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Abstract

The industrial relations models among the EU/EES countries vary widely. The Nordic model of self-regulation contrasts sharply to French state extension of collective agreements and minimum wage set by the state. While social dialogue often refers to tripartite negotiations, bipartite collective bargaining is characteristic of self-regulation. Swedish self-regulation is the most far-reaching among the Nordic countries, as state intervention is less common than in Denmark, Finland and Norway. In most EU/EES countries, in particular the new Central and Eastern European member states and Greece, union power is undermined by declining union density and shrinking coverage of collective agreements. In many cases, international organisations pushed through "structural reforms" weakening trade unions. The result is decreased bargaining capacity at industry level and difficulties in avoiding downwards derogations at company level. Even in some core eurozone countries governments have carried through "internal devaluation" to restore competitiveness. High union density (Finland) or high union mobilisation capacity (France) could not prevent this development. The economic performance of a country and degree of globalisation, including the absence of a national currency, appear more important. Swedish union density is still among the highest in the world but has declined considerably in the last twenty years. As a strongly export-dependent country dominated by large transnational groups, is Sweden very exposed to globalisation. This has shifted the balance of power to the advantage of transnational companies, and by that circumscribed the unions' efforts to achieve developing jobs and improved working environment.

Keywords: social dialogue, union density, collective bargaining, self-regulation, state regulation, globalisation

Introduction

A sustainable social dialogue presupposes a relatively even balance of power between trade unions and employers. In several European countries the actions of employers, states and international institutions have weakened unions so much that the social dialogue is close to collapse. With a wide definition of social dialogue collective bargaining is included. To examine the differences between the EU/EES countries (including the UK), we will use two indicators of associational and institutional union power of great importance for creating sustainable workplaces: union density and the coverage of collective bargaining. Combining these, Nordic unions are the most powerful in the world, in particular when taking account of the wide right to strike in these countries. This right is absent in the social dialogue as this term is commonly used. In the Central and Eastern European members states (the CEE states)[1], which were part of the former Eastern bloc, social dialogue was often introduced in the form of tripartite talks as a substitute for collective bargaining.

The social dialogue at EU level does not include wages and industrial action, as they are considered national issues. This has not prevented the EU court from restricting the right to strike in for example the Laval case. Nor has it hindered the European Commission and the European Central Bank from putting pressure on governments to enforce opening clauses in collective agreements.

The bargaining parties in the Nordic countries prefer collective bargaining without the involvement of the state, in other words self-regulation under the auspices of unions and employers' associations. To protect this model, an intense social dialogue at both the national and the EU level has taken place regarding the Laval case and the introduction of a European minimum wage. In a common letter to the European Commission 22 October 2020, the Nordic ministers of employment stress the importance of fighting social dumping and strengthening the social dialogue, which includes "encouraging higher union density and promoting the possibility for the social partners to find solutions to labour market challenges, many of which require nationally tailored measures." According to the ministers, that means "respect for systems based on collective bargaining" and that future initiatives on minimum wage would "not interfere with labour market models where wages are regulated by collective agreements", that is the Nordic models of self-regulation.

Apart from the industrial relations model of the CEE states, and that of the Nordic countries, the EU/EES also includes the Continental European model, the Southern European and the Anglo-Saxon. The Anglo-Saxon model (United Kingdom and Ireland) is, like the Nordic model, characterised by "voluntarism" (UK), but unions are much weaker. In the British private sector industry agreements are almost absent. Industrial action in the UK is circumscribed by legislated voting rules and bans on sympathy strikes.

[1] Bulgaria, Czech Republic, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

The Continental European model comprises Germany, Austria, Belgium, the Netherlands and Switzerland. Tripartite solutions (social partnership) are common. The German IG Metall, recruiting both blue-collar and white-collar workers, concludes pattern-setting industry agreements. At workplace level employees are represented by works councils. Only Belgium, the birth country of the Ghent system, has a high union density. The density of employers' associations is usually high.

In contrast to the Nordic countries, the employment rate of women is low in both the Continental European model and the Southern European model, in which the union movement is divided along political and religious lines. Apart from Italy union density is low, but this is partly compensated by a high mobilisation capacity aimed at influencing political decisions. Due to state extension, have France and Spain a very high coverage of collective agreements. French state regulation is the opposite to Nordic self-regulation.

In the Central and Eastern European model (the CEE states), the coverage of collective agreements is low or very low, despite EU efforts to introduce social dialogue. The employers, including foreign multinational companies, are reluctant to bargain industry agreements. Where collective bargaining exists, it is usually decentralised to company level. The governments' neoliberal economic and social policy has further weakened already weak union movements.

This typology of five European industrial relations models should not be taken as absolute. Changes may occur by time and the emphasis can be on different aspects. Eurofound (2020) places Germany in the Nordic model, due to the higher autonomy of collective bargaining and less extensive state intervention than in other Continental European countries.

Considering the degree of self-regulation and bargaining power of unions and employers, the Nordic and Continental models surpass the CEE model, the Southern European model and the Anglo-Saxon model (Eurofound, 2020, p. 40). The same applies to the degree of co-ordination and centralisation of collective bargaining.

The Nordic model stands out compared to all the others, by the strength of unions at both industry and workplace level. Consequently, the capacity to deal with economic and other challenges, and to maintain their position vis-à-vis the employers can be expected to be greater than in other European countries. We will see whether this has been true in the last twenty years.

The Nordic model of industrial relations

Nordic industrial relations are distinguished by a high degree of self-regulation, which means that collective agreements concluded by well-organised labour market parties have a prominent position in regulating wages and other employment conditions. None of the Nordic countries have legislated minimum wages, which does not mean that the state is

without influence. The Nordic model includes "social democratic" welfare states strengthening the position of workers vis-à-vis employers. The Ghent systems in Denmark, Finland and Sweden represent a mix of state regulation (state-subsidized unemployment funds regulated by law) and self-regulation (almost all funds are union-led). The government is also responsible for an active labour market policy.

