



Collective Agreements

- working conditions negotiated and agreed between trade unions and employers



Collective agreement – Swedish trade union tool

Collective agreements – our most important tool

The collective agreements form the basis of “the Swedish Model” in which the conditions in each sector are determined by the trade unions and the employers.

About 90 per cent of the employees in Sweden are protected by collective agreements. These agreements form the Swedish trade unions’ absolutely most important tool for guaranteeing the security and influence of our members. A central task is therefore to ensure that as many as possible can reap the benefits of a collective agreement, which include:

- Clear and common rules and regulations governing pay, working hours, overtime, holidays and training.
- The right to remuneration in connection with overtime, travel and unsocial working hours.
- The right to negotiate on pay and pay increases every year.
- The right to receive information and the opportunity to influence working conditions.
- Better remuneration in connection with parental leave, long-term illness and holidays.
- A guaranteed occupational pension insurance scheme that increases the potential for a good pension.

The collective agreement – industrial peace in exchange of good conditions

A collective agreement is a written, signed agreement between the employees’ organisation on the one hand and the employers’ organization or employer on the other. In order for it to be a collective agreement it is also required that the agreement covers the relationship between employer and employee and includes obligations for the parties. Rules concerning collective agreements can be found in the Act on Co-determination at Work.

Concluding a collective pay agreement entails, in simplified terms, that the trade union organisation sells industrial peace for a guaranteed

increase of wages and other conditions of employment for the period of the agreement.

The function of the collective agreements

The provisions of a collective agreement must be followed. A party who is in breach of a collective agreement is liable subsequently to rectify this and pay damages.

The collective agreement automatically binds both the members of the trade union and the companies that are members of the employers’ organisation concluding the agreement.

A person who is not a member of the trade union usually has no rights under the collective agreement. The fact that, despite this, the employer applies the same rules to everyone is because he would otherwise be liable for damages in relation to the trade union organisation. The damages payable to the trade union is usually in that case at least equivalent to the gain made by the employer by paying non-union members wages that are too low. Those who are not members of the trade union do not receive damages in the event of a breach of the collective agreement.

Basic agreement

In addition, the collective agreement contains rules concerning the dealings and communication between the parties, i.e. negotiation rules. These may be:

- How and when negotiation must be requested so as not to lose one’s rights.
- Rules as to when and how the parties may carry out industrial action.
- Regulations concerning protective work in the event of a strike.
- Conflicts constituting a public danger etc.

These rules and regulations are sometimes found in special basic agreements. The basic agreement that has served as a model for the rest of the labour market is that between SAF (the Swedish Employers’ Confederation) and LO (the Swedish Trade Union Confederation). It is called the Saltsjöbaden Agreement since it was signed after an epoch-making bargaining round at the Grand Hotel in Saltsjöbaden in 1938. The main parts of it still apply.

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Bringing a collective agreement into existence

The collective agreement is not the work of one person. It is a relay race that is run over generations and where each generation leaves its mark.

In many of today's agreements there are regulations that originate from the beginning of the century or even further back in time. In the collective agreement there are therefore points of balance between employer and employee where each party has established "here but no further".

The first collective agreement in Sweden is said to have come into existence after a masons' strike in 1869 in Stockholm. The strike was in protest against wage reductions.

The collective agreement that was then concluded contained many of the features that still apply:

- In order to obtain an agreement everyone must act in solidarity.
- The agreed conditions must apply equally to everyone, otherwise the agreement would not be viable. If one employer was allowed to pay lower rates the other employers would either be forced to reduce their pay rates or would be ousted by the competition.
- Without a trade union to gather together and represent the interests of the workers it would be difficult to retain what was achieved through the strike.

Collective agreements and the members

When new collective agreements are negotiated many trade unions have different kinds of consultative procedures for obtaining the members' views as to what needs to be improved, changed or supplemented.

When the major negotiations then get started, most of the trade unions, at least among the LO affiliates, have large delegations who represent different occupational areas and parts of Sweden. In some trade unions the entire negotiating delegation still signs the agreement. Even if it is the Union Executive Committee that has the final say, it is the negotiation delegation that controls whether there will be an agreement or a strike during negotiations.

