

Industrial Relations and Institutional Change in Sweden

The background of the slide is a composite image. The top portion shows a colorful, high-resolution aerial photograph of a city's urban landscape, with various buildings, streets, and green spaces. The bottom portion is a semi-transparent, grayscale map of the same city, showing the street grid and the course of a river. The word "Issue" is centered in the upper half of the slide, overlaid on the map.

Issue

- How is national sovereignty reconciled with regional integration?
- How do national institutions respond to supranational institutions?



The Laval Case

- Eastern Enlargement, May 1st 2004
- Municipality of Vaxholm commissioned a Latvian company Laval un Parterni Ltd ('Laval') and its subsidiary L&P Baltic AB ('Baltic') to undertake building and renovation of a school.
- Laval made two collective agreements with the Latvian Workers Union instead of signing a collective agreement with the Swedish Building Workers Union.
- Laval used Latvian workers at Latvian wages. In response, a blockade was enforced by several Swedish Unions.
- Construction at the site was stopped and the company Baltic went into receivership.
- The case was first taken to the Swedish Labour Court, where it was found the Unions were within their rights; Lex Britannia allows industrial action to be taken where a collective agreement exists only if there is a weak connection to the Swedish Labour market.
- The case was taken to the ECJ. The December 18th 2007 ruling stated that Union action was illegal.
- Reason: Lex Britannia is in violation of Article 49 of the EC Treaty: Freedom to provide services.
- Labour Unions violated article 12 of the EC Treaty: non-discrimination.
- Labour unions have noticed a sharp increase in foreign companies refusing to sign Swedish collective agreements and making reference to the ECJ Vaxholm ruling.



Swedish Model

- Social partners determine minimum conditions, not the state.
- The Swedish labour market is still one of the most tightly regulated industrial relations systems in the world.
- Ends: wage restraint; solidaristic wage policy, high aggregate wages
- Means: centralised wage bargaining (industry level), high levels of unionisation, large public sector, social welfare system, state active as economic driver, strong worker protection, active labour market policies (ALMP's).
- Theoretical foundation: Rehn-Meidner Model; Modern Liberalism

An aerial photograph of a city, likely Amsterdam, showing a dense grid of streets and buildings. A river, the Amstel, flows through the center of the city, with several bridges crossing it. The image is in grayscale, with a color strip at the top showing various urban scenes.

European Model

- European model is disputed: legislated rights, directives (legally binding) and case law; law via collective agreement, rigid and non-binding *or* flexible and binding; EES, flexible and non-binding.
- Ends: to create the most dynamic economy in the world.
- Means: flexible labour force.
- Theoretical foundations: neo-liberalism, classical liberalism.

An aerial photograph of a city, likely Stockholm, showing a mix of green spaces, trees, and urban buildings. A semi-transparent white rectangular box is overlaid on the image, containing the title and list of research questions.

Research Questions:

Macro:

- What is the relationship between national level Swedish labour market institutions and EU level supranational labour institutions?
- What is the impact of the ECJ Vaxholm ruling on the Swedish Model of industrial relations?
- Is the Swedish Model enduring or collapsing due integration pressures

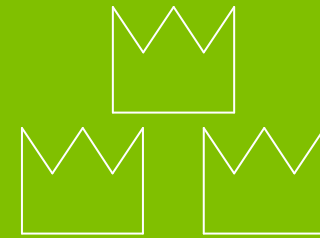
Micro:

- What are the positions by actors to safeguard the Swedish Model against the Vaxholm ECJ ruling?
- How are different positions aligning? Are there particular coalitions, are certain options being ruled out?
- What can this tell us about the pressures within the Swedish model


The background of the slide is an aerial photograph of a river delta, likely the Amazon, showing a complex network of waterways and green land. Overlaid on this is a semi-transparent map of the world, with the continents visible in a light gray tone. The title 'Theory:' is centered in the upper half of the slide.