The Swedish model of industrial relations is the closest to a Nordic ideal type, as regards degree of self-regulation. The government is much less involved in wage formation than in Denmark (mediation proposals not seldom transformed into law), Finland (a tradition of tripartite bargaining) and Norway (compulsory arbitration). In contrast to Finland and Norway, Sweden has no state extension mechanisms of collective agreements. Furthermore, Sweden is in a class of itself by its extremely low frequency of labour market conflicts. The socially segregated Nordic model of separate unions and union confederations for blue-collar workers ("the LOs"), academic professionals and other white-collar workers is most evident in Sweden, in particular since LO-Denmark merged with the largest white-collar confederation. In addition, the Swedish white-collar unions are considerably stronger than their Nordic equivalents. The Danish private sector employer confederation even refuses to conclude collective agreements with the academic confederation Akademikerne and its affiliates.

Sweden is also the only Nordic country in which blue-collar and white-collar unions across confederations set the "mark" (the industry norm) for wage increases throughout the labour market. In the autumn 2020, the former bargaining cartel PTK, representing the large majority of private sector white-collar union members, concluded a basic agreement with the Confederation of Swedish Enterprise. After some adjustments, the two largest blue-collar LO unions, IF Metall and the Municipal Workers' Unions, joined the agreement, but LO-Sweden was itself not among the signatories. That marks a substantial power shift within the union movement since 1938, when LO alone signed the basic agreement, the Saltsjöbaden Agreement. Both these basic agreements were negotiated after pressure from social democratic governments. As the government this time was dependent upon two neoliberal parties, the employers had a very strong negotiating position. Although the agreement will be implemented through a social dialogue between the signatories and the government, it is considered a victory for the Swedish model of self-regulation. There will be tripartite deliberations about changes of the Law on employment protection, the implementation of the new transition agreement and a collectively agreed unemployment insurance, in which the current unemployment funds will remain. The revised law will increase the employers' freedom to select individuals in case of layoffs. In the two other issues, the participation of the government is necessary for financial reasons.

Despite their outstanding strength, Nordic unions are also facing a multitude of challenges. Sweden is chosen as an illustration, as the Swedish variant of the Nordic model includes the most far-reaching self-regulation, together with Denmark the highest union density, the highest density of employers' associations, and the longest record of social democratic government influence on the welfare state and labour market: 1932-76, 1982-91, 1994-2006

and since 2014. As in Denmark and Finland, union density has declined considerably since the mid-1990s. Swedish unions are also challenged by a shift of power to large transnational companies expanding their share of employees abroad, a rapid growth of non-unionised posted workers and the most extensive privatisations of welfare services.

Swedish unions facing challenges

The 1997 Industry Agreement assigns the role of setting the wage "mark" for the whole labour market to unions and employers' associations within the export-dominated manufacturing industry (Kjellberg, 2019b). An important aim is preventing wage increases jeopardising Swedish competitiveness. The Industry Agreement for more than twenty years has been compatible with rising real wages and a very low frequency of labour conflicts. The "wage mark" or "industry norm" is set through negotiations between the employers' associations and unions in manufacturing industry, among them IF Metall (affiliated to the blue-collar Swedish Trade Union Confederation, LO), Unionen (affiliated to the white-collar Swedish Confederation of Professional Employees, TCO) and the Association of Graduate Engineers (affiliated to white-collar Swedish Confederation of Professional Associations, Saco). Unionen is the largest Swedish union, the Association of Graduate Engineers the largest Saco union and IF Metall the largest private sector LO union. The alternative to this model of self-regulation would have been increased state intervention into wage formation. The new, reinforced Swedish Mediation Office, founded in 2000, instead have a supplementary role of facilitating the implementation of the mark set by the parties behind the Industry Agreement. In the early 1990s the strongest state involvement ever in Swedish wage formation took place by a social dialogue, in which a government commission under pressure persuaded the unions to conclude "stabilisation agreements".

Declining Swedish union density

Swedish union density has declined considerably since 2000, in particular since 2007, creating growing divisions between different categories of employees (Table 1):

- In 2006 union density was 77% among both blue-collar and white-collar workers. In 2019 only 60% of blue-collar workers were union members compared to 72% of white-collar workers. The Swedish definition of blue-collar workers is very wide, and includes most sales personnel and restaurant employees. Especially the latter had to pay very high contributions to their unemployment fund, since the centre-right government raised them considerably in 2007 (Kjellberg, 2011). From mid-2008, the contributions were linked more closely to the unemployment among the members of each fund. As unemployment in general is highest among blue-collar workers the total union and fund fee could be very high for this category of workers. That is the main explanation to the increasing divergence between blue-collar and white-collar

union density during the period 2007-2013, when fund contributions were considerably raised.

- Likewise, in 2006 77% of both domestic-born and native-born blue-collar workers were affiliated to a union. In 2019 64% of domestic-born and only 51% of foreign-born blue-collar workers were union members.
- Union density has declined most among employees with fixed-term jobs and among young people.

Table 1. Union density in Sweden among blue-collar and white-collar workers by country of birth, 2006-2019 (% and percentage points)

	2006	2013	2019	2006-2019	2013-2019
Blue-collar union density					
Foreign-born	77	60	51	-26	-9
Domestic-born	77	67	64	-13	-3
All blue-collar workers	77	66	60	-17	-6
Share of blue-collar workers born abroad	16	21	29	+13	+8
White-collar union density					
Foreign-born	70	67	65	-5	-2
Domestic-born	77	74	74	-3	0
All white-collar workers	77	73	72	-5	-1
Share of white-collar workers born abroad	10	13	16	+6	+3

Remark. Employees aged 16-64 years, excluding full-time students working alongside the studies.
Source: Labour force surveys.

Since 2006, union density among foreign-born blue-collar workers has declined twice as much as among native-born, and three times more if only taking account the period 2013-2019 when refugees in very large numbers arrived in Sweden. In contrast to most other countries, asylum seekers have the right to work during the asylum application process. Contributory to their low rate of unionisation is that most refugees arriving during the past ten-fifteen years are from non-European countries, and therefore with limited knowledge of trade unions and collective agreements. Furthermore, foreign-born blue-collar workers are overrepresented in private services with a low union density, like restaurants and cleaning.

