of the new government.</td>
<td>It is not yet clear how the social partners will be consulted. But they will likely be invited to give their input on the formal proposal once it is finalised.</td>
<td>No outcome reported yet.</td>
</tr>
<tr>
<td><strong>Other aspects of working life - New strike regulations</strong></td>
<td>In June, social partners reached an agreement on new strike regulations. The background to the deal is the long-running dispute in the Port of Gothenburg. Several social partner representatives - unions as well as employers - have compared the significance of this deal to that of the Saltsjöbaden Agreement, the labour market treaty signed by social partners in 1938 which formed the basis of the current bipartite bargaining system and the general principles for conflict resolution, generally known as the ‘Swedish Model’.</td>
<td>Given the bipartite nature of the Swedish labour market model, and in order to avoid further government involvement, a working group consisting of representatives from the Swedish Trade Union Confederation (LO), the Confederation of Professional Employees (TCO), the Swedish Confederation of Transport Enterprises, the Association of Swedish Engineering Industries and the Swedish Association of Industrial Employers was formed</td>
<td>According to the new agreement, workers will not be allowed to strike if they work for employers who have already signed a collective agreement and if the objective of the strike is something other than persuading the employer to sign a collective agreement. If the purpose of the strike is not clear, the Labour Court can make a ruling on the basis of how the negotiations have been handled and whether the organisations are usually inclined to favour</td>
</tr>
</tbody>
</table>
### Theme: Other aspects of working life - Labour market EU council

In December 2018, 80 years had passed since the Saltsjöbaden Agreement was signed by The Swedish Trade Union Confederation (LO) and the Swedish Employers Association (SAF) (the latter has since become the Swedish Confederation of Enterprise). The agreement - initially made in response to the many industrial conflicts and subsequent threats of increased government involvement - laid the foundation for what is now known as the ‘Swedish Model’ of collective bargaining. It has also come to stand for a particular form of industrial relations, the so-called ‘Saltsjöbaden spirit’, marked by willingness to co-operate, mutual respect, the endeavour to arrive at peaceful solutions based on compromise and a sense of responsibility for developments in the labour market. The agreement lays down rules in primarily three respects, namely, collective bargaining, industrial action and disputes threatening the public interest. There were originally also rules on termination of the employment contract, but in 1974 these were replaced by legislation on employment protection.

While the agreement is still highly relevant, threats to the model has been identified by trade union as well as employer representatives. The previous director-general for the National Mediation Office, Claes Stråth, recently highlighted three such challenges - policy-makers meddling in wage formation and employment protection, departures from the usual negotiation procedures and, lastly, incompatibility with EU law. The last of these three threats was recently acted on by the social partners, when they in early October set up the new joint ‘Labour Market EU Council’, a new forum for discussing and promoting common interests of the Swedish social partners in EU matters (The Swedish Confederation of Enterprise 2018).

### Theme: Terms and conditions of employment - Reform of LIFO principle

One of the main policy points eventually agreed upon by the Social Democratic, the Green Party, the Liberals and the Centre Party, was that in order to increase flexibility on the labour market, the Employment Protection Act needs revising, especially the last-in-first-out principle.

An official inquiry has been commissioned by the government. But if the social partners manage to agree on a modernised employment protection system, the partners’ proposal will take precedent over the inquiry’s proposal.

Agreement was made only a few days ago (at the time of writing), thus no progress has yet been reported.
No major social dialogue debates were held on the following themes: Benefits; Employment; Skills, training and employability; Wage setting; Working time.
Selected major social dialogue debates

Planned revisions of employment protection regulations

One of the main stumbling blocks in the negotiations leading up to the forming of a new government was the involved parties’ disagreement over if and how to revise the Employment Protection Act (1982:80). The Liberals and the Centre Party have long argued that there is a need for increased flexibility on the Swedish labour market and, particularly, that the so-called order of priority rules need to be changed. Under the order of priority rules, employees with a longer period of employment have priority to stay with the employer over employees with a shorter period of employment. This is commonly referred to as the ‘last-in-first-out’ principle. Based on the aggregate period of employment within the organisation, a seniority list is drawn up for each unit and for each group of employees who belong to the same collective agreement. If employees have an equal length of employment, priority to stay is given to the older employee.

Historically, the order of priority rules has been grounds for conflict between political parties as well as between trade unions and employers’ organisation. While the unions regard the regulation as crucial for protecting older workers, many employers’ organisations, such as the Confederation of Swedish Enterprise, argue that because of the first-in-last-out principle, many companies are left without the level of competence needed for future operations after restructuring. Furthermore, the Confederation argues that the order of priority rules are one of the main reasons why employers hesitate to employ more workers.

In the bargaining process to form the new government in January, the Social Democrats and the Green Party finally agreed to ‘modernise’ the employment protection regulations. It was agreed that they need to be adapted to the current labour market. This is likely to include greater possibilities for SMEs to make exceptions from the order of priority rules. An official inquiry has been commissioned by the government. But if the social partners manage to agree on a modernised employment protection system, the partners’ proposal will take precedent over the inquiry’s proposal.

