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# Bust the Myths About Collective Agreements

Notes From the Swedish Labor Market

Rasmus Hästbacka, Emil Broberg

May 16, 2023

**In Sweden, as in many other countries, employers are attacking the collective agreements (or the *labor contracts*, as it's called in North America). "If workers are to defend collective agreements and push the frontline forward, the myths about collective agreements must be dispelled." Thus write Rasmus Hästbacka and Emil Broberg. Below they highlight three myths that are produced by Swedish unions, not by employers, to the detriment of workers.**

At least since the early 1900s, Swedish employers have been very class conscious and well organized. The Swedish Employers' Association (SAF) was founded in 1902. SAF was replaced in 2001 by the association Svenskt Näringsliv (Confederation of Swedish Enterprise).

Curt Nicolín was the chairman of SAF in the 1970s. Nicolín's battle cry of 1976 has become legendary: "We must short-circuit the trade union system." Employers were desperate and it is easy to understand why. Right up to the year

1980, the wages' share of the produced value in companies increased, at the expense of the profits' share. At that time, demands for democratization of workplaces were also very popular.

During Curt Nicolin's time, an offensive was launched against working people that we are still living under in Sweden. This offensive is well described in the Swedish TV documentary "The wage dumpers" (Lönesänkarna) and by researchers writing the anthology "The decreased wage share" (Den sänkta lönandelen, 2013).

The employers' offensive has indeed borne fruit. On June 12, 1999, the well-known capitalist Robert Weil made the following statement in Sweden's biggest newspaper Dagens Nyheter:

"Capitalists, unite and thank the wage earners! Thanks to the many who gave up almost everything so that we capitalists could get too much! But now the party of capital is most likely over soon and we will probably never experience anything like it again."

Nine years later, in Dagens Nyheter on February 20, 2008, Robert Weil stated that the party had not ended. Capitalists were even better off.

### **FIVE STRATEGIES**

A given target for offensive employers is collective agreements. In the Swedish labor market today, collective agreements are attacked by means of at least five different strategies. Employers...

- (1) ...refuse to sign collective agreements
- (2) ...sign agreements but refuse to follow them
- (3) ...hire other companies with cheap labor
- (4) ...conduct so called "collective agreement shopping", i.e. apply cheap collective agreements instead of expensive agreements
- (5) ...advocate and actually abide by collective agreements, but then conduct militant struggle to change the content of agreements to the detriment of workers.

The first and second strategy (refusing to sign collective agreements or refusing to follow them) are used by various criminal employers who are outside the employers' associations. It is a sign of our times that Swedish state authorities are developing a collaboration against "working life criminality" (in Swedish: arbetslivskriminalitet). It is also telling that a current research project at Stockholm University raises the question: Why doesn't Swedish labor law work?

The strategy to sign collective agreements but refuse to abide by them is not only used by obvious crooks. The strategy is also used by many companies within reputable employers' associations, such as ALMEGA in the service sector.

The third strategy (hiring other companies with cheap labor) is often used by municipal and state employers. Labor is cheap because these companies don't have or don't follow collective agreements – *or* the companies apply agreements that are so lousy that labor is cheap.

The fourth strategy (collective agreement shopping) is promoted by new legislation, namely the Swedish anti-strike act of 2019. This act was supported by leaders of the big social democratic union LO as well as by leaders of the white-collar unions TCO and Saco. Union grassroots and critical lawyers warned that the anti-strike act would protect employers who conduct collective agreement shopping. It was dismissed as "heresy" by the LO secretary Torbjörn Johansson (in Swedish: "irrläror").

After the anti-strike act entered into force, numerous cases of collective agreement shopping have been reported, primarily by the union paper Arbetaren. The former LO lawyer Kurt Junesjö sums it up: "LO unions are now stuck in the shit." LO organizes most of the blue-collar working class. Of course, collective agreement shopping can also drive white-collar workers into the shit. One example is that already in 2018, the Swedish Union of Journalists accepted insecure employment contracts for up to 4 years (according to a new collective agreement)

instead of a maximum of 2 years (according to the old agreement).

The fifth strategy (to comply with collective agreements but change the content to the detriment of workers) is used by employers in the export industry. These employers have a weapon in negotiations that surpasses the lockout several times over: the threat of relocating production across national borders.

### **FIRST MYTH**

Swedish trade unions are good at praising collective agreements, but worse at monitoring and enforcing agreements. Collective agreements are praised in an uncritical way that actually harms workers. Many unions fuel myths about collective agreements that make it harder for workers to understand their situation and improve it. We are referring to three myths in particular that should be dispelled as soon as possible.

The first myth is that collective agreements is a guarantee for workers' rights. No, collective agreements contain rights, but these rights must be defended when employers violate them. According to Swedish law, this is done through private enforcement. Hopefully, this means that a union will react with negotiations and lawsuits when there is a breach of an agreement. Unfortunately, this doesn't work against militant and rich employers. Then the collective of workers must assert their rights and put suitable pressure on the bosses.