Growing share of foreign-born workers

Sweden received more refugees per capita than almost all other EU countries, and has one of the most liberal regulations in OECD regarding third country labour migrants. In some industries, there are signs of ethnic segmentation and exploitation of low-skilled foreign-born workers. In restaurants, they often have employers with a foreign background (Frödin &

Kjellberg, 2018, 2020). A large share of these, often small, companies have no collective agreements. Foreign-born employees to a much higher degree than native Swedes risk falling outside the Swedish labour market model, also because of much higher unemployment (15% in 2019) compared to native-born employees (4%).

Sweden is among the European countries with the highest shares of foreign-born in the population. This share has increased rapidly among blue-collar workers: from 16% in 2006 to 29% in 2019. In the public sector and private services excluding commerce every third worker is foreign-born.

Few workers posted to Sweden are union members. There are plenty of evidence suggesting a high prevalence of bad working conditions at many sites with posted workers. The government failed in 2020 to give the regional safety representatives access to workplaces with collective agreements but without union members. The parliamentary majority of liberal and conservative parties rejected the proposal, but the Building Workers' Union succeeded, after a strike notice, in obtaining this right. The Swedish Confederation of Enterprise wishes to replace regional safety representatives with non-union representatives assisted by officers from the Work Environment Authority. Obviously, the employers wish to get rid of representatives who with some authority can demand improved working environment in companies without local union safety representatives. Non-union safety representatives at such workplaces would hardly be able to effectively represent the workers vis-à-vis the employer, in particular as they often are afraid of being sent home if they contact a union. This is a problem for Swedish unions trying to organise posted workers in construction, where most of them are from Poland and far from always formally employees. In construction the growing "grey area" of false self-employed dependent upon a single employer is closely related to "the frequent use of long subcontracting chains in which self-employed migrant workers are often to be found at the end-point of these supply-chains" (Thörnquist, 2015, p. 419).

The Swedish model of self-regulation was for many years curtailed by the EU directive on posted workers, as industrial action for terms of employment in accordance with Swedish collective agreements became illegal after the 2007 Laval sentence. Consequently, the closest Swedish equivalent to extension mechanisms, the right to take action to get a collective agreement, by EU institutions was partly eliminated. When Sweden in 1995 joined the EU, it was promised that the Swedish model of industrial relations would be left intact, but the Laval sentence showed that the principle of free movement of services had priority over the principles of subsidiarity and non-discrimination by nationality.

A shift of power to globalised companies

Another challenge facing Swedish unions is that globalised companies easily can move production across borders. In the 80 largest Swedish-owned manufacturing groups, the share of employees abroad was doubled between 1980 and 2018 (Table 2). The number of

employees in low-wage countries employed by these groups grow by more than four times, and made up 2018 more than twice as many as those in Sweden. Remaining in Sweden was less than every fifth employee in the 80 largest manufacturing groups. In 2018 the expansion abroad seems to have ceased, and a small increase taken place in Sweden.

Table 2. Number of employees in Sweden and abroad in the 80 largest Swedish-owned manufacturing groups, 1980–2018.

Year	Total number of employees	Employed in Sweden	Employed abroad	Of which in low wage countries*
1980	773 100	447 000 (58%)	326 100 (42%)	74 300 (23%)
2000	706 500	220 200 (31%)	486 200 (69%)	133 200 (27%)
2010	672 000	137 100 (20%)	534 900 (80%)	237 500 (44%)
2015:1	870 800	146 000 (17%)	724 800 (83%)	349 600 (48%)
2015:2**	757 800	129 700 (17%)	628 100 (83%)	288 000 (46%)
2017	819 500	131 100 (15%)	688 400 (85%)	321 400 (47%)
2018	819 800	133 400 (16%)	686 400 (84%)	319 300 (47%)
1980–2015:1	+97 700 (+13%)	–301 000 (−67%)	+398.700 (+122%)	+275.300 (+371%)
2015:2–2018	+62 000 (+8%)	+3 700 (+3%)	+58 300 (+9%)	+31 300 (+11%)

* Share of employes abroad (%).
** Some large groups changed code from manufacturing to services.
Source: Swedish Agency for Growth Policy Analysis.

Above all, the number of *blue-collar* workers in Sweden decreased. In manufacturing, a largescale *migration of jobs* has taken place, many of which were unskilled assembly jobs. The dominant employer response to the intensified international competition is increased flexibility, for example through outsourcing and hiring of personnel. In manufacturing industry, it is easier to hire personnel or move production abroad if the work is standardised and cycle times short. The introduction of lean production promotes such a development. Today the strategy of IF Metall is to cooperate with the companies in order to design lean production in a way that prevent impoverishment of work while raising productivity. Given the change of the balance of power to the advantage to the employers due to the globalisation process, the union found no other choice.

According to surveys among the IF Metall workplace clubs, the cycle times have successively been shortened (Kjellberg, 2019a). The most negative development occurred along assembly lines and in the largest companies. A dual picture emerged. In some workplaces, all blue-collar workers were covered by development at work. In others, primarily skilled workers got the opportunity to develop in their work, while other workers were not included at all, or experienced a negative development. Much higher unemployment than in the 1970s and 1980s, and the hiring of personnel, restrain the companies' interest in creating developing jobs. The contrast is sharp to the 1980s, when the Metalworkers' Union launched the concept

of "good work" and some large manufacturing companies showed great interest for this, in order to solve problems of quality and high labour turnover. In the 1990s, rapidly rising unemployment and the introduction of new production concepts fundamentally changed this. As a result, "simple jobs" have far from disappeared in manufacturing industry. Ericsson and Electrolux have moved almost all production abroad, but the vehicle manufacturers Scania, AB Volvo and Volvo Cars have still a significant production in Sweden, primarily based on assembly lines.

