



# Presentation: LO, The Swedish Trade Union Confederation

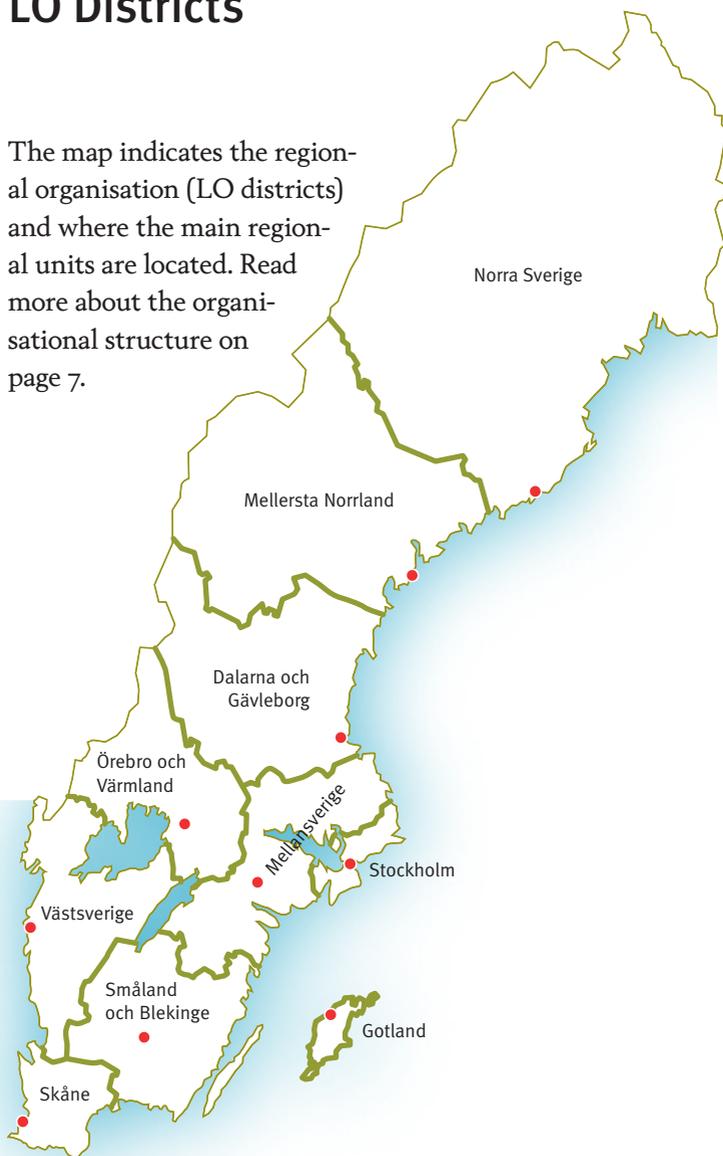
Investing  
in equality



The Swedish Trade Union Confederation

# LO Districts

The map indicates the regional organisation (LO districts) and where the main regional units are located. Read more about the organisational structure on page 7.



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# LO and the Swedish labour market

It all began with a vow:

*“We do solemnly swear that we will never under any circumstances work for lower wages or under worse conditions than what we now promise one another. We make this vow, in the secure knowledge that if we all are true to our pledge the employer will be forced to meet our demands.”*

## Affiliated National Unions in LO

Number of members as of 2015-12-31

	Members
Building Workers' Union (Byggnads)	102,139
Electricians' Union (Elektrikerna)	23,705
Building Maintenance Workers' Union (Fastighets)	29,893
Graphic and Media Workers' Union (GS)	49,963
Commercial Employees' Union (Handels)	157,233
Hotel and Restaurant Workers' Union (HRF)	30,156
IF Metall	315,978
Municipal Workers' Union (Kommunal)	521,974
Food Workers' Union (Livs)	30,089
Musicians' Union (Musikerna)	2,519
Painters' Union (Målarna)	14,137
Paper Workers' Union (Pappers)	15,007
Union for Service and Communication Employees (Seko)	113,902
Transport Workers' Union (Transport)	60,722

Table 1

Source: LO

We call this “the trade union vow”, the vow that laid the foundation for the first Swedish trade unions in the 19<sup>th</sup> century. Eventually these different local unions formed national unions and in 1898 these national unions founded LO, the Swedish Trade Union Confederation.