Some Swedish trade unions appear to have given up when it comes to monitoring and enforcing collective agreements. Two LO unions in the construction industry and hotel and restaurant industry each have a list of "decent" employers. On these lists we find employers who systematically violate collective agreements. The two LO unions know it, but they let the employers remain on the lists (with the argument that the employers are bound by collective agreements).

Another union that seems to have given up is the LO union that organizes care takers of real estates. Syndicalists in this industry have first-hand experience of this union actually pro-

ways to confront the bosses! Creativity on the shop floor is the essence of syndicalist strategy.

tecting criminal employers. In exchange, the employers pressure their employees to join the LO union.

Syndicalists spend a lot of time and energy defending collective agreements concluded by LO unions within the construction, real estate, hotel and restaurant industries. But more hard work is needed.

### **SECOND MYTH**

The second myth promoted by Swedish unions is that collective agreements are purely beneficial to workers, that they are wholly positive. No, collective agreements are a product of struggle, compromise and horse trading. Collective agreements are in themselves neither positive nor negative. It is the content of the agreement and the union's ability to monitor and use the agreement that determine the value of the agreement.

One aspect of collective agreements that is always negative for workers is the industrial peace obligation, i.e. an anti-strike clause that automatically follows every agreement according to Swedish law. This does not prevent the employer from using a multitude of weapons against the staff: relocation, reorganization, planning under threat of dismissals, etc.

From the workers' point of view, the industrial peace obligation can be accepted if the union succeeds in selling industrial peace at a high price. In 2007, a survey showed that employers within the hotel and restaurant industry are the most positive employers when it comes to collective agreements. In Arbetaren, Rebecka Bohlin made the following comment: "It's really not surprising that employers in the hotel and restaurant industry are satisfied with their collective agreements – after all, the deal gives them the cheapest labor in the country."

The most employer-friendly part of Swedish collective agreements is that the agreements usually give employers very strong prerogatives when it comes to leading the labor process. This means, for example, that employers can arbitrarily increase the work pace and reduce staff density, without breaking collective agreements.

Employers' prerogatives have been expanded through so-called "individual wage setting". Syndicalists underline that this gives bosses the right to arbitrary determine wages. The worst variety of "individual wage setting" is so-called zero agreements. It means collective agreement without guaranteed wage increases. That is to sell industrial peace at a pretty low price.

Furthermore, many collective agreements contain concessions that give workers weaker rights than stipulated in Swedish law. Statutory rights can to a large extent be replaced by collective agreements. Sometimes collective agreements have been so lousy that the Swedish Labor Court has classified the agreement as an "undue erosion" of workers' rights. In these cases, employers have been forced to apply the law instead of the collective agreement.

An example of a collective agreement which, in our opinion, should be regarded as "undue erosion" is an agreement in the health care sector. This agreement covers personal assistants in private companies. The agreement gives companies the right to terminate an employment as soon as the cooperation with the client doesn't work. If the companies were not bound by this collective agreement, they would be obliged to try to relocate the worker to another client or to another job within the employer's business (according to the Swedish employment protection act).

### THIRD MYTH

The third and last myth is that employers without collective agreements have the right to pay as low wages as they wish. This myth has been promoted via LO's posters and advertisements. It can appear to be true, because in Sweden we have no minimum wage according to law. But in fact, Swedish unions can take the employer to court and demand fair wages. The standard for fairness will then be the nationwide collective agreement in the industry. This means that the court can level the wages, at least to the minimum level of the national collec-

tive agreement. If there is no national agreement, current wage statistics in the industry can serve as a standard.

The Labor Court cases are clear in situations where the individual's wage is *unclear*: then the wage must be adjusted up to the minimum level of the collective agreement. What if, on the contrary, a wage is both *clear* and low from the start? Even in these situations, the court would probably adjust the wage up to the minimum level, at least if the worker is in a particularly weak or inferior bargaining position.

### FIGHTING BACK

When workers need a clear understanding of their situation, Swedish unions provide the opposite. Why do so many unions produce myths about collective agreements? Why are so many unions so dishonest? A crude but reasonable answer is that Swedish unions suck. If Swedish unions were honest about their corrupt and weak performance, they would probably lose many members and recruit very few. The myth of the collective agreement as being this fantastic and universal solution serves as a façade of a pretty rotten house.

Anyhow, if workers are to defend collective agreements and push the frontline forward, the myths about collective agreements must be dispelled. All union organizers and shop stewards should repeat three things: that collective agreements do *not* guarantee rights, are *not* purely beneficial to workers and that employers without collective agreements do *not* have the right to pay as low wages as they wish.

We also need to repeat what the basic task of the union is. A successful union conducts collective struggle for collective deals. Then the deals will have a valuable content that workers are willing to defend.

All union representatives should also encourage workers to unleash their creativity. Try both collective agreements and other ways to make deals! Try both strikes and alternatives to strikes! Try both formal collective bargaining and other