The main reason for IF Metall joining the new 2020 basic agreement was gaining access to the transition scheme. This includes very generous opportunities to competence development for those losing their jobs at a time when many jobs are threatened in connection with the introduction of new technology such as digitalisation and the replacement of internal combustion engines with electric motors in the large Swedish automotive industry.

As we have seen, the globalisation of jobs comprises a twofold process: a migration of jobs from Sweden and a migration of workers to Sweden. Of course, far from all jobs created abroad by Swedish transnationals have moved from Sweden. Conversely, some jobs are created or retained in Sweden due to the expansion abroad. Anyhow, several Swedish manufacturing jobs have moved to other countries, or disappeared because of raised productivity.

A similar employment shift appears also when we look at all Swedish-owned international groups including the services. In 1993, every second employee is these groups worked outside Sweden and in 2018 seven of ten (Table 3).

Table 3. Number of employees in Sweden and abroad in all Swedish-owned international groups, 1993–2018.

	Groups	Number of employees			
Year	Number	In all	Sweden	Abroad	Of which in low wage countries*
1993	750	1 146 400	611 300 (53%)	535 100 (47%)	88 700 (17%)
2000	913	1 499 900	589 900 (40%)	910 000 (60%)	212 700 (23%)
2010	2 288	1 619 300	488 200 (30%)	1 131 100 (70%)	408 800 (36%)
2015	3 132	1 957 200	560 800 (29%)	1 396 400 (71%)	586 300 (42%)
2017	3 199	2 044 800	588 800 (29%)	1 456 000 (71%)	605 300 (42%)
2018	3 103	2 165 800	659 400 (30%)	1 506 400 (70%)	613 000 (41%)

* Share of employes abroad (%).
Source: Swedish Agency for Growth Policy Analysis.

Another indicator of increasing globalisation is that the number of employees in foreign companies between 1980 and 2018 increased from 114 000 to 680 400, or from 5% to 21% of private sector employees. In manufacturing industry, 39% worked in foreign-owned

companies in 2018, and in private services 20% (Tillväxtanalys, 2019). Being large, former Swedish-owned companies with headquarters in Sweden Volvo Cars and Scania are well-integrated into the Swedish model. That is far from always the case with recently established American IT or gig giants as Facebook, Google, Amazon Web Services and Uber, with Microsoft as an exception.

Many Swedish-owned IT companies, like Spotify, also prefer not signing collective agreements. At the end of 2018 nine out of ten startup tech companies founded in Sweden had no agreements. In the private sector, Swedish collective bargaining coverage is about 82-83% of the employees. Anyhow, about a half million employees work in companies without collective agreements. To these should be added several self-employed persons, freelancers, gig-workers etc., who in reality are dependent on a single or a few companies providing them with jobs.

Flexibility for employers: not always sustainable for health care and health care workers

The terms of employment, however, might be worse for some blue-collar workers *with* collective agreements than for white-collar workers in some large IT companies *without* agreements. In the women-dominated health and care sector, there exist large qualification and education gaps between different categories of employees. In health care, the educational level was raised by the replacement of health care assistants (*sjukvårdsbiträden*) by practical nurses (*undersköterskor*), in turn partly replaced by nurses (*sjuksköterskor*). The remaining health care assistants (*vårdbiträden*) are above all found in elderly care and home care, where also the majority of practical nurses are employed. A substantial and growing proportion of the health care assistants have the most insecure forms of temporary work such as employment on time or call basis. In 2010 37% of the health care assistants were hourly employed and in 2019 50%.[2] During the corona pandemic, it became obvious that their lack of education and insecure employment facilitated the spread of the disease. Those employed per hour without guaranties for additional work are in reality self-employed day laborers. Would they, because of sickness, stay at home, they risk not being called in more times. Nor do they have the right to sickness benefits. In the first half of 2020, the number of registered work-related diseases increased dramatically (by 60%), and most in health and elderly care, where the increase was no less than 219% (Swedish Work Environment Authority 2020-10-13).

Employer demands on increased flexibility, which the centre-right government met by the introduction of "general fixed-term employment" in 2007, explains the growing share of health care assistants with the most insecure forms of employment. Temporary employment is common in public sector and private sector elderly care, but most frequent in the latter

[2] Since 2010 the health care assistants' share of the employees in health and long-term care, however, has declined somewhat, while the share of practical nurses has increased. In 2019 the latter was almost twice as many as the former. Email 2020-06-25 from the Swedish Association of Local Authorities and Regions.

(Kommunal, 2016). The Municipal Workers' Union, which recruits members in both the public and the private sector, signed the 2020 basic agreement after negotiations, resulting in improved terms of employment for the most insecure forms of fix-term employees.

Both practical nurses and health care assistants are in Sweden classified as blue-collar workers (*arbetare*) and are organised by the Municipal Workers' Union (LO), nurses by the Swedish Association of Health Professionals (TCO) and doctors by the Swedish Medical Association (Saco). The rate of unionisation varies strongly between these categories of personnel: from circa 50% among health care assistants to almost 80% among practical nurses and nurses, and just above 80% among doctors (Kjellberg, 2020a). Private sector health care assistants have a lower union density (about 40%) than those in the public sector (about 50-55%). In the years 2001-2003, about 80% of health care assistants at public employers were union members, consequently a remarkable drop in union density. To sum up: low union density, low wages, a growing share on insecure jobs and insufficient education motivates to label many health care assistants in elderly care and home care as precarious workers – despite a very high coverage of collective agreements.

That does not prevent the general level of education in the health care sector from increasing considerably, especially in the hospitals, as the health care assistants there have almost disappeared. Many of them studied as practical nurses in municipal upper secondary level courses (Komvux).[3] The number of skilled workers in health care and other services has increased to such a degree that the job polarisation thesis for Sweden has been rejected (Tåhlin, 2019). There might be a polarisation of wages, but this has to be distinguished from job polarisation. Low-paid workers is not always the same as unskilled workers, particularly not in woman-dominated sectors like health care. Women wages are lagging behind those of male workers with comparable qualifications in other sectors. According to Tåhlin (2019), the growth of women-dominated skilled jobs in for example health care has compensated for the decrease of men-dominated manufacturing jobs.