Today LO has 14 affiliated unions which cover all of the labour market for blue-collar workers. They have about 1,470,000 members, of which 47 per cent are women. The national unions are organised in regional branches and in clubs at workplaces. 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.

**Rate of trade union organisation by class and gender, in 2015**  
Per cent

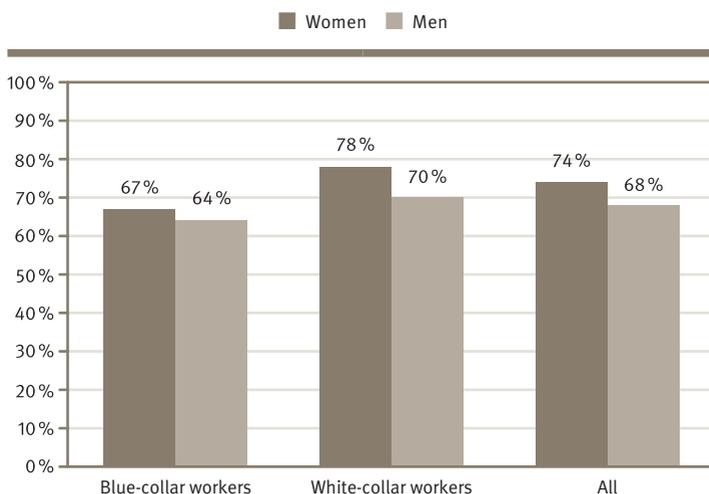


Chart 1

Source: LO Fakta

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 and Saco (Swedish Confederation of Professional Associations) with 650,000 members. LO, TCO and Saco work together in a lot of areas, such as labour market policies and European cooperation. The Swedish labour market is characterised by a relative high rate of unionisation. Even though the rate has declined since the 1990s, it is still about 71 per cent, 65 per cent for blue-collar workers and 74 per cent for white-collar workers. The rate of unionisation is somewhat higher for women than for men.

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

# 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 100 members of the General Council. The Congress decides on the main activities and policies to be promoted during the coming four years up to the next congress. Usually one or several reports and several hundreds of motions are discussed and decided upon. The Congress also elects the Executive Council, which consists of the Presidents from the unions as well as the LO leadership.

The General Council, the highest decision-making body between Congresses, meets twice a year and makes decisions on important reports and decides 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 100 employees to assist the Executive Council and the LO leadership in their work.

LO also has both regional organisations (LO districts) and local organisations (LO unions in the municipalities). Much of the work of these organisations is aimed at coordinating the trade union work with regional and local authorities.

# Collective bargaining

The role of LO has changed 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 coordinated wage bargaining procedures. From the early 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. The cornerstone is the so called Saltsjöbaden agreement of 1938, named after a locality just outside Stockholm. The agreement kept the state out of direct negotiations, and instead made sure employers organisations and trade unions met as equal partners to discuss wages and conditions.

During the years to come much of what has been called the Swedish model was developed. One important 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 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. If the affiliated unions so decide, LO can coordinate the negotiations. This includes the framing of coordinated demands for higher wage increases in sectors with many women, in order to reduce the wage gap between men and women, and the overall strategy in the negotiations.

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 employers' organisations and the trade unions. Once the agreement is signed, there is no possibility to recourse to any kind of industrial action. 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 big strikes are not very common in Sweden. The threat of a strike is often the only action needed to get an agreement.

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 cooperation between the affiliated unions. One of the main tasks of LO is communication and information about trade union issues. Trade union training is another specific LO task. There are also many areas of research for which LO takes responsibility. Economics is for example a subject of great interest for the wage negotiations as well as for the union member's everyday life. For that reason LO 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 are also an LO topic, like the general development of different sectors of the economy and its regional consequences.

Contractual insurance is important for the Swedish trade union members. This insurance covers sick leave, parental leave, old age pension, occupational injury etc. Payments from this insurance come on top of what a member gets 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. An important responsibility also lies in administrating the funds generated by the payments.

