

Summary

The aim of the proposals presented by the Committee is to contribute to efficient wage formation and to be beneficial for the Swedish economy, with strong growth and rising employment without upward pressure on inflation. This is an essential condition for reducing unemployment, and it provides a solid foundation for a profitable business sector, strong public finances, rising real wages, and good employment conditions in general.

The Committee's report begins by establishing four starting points for the proposals. The first is that salary formation, at present, is not functioning well. The second is that the institutional framework for wage formation is significant for the future progress of the economy. The third is that, in general, agreement is better than legislation. The fourth is that broad support among the labour market parties and in the Swedish Parliament, the Riksdag, would be required for legislative changes in this area.

The Committee makes proposals for action in five areas, which, taken together, should contribute to improving the efficiency of wage formation.

These proposals will make it easier for the parties to reach agreements peacefully, and this will be beneficial to the Swedish economy. The proposals should be implemented before the majority of the current agreements expire, and in good time before the next general election.

- 1) A new and stronger Mediation Authority should be established at the

latest on 1 January 2000. In this respect, the proposals are largely the same as those in the Committee's interim report (Mediation Authority and Wage Statistics) SOU 1997:164. The Committee proposes:

- that a new and stronger Mediation Authority be established at the latest on 1 January 2000, with the task of negotiating and promoting an efficient system of wage formation. The Mediation Authority should have a governing body of five civil servants, and three employed arbitrators, one of whom - the National Mediator - shall be the head of the Institute. The Mediation Authority should additionally have approximately ten employees, whose areas of expertise should include economics, wage statistics and law. The Mediation Authority should in its dealings with the labour market parties also involve three expert advisory committees in the fields of contracts, economics and wage statistics.

(2) The Mediation Authority and the mediators should have enhanced authority. This enhanced authority will give the Mediation Authority a position which is significantly stronger than that of the present Förlkningsmannaexpeditionen (the National Conciliators' Office). The Committee proposes:

- that the Mediation Authority should have the authority to act in good time, and to invite the parties for discussions, to ascertain, among other things, the timetables and demands which will form the basis for future negotiations,

- that the Mediation Authority should encourage the co-ordination of timetables for negotiations and agreement periods,

- that the Mediation Authority should encourage the co-ordination of the contents of agreements,

- that the period of notice for industrial action be extended from 7 to 14 days,
- that the Mediation Authority should be able to delay notified industrial action by a maximum of 14 days,
- that the Mediation Authority should be able to request that the parties settle conflicts of interest through arbitration, and that a permanent arbitration board be appointed,
- that the parties should be obliged to attend meetings called by the Mediation Authority, but
- that, on the other hand, it should not be possible to decide on the consolidation of different arbitration offers.

(3) Firm setting of standards. A common view of the situation makes it easier for the parties to reach agreement without conflict. It also makes it easier for the parties to reach an agreement which contributes to a sound development of the Swedish economy. The Committee proposes:

- that wage statistics should be improved in accordance with the proposals in the interim report, and that the Mediation Authority should be the party which commissions the government wage statistics,
- that reports on wage trends etc. in Sweden and in other countries, and on the economic prerequisites of salary negotiations, should be drawn up each year.

(4) Tighter rules on conflict. A better balance between the labour market parties should make it easier for the parties to reach agreements which promote the sound development of the Swedish economy. The Committee proposes:

- that the right to take sympathetic industrial action should not be removed, but should be limited,
- that a requirement for proportionality should be introduced in order to limit the possibility for an organisation to take industrial action - resulting in substantial costs for the opposite party and third parties - without itself incurring substantial costs,
- that a prohibition on industrial action against sole traders or family companies should be introduced, but
- that a requirement for a vote of members before industrial action should not be introduced.

(5) Equality. The ability of the Mediation Authority to contribute to increased equality between women and men should be protected by improving the basis of analysis of wage trends for women and men, and ensuring that the Arbitration Institute has the necessary expertise in equality matters. The Committee proposes:

- that wage statistics should be improved, that the research data on male and female wages be improved through the addition of wage information to the LINDA database, that the annual reports on wage trends etc. should contain a special chapter on wage trends from an equality perspective, and that the Mediation Authority be provided with the necessary expertise in the equality area.

It is, in general, better if relations between the labour market parties are regulated through collective agreements, rather than in law. In this respect, it is encouraging that SAF, LO, TCO and SACO¹ have entered into

¹ The Swedish Employers' Confederation, The Swedish Trade Union Confederation, The Swedish Confederation of Professional Employees, and The Swedish Confederation of Professional

discussions on the possibilities to improve mutual understanding. The Industry Agreement has been an asset in this year's salary negotiations, and the Committee has noted that discussions are in progress on similar agreements in other areas. The Committee's proposals are formulated to avoid interfering with negotiations in these areas. Furthermore, the proper functioning of the Committee's proposals is not dependent on how the parties decide to develop the negotiating system, but the Mediation Authority should, however, encourage the parties to collaborate. The Committee further points out, that, as in Denmark, it is possible to combine increased central co-ordination with greater local freedom to adapt agreements within individual companies and public authorities. Results-based salary structures may be another way of improving salary formation.

Finally, the Committee proposes that the Government appoints a council for regular discussions with the labour market parties to restore understanding and harmony. Other countries, such as Denmark, Finland, Ireland, the Netherlands and Austria, have benefited from this kind of approach. The Committee believes that it would be a great advantage if the Government and the labour market parties could achieve a common understanding of what is good for the country. Such a common understanding should include a preference for low nominal wage cost increases and low inflation. This should strengthen both the corporate and public sectors, and provide an opportunity to improve real wages.