In Sweden, a relatively large proportion of the employees in welfare occupations today work in the private sector.[4] This share is highest in elderly and home care, and not without consequences for the balance of power between unions and employers. As we have seen, union density is considerably lower among health care assistants in the private compared to the public sector. The same applies to primary school teachers, nurses and practical nurses. Deregulations of railways, telecom, taxi etc., like outsourcing of IT, cleaning etc. from manufacturing companies, have similar effects. Today only 40% of taxi drivers are union members (lower among foreign-born).

[3] In 2018 the number of nurses in Sweden was 106 100, practical nurses 183 100 and health care assistants 76 700 (Swedish Occupational Register).
[4] In 2018 12% of teachers, 13% of practical nurses, 15% of nurses and 25% of health care assistants (Swedish Occupational Register).

How to check terms of employment in companies without collective agreements

Municipal procurements usually go to companies offering the lowest prices, and often without collective agreements. Companies affiliated to employers' associations often abstain from participation in procurements, as they consider the chances as too small and the terms of competition as distorted (Kjellberg, 2020a). Also, state-subsidised jobs for long-term unemployed, recently arrived immigrants and disabled persons tend to have such effects. From June 2017 the law on public procurements requires that wage, working-time and vacation must not be below the minimum level of the collective agreement, but insurances were not included and without a collective agreement unions are not able to sue employers for breach of contract.

EU plans to introduce legislated minimum wages in all member states. One of several questions is who should control that these wages are implemented also at workplaces without collective agreements. If legislated wages are introduced, the interests of joining unions might decline, together with the capacity of unions to enforce agreements at workplaces without agreements. In Sweden the Nordic model of collective agreements is widely considered as superior to legislation, as it allows greater flexibility, for example when implementing the EU directive on working-time. Minimum wages set by the state will not be adapted to the concrete circumstances in each industry. Above all, they will deprive the labour market parties from influencing an essential aspect of wage formation. Furthermore, according to the EU proposal, the minimum wage will be 60 per cent of the median wage in each country. That would, if applied, for almost all Swedish employees result in considerably reduced minimum wages. (Hällberg and Kjellström 2020) Legislated minimum wages will prevent the labour market parties from influencing an essential aspect of wage formation, and will be dependent upon the colour of the government in office.

Declining union density, but not converging except in CEE states

Since the year 2000, union density has declined considerably in almost all EU/EES countries, particularly in the new member states in Central and Eastern Europe (the CEE states). In three of these (Slovenia, Romania and Croatia), the share of workers affiliated to trade unions decreased from a relatively high level (40-44%) to 20%, which means a halved union density (Table 4). The CEE states already having a low density also experienced considerable drops measured in *percentage points* and far more in relative terms, that is in *per cent*. In Estonia, for example, union density declined by 10 percentage points (from 14% to 4%), which means a fall by more than 70% and of course a hard blow against unionism in that country.

Among the old EU states, the Nordic countries Sweden, Finland and Denmark are distinguished by the largest declines in percentage points. In all these three cases, a substantial part of the massive membership losses was a result of the remodeling of the

Ghent systems (state-subsidised union unemployment funds) by centre-right governments (Kjellberg & Ibsen, 2016). In Sweden, the contributions to the unemployment funds were considerably raised in the period 2007-2013. Union density declined from 77% in 2006 to 71% in 2008. A decline of six percentage points in the course of two years is remarkable also from an international perspective. In Finland an independent unemployment fund, which attracted large numbers of employees, came about in the 1990s.

In Denmark, cross-occupational unemployment funds in 2002 were introduced as an alternative to the traditional union-run funds. Many of them stand close to so-called alternative, "yellow" unions with low membership fees, and which are not involved in collective bargaining. If these unions are excluded from the calculation, the Danish union density declined from 72% in 2000 to 52% in 2019, that is a drop by no less than 20 percentage points. Excepting the three CEE states Slovenia, Romania and Croatia this is the largest fall registered in Table 4.

The Nordic high-density countries Sweden, Finland and Denmark were exposed to considerable declines in percentage points (about 10-15 points), but compared to the Czech Republic, Hungary, Poland, Bulgaria, Latvia, Hungary, Lithuania and Estonia there was a much smaller decline in *relative* terms, and therefore not so serious consequences. In Slovakia, union density declined considerably both in percentage points (minus 21), and in per cent (minus 66%). As a result, only 11% of the Slovakian employees today are union members. In the latest available year, no more than every fifth worker belonged to a union in three CEE states (Slovenia, Romania and Croatia), in five density was down to 11-13% (Slovakia, Czechia, Poland, Bulgaria and Latvia) and in another three just 4-8% (Hungary, Lithuania and Estonia).

To illustrate the significance of different ways of measuring union decline it could be mentioned that the Swedish union density since 2000 has decreased more in percentage points (minus thirteen points) than the Estonian one (minus ten points). While the Estonian relative decline, however, was as large as 71% (or almost three quarters of the 2000 density!), the Swedish decline was limited to 16%.

In a few countries, the fall in union density was modest or absent. Italy had 34% unionised workers in both 2000 and 2018. Norway showed a small decline (from 53% to 50%) like Switzerland (from 20% to 17%) and France (from 10% to 9%).

Like twenty years ago, the share of workers affiliated to unions differs greatly between countries and country groups. Among the old EU member states, varies union density considerably between South and North: from 9% in France and 14-15% in Spain and Portugal to 60% in Finland and 68% in Sweden, with Italy in a middle position on 34%. It is remarkable that only every sixth worker in a Continental European country like Germany is a union member, a country known for strong unions like IG Metall, but now adhering to the large group of member states with a statutory minimum wage, introduced on the initiative of the weakened German union movement.