The way in which collective agreements are concluded means that they have a high degree of legitimacy. They facilitate stable and long-term relations in the labour market.

Collective agreements and employment benefits

The collective agreement is the employee's most important protection of employment conditions and against arbitrary rules and harassment at work.

In other countries this protection is often obtained through minimum wage legislation. In Sweden there is no such legislation. The collective agreements provide more effective protection.

The Swedish Unions within Industry

The cooperation unions

The partnership between the industrial unions incorporates the unions that have signed the Cooperation Agreement on Industrial Development and Wage Formation. The six unions are: The Swedish Association of Graduate Engineers (Sveriges Ingenjörer), Unionen, The Swedish Foodworkers' Union, IF Metall, The Swedish Paper Workers' Union, and The Swedish Forest & Woodworkers' Union.

Partnership between independent unions

Cooperation is voluntary and respects the sovereignty of each individual union. When the unions act together, they do so under the name The Swedish Unions within Industry. Much of the collaboration between the unions takes place on an informal basis.

Why have industrial cooperation?

The cooperation is unique in many ways. It includes Swedish Trade Union Confederation members from different sectors of industry (the foodstuffs industry, the metal industry etc.) and crosses the traditional boundary between "blue collar worker" and "white-collar worker" on the Swedish labour market. The unions belong to three different central organisations: the Swedish Trade Union Confederation (LO), the Confederation of Professional Employees (TCO) and the Swedish Confederation of Professional Associations (Saco).

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This cooperation provides the industrial unions with a platform to create new opportunities, and if it works well, will make each individual union grow stronger.

Background

If The Swedish Unions within Industry were to have a birthday, so to speak, then June 1, 1996 would probably be the most suitable date. It was on this day that Dagens Nyheter (Daily News), one of Sweden's national morning paper, published an open letter from the Industrial unions inviting the sector's employers to talks on industrial development, competence development and wage formation.

At the time, the situation in Sweden was in many ways bleak. Unemployment was high, government finances were dreadful, and the 1995 collective bargaining rounds had resulted in open conflicts. Employers and trade unions were at loggerheads about almost everything – including how to negotiate – and the government threatened to intervene on wage formation if they did not take responsibility.

One of the important aims of the talks was for the parties to agree on measures to strengthen and develop Swedish industry, which in the early 1990s had found itself in a severe crisis that eventually led to the loss of 200,000 – 300,000 jobs. Any recurrence of this had to be prevented, something which ought also to have been in the interests of the employers. The Swedish Unions within Industry believed that the parties should also be able to concur on negotiation procedures, despite their having different opinions on issues concerning pay, working hours, forms of employment etc.

Talks commenced in the middle of the autumn of 1996, and by March 18, 1997 the parties were able to sign the Cooperation Agreement on Industrial Development and Wage Formation.

Five responsibilities

The Swedish Unions within Industry has five main responsibilities:

1. to coordinate the unions' dealings with employer representatives in industry
2. to strengthen and develop the cooperation between the unions and between the employer parties in order to develop Swedish industry
3. to prepare questions ahead of the Industrial Committee's meetings
4. to promote closer and more solid collaboration between the unions on all levels (from the local to the international)
5. to seek cooperation on issues of policy and practical matters to improve efficiency and to thereby enable the better use of union resources.

Common agreement platform

One of The Swedish Unions within Industry's key responsibilities is to coordinate the unions' dealings with employer representatives. This is particularly important ahead of and during collective bargaining. Before the collective bargaining sessions, normally every third year, The Swedish Unions within Industry lay down a common agreement platform, which forms the basis of the unions' demands during negotiations on all spheres of application within industry (wage increase, working hours reduction, competence development agreements etc.). During these wage negotiations there is close cooperation between the union representatives and negotiators in the unions concerned. In several spheres of application – in engineering, for example – there is also close cooperation between the “blue collar unions” and the “white collar unions” at times when they have a common counterparty.



www.ifmetall.se

www.sverigesingenjorer.se

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