Theory:

- Historical Institutionalism: Path dependency, institutional stickiness. Focus on temporal processes in the development of institutions. Explanations framed in the context of continuity.
- Rational Choice Institutionalism: This approach lends to explanations that focus upon how institutions are strategically formed between various actors.
- Incremental Transformation: Process orientated analysis in which focus is placed upon reproductive and feedback mechanisms of institutions to understand how they incrementally change over time.
- Sociological institutionalism: Institutions create cognitive scripts which guide action; ideational foundations of institutions are crucial in understanding change and continuity.



ECJ External Shock→
Swedish Model→
4 options

An aerial photograph of a city, likely London, showing a mix of green spaces, trees, and urban buildings. A semi-transparent grey rectangle is overlaid on the right side of the image, containing text. The text is in a sans-serif font, with section headers in bold and bullet points in a regular weight.

Option #1: Status quo (liberalisation)

- Abolish Lex Britannia
- No implementation of any new mechanisms

Option #2: Legislated minimum wage

- Politicisation of wage process.
- Harder to pass legislation to increase minimum standards compared bargaining process (i.e. annual adjustments for inflation)
- Difficult to legislate for small things, such as additional breaks
- Less flexible
- Swedish workers less likely to maintain high union rates; collapse of Swedish model
- Does not address a core concern posed by the ECJ ruling: the right to industrial action.
- Disastrous for unions
- Undermine co-operative relationship between labour and employers characteristic of SME's- employer and employee associations actively share information, consult on condition which may affect firm employees, greater transparency concerning profits and wage distribution. Greater in-firm training.
- May induce a competitive relationship between employers and employee association's, characteristic of LME's.



Option #3a: Universal declaration of collective agreements (erga omnes), extension in a narrow sense

- “Collective agreements generally binding within its field of application by explicitly binding all those employees and employers which are not members of the parties to the agreement.” (EIRO 2008)
- Conditions set for one sector extended to cover another.
- The agreements are negotiated as a whole with different parts often dependent on each other; it is therefore difficult to pick out parts of the agreement as it is negotiated.
- Terms of the collective agreements are applicable to parties (foreign and domestic) who are not involved in the process.
- Significant problems in Denmark concerning the use of this model.

Option #3b: Enlargement

- Provides for a “collective agreement concluded elsewhere to apply in sectors where no union and/or employers association capable of collective bargaining exists. A certain collective agreement is made binding for a geographic or sectoral area outside the agreement’s scope.” (EIRO 2008)
- Problems are that social partners are setting conditions of employers/employees which are not represented

An aerial photograph of a city, likely London, showing a dense urban landscape with numerous buildings, streets, and green spaces. The image is semi-transparent, allowing text to be overlaid. The top portion of the image shows a darker, more wooded area, possibly a park or forest. The overall tone is muted, with a greyish-blue overlay.

Option #4: Change at the European Level

- Social Clause in the Lisbon Treaty; right to industrial action
- Reworking of the Posted Workers Directive; introduce provisions to make 'Swedish Model' an acceptable means to prevent social dumping



Different Positions

- Employers Associations: Confederation of Swedish Enterprise, SAGE (government employers).
- Employee Associations: LO (blue collar); TCO (white collar), SACO (professional associations).
- Red Green Block: Swedish Social Democratic Party (s); Green Party (mp); Left Party (v).
- Alliance for Sweden: Moderate Party (m), Centre Party (c), Christian Democratic Party (kd), Liberal Peoples Party (fp).



Findings

- Different positions advocated along class lines (employers, unions)
- Unified positions weaker along the lines of unions/left political parties (compared to employers/centre right coalition government).
- Evidence of cross class alliance (exposed/protected sectors)
- Organisations are more effective in mobilizing positions along class-lines (rather than across).

An aerial photograph of a city, likely Stockholm, showing a mix of green spaces, trees, and urban buildings. A semi-transparent white rectangular box is overlaid on the image, containing the title and a list of conclusions. The text is in a black, sans-serif font.

Preliminary Conclusions:

- Co-ordination mechanisms play a role in which interests are advocated by peak-level organisations.
- A shift in power to employers vis-à-vis employees (particularly in the context of statements made before the ruling). A neo-liberalisation of the Swedish Model.
- Significant challenges facing Unions.
- A lot of below surface tension. Where disharmony exists, however, it is often 'played down'.