Table 4. Union density in 27 EU/EES countries, 2000–2019 (%)

	2000	2005	2006	2010	2013	2014	2016	2017	2018	2019	2000-*	%**
Nordic												
Sweden	81	78	77	71	70	70	69	69	68	68	-13	-16
Finland	76	71	71	70	68	68	65	62	60		-16	-21
Denmark (1)	75	72	69	69	/69	68	63	63	64	63	-12	-16
Denmark (2)	72	68	65	62	/ 60	58	53	53	53	52	-20	-28
Norway	53	51	51	51	50	50	50	50	50	50	-3	-6
Conti-nental												
Belgium	56	54	55	54	55	54	53	52	50		-6	-11
Austria	37	34	32	29	28	28	27	27	26		-11	-30
Germany	25	22	21	19	18	18	17	17	17		-8	-32
Nether-lands	23	21	20	19	18	18	17	17	16		-7	-30
Switzer-land	20	19	19	17	17	16	15	17			-3	-15
Anglo-Saxon												
Ireland	36	33	32	34	31		26	25			-11	-31
UK	30	29	28	27	26	25	24	23	23	24	-6	-20
Southern												
Italy	34	33	33	36	37	36	34	34	34		0	0
Greece	25			22	22		20				-5	-20
Portugal	21		21	20			15				-6	-29
Spain	17	16	16	18	18	17	15	14	14		-3	-18
France	10	9	9	9	9	9	9	9	9		-1	-10
CEE												
Slovakia	32	23	21	15	13	13	11				-21	-66
Czechia	27	19	18	16	14	13	12	12	12		-15	-56
Poland	25	26	19	18			13				-12	-48
Slovenia	44	38	32	30	23	26	20				-24	-55
Romania	44		32				20				-24	-55
Croatia	40				29	25	22	21	20		-20	-50
Bulgaria	23	19		15	14	14	14	13			-10	-43

	2000	2005	2006	2010	2013	2014	2016	2017	2018	2019	2000-*	%**
Latvia	21		18	15	13	13	12	12	12		-9	-43
Hungary	20	17				10	9	8	8		-12	-60
Lithuania	17		10	10	8	8	8	8	7		-10	-59
Estonia	14	9	9	8	6	6	4	4	4		-10	-71

Remark. United Kingdom (UK) included in the table as it was EU member most of the period. Three small EU states (Cyprus, Luxembourg and Malta) excluded. Denmark including unemployed. Denmark (2) excluding "alternative" or "yellow" unions.
* Change in percentage points between 2000 and latest available year.
** Change %.
Source: Kjellberg, 2020b.

Despite declining union density in almost all EU/EES states, there are no clear signs of convergence between East and West or between North and South. The same applies *within* the group of *old* member states. The only clear convergence appears among the new CEE member states, none of whom today has a union density exceeding 20%. In 2000 there was a span of 30 percentage points in this group (from 14% in Estonia to 44% in Slovenia and Romania) compared to 16 points in recent years (from 4% in Estonia to 20% in Slovenia, Romania and Croatia).

Declining coverage of collective bargaining

Another development also tending to undermine the social dialogue, likewise manifested strongest in the CEE states, is the declining coverage of collective bargaining. This is particularly evident in Bulgaria, Estonia, Latvia, Romania, Lithuania and Slovakia. In all these countries, the coverage rate has since 2000 been halved or reduced even more (Table 5). Greece is another example of a massive decline. The 82% collective bargaining coverage in 2000 dwindled to 10% in 2015.

Two contrasting models of industrial relations are associated with a high or very high coverage of collective agreements. One of them is distinguished by a strong tradition of collective bargaining, the other by state extension mechanisms to secure a high coverage of collective agreements. In the first model, the Nordic model, well-organised labour market parties by themselves regulate the terms of employment for most workers. In contrast to this model of "self-regulation" (Kjellberg, 2017), the other is a model of "state regulation", most common in Southern Europe, whereby the state ensures that the agreements do not just cover a small minority of the workers, but sometimes even almost all of them.

Table 5. Coverage of collective agreements in the EU/EES countries, 2000–2018

Eurozone states in italics	2000	2005	2015	2016	2017	2018	2000 –	2000 - %	Extension mechanism by law	Statutory minimum wages	Dominant bargaining level
Nordic											
Sweden	88	89	90	90	89	90	+2	+2			Industry
Finland	85	88	89				+4	+5	X		Industry
Denmark	85	85	84				-1	-1			Industry
Norway	77	73	72	70	69		-8	-10	X		
Conti-nental											
Austria	98	98	98	98	98		0	0			Industry
Belgium	96	-	96	96	96		0	0	X	X	Industry
Nether-lands	82	87	79	79	79	78	-4	-5	X	X	Industry
Germany	68	65	57	56			-12	-18	(X)	X	Industry
Switzer-land	45	45		58			+13	+29	X		Industry
Anglo-Saxon											
Ireland	44	42	34				-10	-23		X	Ind/comp
UK	36	35	28	26	26		-10	-28		X	Ind/comp
Southern											
France	94	98	98	98			+4	+4	X	X	Industry
Spain	83	76	77	73			-10	-12	X	X	Industry
Greece	82	82	10				-72	-88	-2011	X	Company
Italy	80	80	80	80			0	0			Industry
Portugal	78	83	74	74			-4	-5	X	X	Industry
CEE											
Slovenia	100	100	68	71			-29	-29	X	X	Industry
Romania		85	35				-50	-59	-2011	X	Ind/comp
Croatia	71	63	57	54			-17	-24	X	X	Ind/comp
Bulgaria	56	35	14	12			-44	-79	(X)	X	Ind/comp
Slovakia	51	40	24	25			-26	-51	(X)	X	Industry
Hungary	37	25	23				-14	-38	(X)	X	Company
Czechia	35	27	32	30			-5	-14	(X)	X	Company
Estonia	28	25	19				-9	-68	(X)	X	Company
Poland	25		17				-8	-32		X	Company
Latvia	18	11	7				-11	-61	(X)	X	Company
Lithuania	15	11	7				-8	-53		X	Company