# International relations

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 cooperation with TCO and Saco.

## Trade union – political cooperation

Sweden is historically characterised by big popular movements of which the trade union movement is one of the biggest. LO has special links to many other organisations in the labour market, for example TCO and Saco. Among other examples there are the insurance company Folksam, which is partly owned by the trade unions and the Workers Educational Association ABF. LO also has close links to the cooperative movement.

The link between LO and the Social Democratic Party is strong. Our cooperation is based on mutual interests. It gives the union members a direct say in political bodies and the party gets a structure which reaches out to the workplaces. The core of our cooperation is that we share the same basic values. This does not imply that LO and the Social Democrats have to agree on all political issues. We can have an open debate on a lot of issues as long as we have the basic values and our long term goals in common.

There is also, since many years, a specific organisation (SAMAK – Joint Committee of Nordic Social Democratic Labour Movement) for cooperation between the LO organisations and the Social Democratic Parties in the Nordic countries.

# Priority policy areas

## Full employment

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.

Since the 1990s Sweden has suffered from high unemployment. It is obvious that the economic policy pursued is no longer able to achieve full employment. Nor is it possible to return to the policy prevalent before the 1990s. Consequently, LO believes Sweden needs a new economic policy that combines full employment and fair wages with today's open economy.

To achieve full employment it is important that the overall demand for goods and services is high. Increased investments in infrastructure and housing, as well as education, skills development, welfare, innovation and research, are needed. To increase demand we propose that the central government implements an expansionary economic program in the next few years, and thereafter tries to stabilise demand at a higher level. The purpose of this policy is to strengthen Sweden's long term economic development and persuade households and private firms to increase their consumption and investment.

To create full employment LO and its affiliates also must take joint responsibility for stable wage formation. LO stays true to the foundations of the wage policy of solidarity, taking preventive measures to make today's wage formation more robust in relation to inflation and to strengthen standardisation of distribution in wage formation.

## **Skills development**

Training for new kinds of occupations for those about to become unemployed has long been a crucial part of Swedish labour market policy. LO is continuously involved in the development of the active labour market policy. The competence of the employees 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 the members jobs, making it possible to work all the way to the retirement age.

## **Labour legislation**

The rights of workers are to be found in what is collectively called labour law. Labour legislation has primarily given workers the following: the right to participation in decision-making at the workplace, the right to holidays, shorter working hours, a better working environment and increased employment security. The legislation on social insurance also contains important components for the protection of workers. This applies to such things as national health insurance, occupational injury insurance and national pension insurance.

Many important rules of labour law are mandatory to the benefit of the worker. Collective agreements that deviate from the law must be more advantageous than the law for the individual worker. One example of a mandatory rule is the require-

ment that there must be objective grounds for termination of a permanent employment contract. Other rules in labour law are optional, which means that it is possible to agree on a deviation from the law to the advantage of the individual worker through a collective agreement. Examples of such rules are the rules of the Act on Security of Employment.

### **Social security**

The social security system, including the national pension system, is statutory and covers everyone who lives and/or works in Sweden. It is financed by taxes, for example employers' contributions. The Swedish insurance system provides numerous benefits in the event of sickness, unemployment, old-age pensions etc, as well as parental leave, child benefit, subsidised healthcare, medicines, dental care, housing costs etc.

The statutory benefits paid out of insurance schemes are in most cases based on the "loss of income principle". This means that individuals are entitled to benefits in relation to their income. The benefit levels are supposed to be high enough to allow most recipients to maintain virtually the same standard of living as if they were still at work. An important feature of the statutory social security system is that it provides universal cover, which means that, in addition to income-related benefits, basic pension and parental benefits etc. are paid to everyone in the target group irrespective of income.

### **Equality between women and men**

The greatest difference in the Swedish labour market in absolute terms is that between men and women. If the goal of full, high and equal employment is to be achieved women's employment must increase substantially. Important reasons for women working less than men are that there is no full time

norm for large parts of the female- dominated labour market and women take a major responsibility for their family, particularly children, which affect their ability to take gainful employment. Women in LO groups are particularly vulnerable. To increase employment among women full time and permanent employment must become the norm throughout the labour market. Public services, particularly child and elderly care, must also become more accessible and of higher quality than at present. Apart from that, parental insurance must be more equally shared between parents than is the case today.