Reactions from the social partners have been divided. The Swedish Confederation of Enterprise wishes to see a more comprehensive reform plan, while The Swedish Trade Union Confederation opposes any changes to the employment protection regulation and is critical of having to negotiate under the threat of government intervention. Both organisations argue that the design of employment protection should be in the hands of the social partners. (Svenska Dagbladet, 2019-01-23; Arbetet, 2019-01-15).

The Saltsjöbaden Agreement turns 80 years

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The agreement lays down rules in primarily three respects, namely, collective bargaining, industrial action and disputes threatening the public interest. There were originally also rules on termination of the employment contract, but in 1974 these were replaced by legislation on employment protection.

While the agreement is still highly relevant, threats to the model has been identified by trade union as well as employer representatives. The previous director-general for the National Mediation Office, Claes Stråth, recently highlighted three such challenges – policy-makers meddling in wage formation and employment protection, departures from the usual negotiation procedures and, lastly, incompatibility with EU law. The last of these three threats was recently acted on by the social partners, when they in early October set up the new joint ‘Labour Market EU Council’, a new forum for discussing and promoting common interests of the Swedish social partners in EU matters (The Swedish Confederation of Enterprise 2018).

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The background to the deal is the long-running dispute in the Port of Gothenburg and the subsequent warning from the Government that if the conflict cannot be resolved by the usual means, a legislative solution must be found. Given the bipartite nature of the Swedish labour market model, and in order to avoid further government involvement, a working group consisting of representatives from the Swedish Trade Union Confederation (LO), the Confederation of Professional Employees (TCO), the Swedish Confederation of Transport Enterprises, the Association of Swedish Engineering Industries and the Swedish Association of Industrial Employers was formed to work on a joint social partner proposal. Several social partner representatives – unions as well as employers – have compared the significance of this deal to that of the Saltsjöbaden Agreement, the labour market treaty signed by social partners in 1938 which formed the basis of the current bipartite bargaining system and the general principles for conflict resolution, generally known as the ‘Swedish Model’.

The social partners’ proposal has received support from all political parties except the Left Party. However, the proposal has also received criticism for opening up to so-called ‘yellow’ unions – those dominated or influenced by employers. Mats Glavå, a labour law researcher at Gothenburg University, stated that new employers would be able to choose employer-friendly unions to bargain with, thereby preventing other unions from using strike action, if not specifically to get a collective agreement. The Minister for Employment, Ylva Johansson, welcomed the news and stated that a well-constructed proposal drafted jointly by the social partners should take precedence over any other proposals. However, the issue was put on hold due to the uncertain political situation after the election in September. A formal proposal will likely be brought before Parliament in 2019, and if accepted the new regulations are schedule to enter into force on January 1st, 2020. (Arbetsvärliden 2018a, 2018b; Lag&Avtal 2018).
Unilateral government actions – without social dialogue

No major developments in this area to report on.

Collective labour disputes in 2018

Changes in the regulation of collective labour disputes

See section on new strike regulations in ‘Selected major social dialogue debates’.

Selected major labour disputes of national significance

The conflicts in Swedish ports, particularly in the Port of Gothenburg, continued throughout 2018. Central to the dispute is the Swedish Dockworkers’ Union’s (SDU) demand to have its own collective bargaining agreement with site owner, APM Terminals. The company’s offer of an extension to its agreement with the Swedish Transport Workers’ Union (STWU) remains unacceptable to the SDU (which organises 85% of port workers), as that would not give the SDU any influence over the content of the agreement. Over the course of the year, talks between the two affected unions hinted at a breakthrough, but at the beginning of the new year a solution had still not been found. New strikes and lockouts were announced in January 2019 and the conflict has no immediate end in sight (Eurofound, 2018c; Göteborgsposten, 2019).

Working time 2018

Changes in the regulation of working time 2018

Legislation on working time duration or organisation

No major developments in this area to report on.

Collective bargaining outcomes on working time duration or organisation

No major developments in this area to report on. The bargaining round of 2018 was very small-scale. The next significant round is in 2020.

Major debates concerning working time duration or organisation

No major debates in this area to report on.

Other relevant information concerning working time

No major developments in this area to report on.
Health and well-being at work 2018

Physical working environment

A large number of work-related fatal accidents occurred in 2018 and in early 2019. The Minister for Employment, Ms. Ylva Johansson, has invited several social partner organisations to a meeting in March 2019 to discuss possible ways to turn this development around (Arbetet, 2019).

Psychosocial working environment

No major developments in this area to report on.

Employment status 2018

‘Standard’ employment contracts

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**Self-employed**

The Government commissioned an official inquiry on how to improve working conditions for the self-employed and investigate entrepreneurs’ use of the social security system. The inquiry’s final report and policy recommendations are scheduled for June 2019 (The Government, 2018).

No major changes in 2018 for: Fixed term contracts; Temporary agency workers; Posted workers; Seasonal workers; Zero hour contracts
References

Arbetsvärdelen (2018a), Parterna överens om konflikträtten, 2018-06-05.
Arbetsvärdelen (2018b), Stor riksdagsmajoritet för parternas förslag, 2018-06-08.

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.
The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.