* Greece 2000 refers to 2002; Romania 2015 refers to 2013; Norway 2000 refers to 1998, and 2015 to 2014; Bulgaria 2000 refers to 2002 and 2005 to 2006; Slovakia 2005 refers to 2006; Switzerland 2000 refers to 1999; Ireland 2015 refers to 2014; Hungary 2000 refers to 2001 and 2015 to 2014; Estonia 2000 refers to 2001;

Latvia 2000 refers to 2002 and 2005 to 2006; Lithuania 2000 refers to 2002 and 2005 to 2006.
Change from 2000 to the latest available year: percentage points.
Change from 2000 to the latest available year: %.
Extension mechanism: X = common or very common
Dominant bargaining level refers to both public and private sector.
Sources:
Coverage of collective bargaining and extension mechanism by law: Müller et al. 2019 Volume IV; Greece 2015 Katsaroumpas & Koukiadaki 2019; Sweden Kjellberg 2020b; Norway Nergaard 2020; Czechia, Poland, Portugal and Switzerland OECD.stat.
Dominant bargaining level: Müller et al 2019. Volume III, table 30.1.

French state regulation contra Swedish self-regulation

Among the old EU member states, Sweden and France form the extremes, representing the Nordic and the Southern European model respectively (Table 6). Despite a very low union density, French collective agreements cover 98% of the employees, due to the very frequent use of extension by the Ministry of Labour. Sweden has an almost equally high coverage rate *without* extension mechanisms, and exclusively by negotiations between unions and employers' associations, each of which covers the large majority of employees.

French state regulation, however, does not stop at extending collective agreements to almost all employees. It has also a direct impact on wages by the statutory minimum wage, which more or less sets the pace for wage agreements at industry level (Vincent, 2019). In Sweden, minimum wages are exclusively a matter for collective bargaining. Common for both countries is that industry is the dominant bargaining level, a prerequisite for the high coverage rate in these countries.

Table 6. France and Sweden compared

	France	Sweden
Union density	9%	68%
Density of employers' associations	75%	90%
Coverage of collective agreements	98%	90%
Extension mechanism	Yes	No
Statutory minimum wage	Yes	No
Dominant bargaining level	Industry	Industry

Remark. Density of employers' associations refers to the share of workers in firms and public authorities affiliated to employers' associations.

The relatively large decline in Swedish union density since 2006 has not yet become a threat to the Swedish model of collective bargaining as the continuously high share of workers covered by employers' associations compensate for the fall in unionisation. The German development is quite different, as many firms has abandoned their organisations, union density decreased from 25% to 17% and the coverage of collective agreements from 68% to 56%. These fissures in the German industrial relations model ended in increased state regulation by the introduction of statutory minimum wages. The German union movement changed its attitude from a negative stance to a driving force for such a reform.

As appears from Table 5, an overwhelming majority of the countries (20 out of 27) have statutory minimum wages. Sixteen countries more or less frequently extend collective agreements to enterprises not affiliated to employers' associations. Only Austria, Sweden, Denmark and Italy practice none of these two forms of state regulation. In Austria collective bargaining is, however, de facto extended to almost all employees as membership in the national employers' association (the Chamber of the Economy) is compulsory. Until 2006, Slovenia had a similar chamber system with compulsory membership for employers. Although Italy has no formal extension mechanism, there is a constitutional obligation to pay "a fair wage", which by juridical practice is the same as the minimum wage in the relevant collective agreement. Consequently, only Sweden and Denmark in reality remain in the group of countries with neither statutory minimum wages, nor extension mechanisms.

In Sweden, the unions' right to take actions against unorganised employers is the closest Swedish equivalent to extension mechanisms, and is of central importance for maintaining the model of self-regulation. Although very few conflicts to force employers concluding collective agreements take place per year, the right to sympathy conflicts (strikes, blockades etc.) is here of central importance. The right to sympathy conflicts, of course, is important also at industry level in the regular bargaining rounds, but also in this respect Sweden has a very low frequency of strikes and lockouts. In the UK, sympathy actions are illegal (restricted from 1980 and outlawed entirely since 1990). The leading Swedish private sector employer organisation, Confederation of Swedish Enterprise, demands a ban on sympathy conflicts.

In two countries: Greece and Romania, extension of collective agreements was very common before 2011, but since then not in use. As a result, the coverage rates have fallen dramatically: in Greece from 82% to 10% cent and in Romania from 85% to 35%. Beginning in May 2010 the Greek government signed loan agreements with the EU/IMF institutions, which required far-reaching decentralisation, individualisation and deregulation of industrial relations (Katsaroumpas & Koukiadaki, 2019, pp. 269, 272-274). Minimum wages set by collective bargaining were replaced by statutory minimum wages, which later were cut down. All these measures discouraged the employers to continue with industry-level bargaining and resulted in a collapse of bargaining coverage.

Company bargaining dominates in the CEE states

Greece is the only Western European country among the seven in which company level bargaining dominates. Considering only the *private* sector, company bargaining dominates also in the UK and Croatia, although not so clear in Croatia as in the UK. Consequently, company bargaining dominates in every third of the 27 countries in Table 5 if only the private sector is considered. Still the CEE states make up a clear center of gravity in decentralised bargaining: seven out of the nine countries in question (seven out of the eleven CEE states). As the coverage of collective agreements in most of these countries is very low, *unilateral* employer wage setting and not company bargaining involving unions characterises these

countries, excepting Croatia in which collective bargaining coverage due to extension was 54% in 2016.

Similarly, the 2008 financial crisis caused the Romanian centre-right government to take a series of actions to liberalise the labour market: prohibit cross-industry bargaining (important in Romania until then), de facto abolish extension of collective agreements, restrict union rights and make it easier to dismiss employees. The result was a massive decline in bargaining coverage and union density (Trif & Paolucci, 2019).