### **Discrimination**

A person's position in the labour market is not only linked to his or hers knowledge and skills. It also depends on such things as sex, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation and age. The basic value of LO is that all people are equal. LO therefore never accepts any form of discrimination.

### **Migration**

Migration is increasing worldwide, and Sweden is of course a part of that development. Migration is fundamentally positive. People who travel to experience, study or work in other countries enrich the world. LO believes in regulated immigration in which the human right to seek asylum is fundamental. Sweden has assumed a great responsibility for people fleeing war and conflict. It is important that the whole of the EU takes responsibility for the reception of refugees. Similarly, the reception of refugees must be distributed evenly over Sweden.

The vast majority of those seeking asylum have a long working life ahead of them in Sweden. To facilitate the integration of new arrivals LO calls for vigorous efforts on investment

and training. In Sweden we have good experience in adult education, both labour-oriented and theoretical. Adult education should be extended to give more people the chance of education, regardless of previous background. For the small number of newcomers who are older and for whom a longer training program is not relevant, special measures are required. An important starting point for LO is that all employees in Sweden will be able to make a living from their work and have the benefits of a collective agreement.

We also believe that labour migration can be beneficial to our society as a whole. But the basis for labour migration must be labour shortage, not rogue employers looking for cheap labour. By maintaining collective bargaining, unions can ensure that all workers in the Swedish labour market must be on an equal footing, irrespective of where they come from.

### **A social Europe**

For LO it is quite clear that the EU must be more than simply a free market adjusted to business interests. We want to use the EU as an instrument in the development of a political counterbalance to the negative impacts of globalised business and capital movements. That is why we demand the introduction of a social protocol in the EU Treaty, a protocol that establishes that there must be balance between fundamental trade union rights and freedoms and economic freedoms in the internal market. In the case of conflict, trade union rights must be superior.

The protection of the freedom of association and the right to collective bargaining, including the right to take industrial action, must also be enhanced in the EU. All EU law and policy documents must respect trade union rights and freedoms, collective agreements and the equal treatment of workers.

## **A Global Deal**

We have a long term vision of a Global Deal between labour and capital. The goal is that more people will benefit from globalisation and that the challenges in the global labour market will be addressed jointly. The objectives are effective labour relations and decent work, which contribute to greater equality and inclusive economic development. This benefits workers, companies and societies. The means are improved labour relations and social dialogue globally.

A proposal on how the Global Deal concept can be taken forward was presented in 2015 by the analysis group on global cooperation, appointed by the Swedish Minister for Strategic Development and Nordic cooperation.

## **Climate and environment**

There are no jobs on a dead planet. Therefore climate and environment policy are important trade union issues. We strongly believe that an active climate policy can combine environmental requirements with social justice and more jobs. A successful climate policy requires international solidarity decisions in which the rich countries take greater responsibility. An active climate policy can combine environmental requirements with social justice and more jobs. The workers of the world can make important contributions to climate adaptation and a more efficient use of energy in the workplace. But there is also a need for political decisions, both nationally and globally. Nationally, we must reduce our emissions of carbon dioxide and develop renewable energy. LO's view is that energy supply in the long term must be based on renewable energy. Expansion of bioenergy and wind power is therefore necessary. Research and development on renewable energy must be given high priority. On the global level we need international solidarity de-

cisions in which the rich countries take greater responsibility for a long term sustainable development.



## The Swedish Trade Union Confederation



**BYGGNADS**

**Elektrikerna**



**Fastighets**



FACKET FÖR SKOGS-, TRÄ-  
OCH GRAFISK BRANSCH



**Handels**



**IFMETALL**

**Kommunal.**

**Livs**



**Musikerförbundet**



Svenska  
**MÅLAREFÖRBUNDET**



**PAPPERS**



**seko**



TRANSPORTARBETAREFÖRBUNDET  
**1897**