



## NEWS

# Swedish employment law – a drama with many acts

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Text: Gunhild Wallin, photo: Fredrik Sandberg/TT

**The rules covering the labour market still create heated debate in Swedish politics. Time and again, this issue has challenged the government's survival. It also highlights disagreements between the governing Social Democrats and the Swedish Trade Union Confederation LO.**

After much toing and froing, on 1 November Prime Minister Stefan Löfven announced that he wished to further review the country's labour market rules. This came after the PTK union, representing salaried employees in the private sector, and the Confederation of Swedish Enterprise agreed on 16 October on how the rules should function in the Swedish labour market.

By then, LO had left the so-called LAS (Employment Protection Act) negotiations and refused to sign the final offer. The disagreement centred on proposed priority rules ("last in, first out") during

labour shortages as well as new rules for making people redundant because of personal behaviour.

“We asked for negotiations because we wanted to improve job security in a modern labour market, but in the end it was, sadly, not enough,” LO President Susanna Gideonsson told Swedish Radio.

It is the agreement between PTK and the Confederation of Swedish Enterprise which will now be further reviewed and turned into legislation. Stefan Löfven has also invited LO to take part in this, even though the confederation could not reach an agreement with the other parties this autumn.

“When the government starts a review, we will not refuse one party to speak their mind, that is not the way to do things,” Löfven told the Agenda news programme.

The review that Löfven is talking about is a ministry memorandum, i.e. a simpler review which can be dealt with at the Ministry of Employment, before being used in a proposition and later legislation. The agreement between PTK and the Confederation of Swedish Enterprise should form the basis for this review. In a comment to the TT news agency, Minister for Employment Eva Nordmark underlined that it was important that the review was referred for consultation and that all consultation bodies should be listened to because it “represents the greatest changes since the introduction of LAS, the Employment Protection Act.”

“What the government has now said is that we will move forward and table a proposal in line with the parties’ agreement, rather than carry on with the so-called LAS inquiry,” Nordmark told TT.

## **Many disagreements**

The arguments over which rules should shape the Swedish labour market have split political parties as well as the social partners in their view of the matter. Legislation or agreement? How far can the Social Democrats go in their quest to honour the so-called January agreement, which includes the conditions the Centre Party and the Liberals set in order to lend their support to a Social Democrat government?

That agreement left it in no doubt that the labour market rules needed changing, especially in terms of excluding more employees from the “last in, first out” rule during redundancies. The Left Party has also been a strong voice in the debate, repeatedly threatening with a vote of no confidence in the government if they went too far in their interpretation of the rules covering employment security.

## **Proposed legislation waiting in the wings**

The social partners were given the opportunity to agree on the issues surrounding the rules regulating the labour market, with the knowledge that without an agreement the government would legislate. Negotiations between PTK, the Confederation of Swedish Enterprise and LO began back in 2017 but were intensified from mid-August this year.

Last September a deal was ready to be struck. Many held their breath. If the parties could not agree, the labour market rules might become legislation, which trade unions and most employers saw as an attack on the Swedish model. The social partners wanted to regulate wages and conditions through agreements, not legislation, like in other Nordic countries.

## **A short-lived public inquiry**

The so-called LAS inquiry, a public enquiry into modernised labour market rules, was already presented in the spring, while wage negotiations were taking place.

In April 2019, special commissioner Gudmund Toijer was tasked with investigating how to modernise labour market rules while maintaining a basic balance between the social partners. His mandate included introducing a clear increase in the number of exceptions from the priority rules and to increase employers' responsibility for skills development and improve employees' ability to retrain.

He also pointed out the importance of making it easier for smaller companies to make use of redundancies. But the inquiry did not fare well in consultation rounds and has since been abandoned. So instead the government now wants to introduce legislation based on the agreement between PTK and the Confederation of Swedish Enterprise.

## **Stronger skills development**

PTK describes the agreement as "a new and more proactive system for security in the labour market." In addition to job security, safety should also mean people have the chance to develop their skills for the job they have or will have in the future. Skills development opportunities will be improved partly by giving individuals economic support for shorter or longer-term training.

This could happen on the job, or in-between jobs. "The agreement rests on four pillars," writes PTK. These are job protection, support for retraining, the right to skills development and economic security during periods of unemployment. Part-time employees and those working for companies not covered by collective agreements will also be covered by the agreement.

The question is whether LO will want to take part in a continued inquiry built on an agreement reached after negotiations between PTK and the Confederation of Swedish Enterprise – negotiations LO left because they could not agree. And will PTK and the Confederation of Swedish Enterprise welcome LO as a party to the continued inquiry?

In an interview with the Arbetet magazine, PTK's negotiator ruled out allowing LO to change the agreement.

"LO cannot be allowed greater influence than other consultation bodies," he said.

Martin Wästfelt also told Arbetet that when the agreement is to be turned into legislation and deals, politicians can only influence how this happens – they cannot change the content. This is particularly true for the law on job safety and the guiding texts that trade unions and employers agreed on. Here, politicians must follow the agreement pretty much to the letter, he believes.

This means that wording like needing “a sufficiently serious breach of the employment contract” in order to fire an employee, is non-negotiable. On the other hand, the provisions on retraining and skills development need not be equally strictly interpreted.

“Politicians have the opportunity to use our agreement, but they don’t have to. Yet if they do want to use it, they must respect it. They cannot pick and choose from it,” says Martin Wästfelt.

Deputy CEO Mattias Dahl at the Confederation of Swedish Enterprise underlines on the organisation's website that it supports the agreement and that any changes are out of the question.

The fight over Swedish labour market rules is far from over. Will the Centre Party and the Liberals be content that the changes to the rules are sufficient? What will the Left Party say? Will they continue to threaten a vote of no confidence in the government if the last in, first out rules and employment protection is weakened? The drama looks set to continue.



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