In several of new CEE member states, the low coverage rates of collective agreements, hardly by accident, coincide with company being the dominant bargaining level. Furthermore, these countries are distinguished not only by a low union density, but in some cases also by a low density of employers' associations. These cover 14% of employees in Lithuania, 20% in Poland and 25% in Estonia (Müller et al., 2019 vol IV, p. 676). Considering all countries in Tables 4-5, the density of employers' associations on the whole, however, appears more important than union density for determining bargaining coverage (Müller, Vandaele & Waddington, 2019, p. 646). Their weakness, fragmentation and negative attitude negotiating industry agreements in many CEE members states play an important role for the low coverage of collective agreements. In Germany and other Western European countries, the employers' preference for local flexibility has weakened the significance of industry agreements and contributed to their declining coverage. The UK is an extreme example of this tendency.

Without support from industry agreements, it is hard for unions at company/workplace level to conclude advantageous local agreements or any agreements at all. Among the six CEE states listed in Table 5 where the company is the dominant bargaining level, the coverage rate varies from 7% in Latvia and Lithuania to 30% in Czechia with Poland, Estonia and Hungary in between. In none of these states does union density exceed 13%. With union density and collective bargaining coverage in decline, the prospects for a developed social dialogue appear problematic.

Similarly, in the former member state UK industry agreements are today almost absent in the *private sector*, in which collective bargaining coverage in 2011 was as low as 16% of the employees. In the UK private sector, "unilateral management pay setting has largely replaced collective bargaining" (ibid, p. 611), a situation reminding us of the state of affairs in several of the new members states. The far-reaching legislation introduced in the UK 1980-1993 did not accept "the legitimacy of collective labour power" (ibid, p. 605) and played a crucial role for the dismantling of the industry agreements and by that promoting the overall decline of collective bargaining coverage. Neoliberal ideas introduced under the Thatcher governments in this way had a major impact in transforming the British labour market.

Trade unions viewed as sources of rigidity

Many employers and governments view trade unions and collective bargaining as sources of rigidity obstructing economic growth. In the Southern EU member states Greece and Portugal, as in Ireland did the governments after pressure from "the Troika" (the European Commission, the European Central Bank and the International Monetary Fund) introduce "structural reforms" aimed to promote labour market flexibility. In Greece, it became more difficult for national unions to strike, and non-union "associations of persons" got larger rights concluding company agreements. During the Troika period in Portugal, opening clauses in collective agreements were introduced and collective bargaining blocked in the public sector. Also, in Romania, measures to increase labour market flexibility were among the conditions for getting financial assistance from the Troika (Trif & Paolucci, 2019, pp. 507, 519).

In Hungary, the successive changes of the Labour Code, motivated as flexibility reforms, had the effect to weaken unions in favour of unilateral management (Borbély & Naumann, 2019). Collective agreements are mainly concluded at company level. Industry agreements cover just every tenth employee. Also, in Poland, company/workplace agreements dominate, but the low union density and employer hostility hamper collective bargaining at this level.

In a growing number of countries in which the industry level still dominates, the *favourability principle*, according to which agreements at lower levels must not be less favourable than those at industry level, has been undermined by new legislation. In some cases: Greece, Portugal, Spain and partly Romania, this occurred under strong pressure from European and international institutions as a condition for financial support (Müller et al., 2019, pp. 633-634). The French government's efforts to give company agreements a leading role have in small and middle-sized companies led to a removal of the favourability principle and facilitated collective bargaining without unions (Vincent, 2019).

Increased state intervention, not seldom under international pressure

To conclude, the dominant tendency in the 27 EU/EES countries listed in Tables 4-5 is declining union density, shrinking coverage of collective agreements, increased decentralisation of bargaining and growing state regulation in the form of statutory minimum wages (Germany from 2015). Other forms of state intervention were carried out from a neoliberal agenda, not seldom under pressure from international organisations and financiers. In several cases, the absence of national currencies pressed for "internal devaluation" to restore international competitiveness and public finances, for example in Greece, Ireland, Portugal and Spain. As in other countries special attention was given to, what was labeled as labour market "rigidities".

Although many of these processes characterise most countries, the pace and forms of the changes indicate divergence rather than convergence among the studied 27 countries. In the CEE states the industrial relations systems, however, appear to become more and more similar, as the weakening of collective bargaining and social dialogue progress.

As we have seen, also the Nordic Ghent countries were subject to state intervention into industrial relations, in this case by the remodeling of unemployment funds, in a way that caused large losses of union members. Among the Nordic countries, the deep economic crisis in Finland and Sweden in the 1990s resulted in a much higher share of employees with fix-termed contracts than in Denmark and Norway (Rasmussen et al., 2019). In addition, Sweden is the only Nordic country with gradually weakened employment protection, for example by legislation in 2007 promoting fix-term employment. Under the threat of further legislative changes, Swedish unions and employers' associations in 2020 concluded a new basic agreement to satisfy the political demands on increased labour market flexibility. It will be followed up by changed legislation.

"Internal devaluation": an option also for Eurozone core countries

The pressure for "internal devaluation", that is downwards adjustments of wages and increased labour market flexibility, is not concentrated to "peripheral" Eurozone states or to the years of financial crises and sovereign debt crisis. Already in the early 2000s, the red-green Schröder government introduced a series of reforms to improve German competitiveness relative to other Eurozone countries, and fight high unemployment as well as preventing further jobs moving abroad. For several years, German real wages either declined (2002, 2004-2008) or were unchanged (2001, 2009): see Müller, Vandaele & Waddington 2019, p. 672. Due to rising employment and regained German competitiveness, the unions strengthened their position vis-a-vis the employers and the government, despite continued decreasing union density and falling collective bargaining coverage. The conservative-led grand coalition from 2013 reregulated temporary agency work, introduced a statutory minimum wage, and made other concessions to unions (Rathgeb & Tassinari, 2020). The degree of union influence stood in inverse relation to the competitive pressure on German economy. Already before that, however tripartite consultation experienced a revival during the crisis years 2008-2009 when short-time work to fight unemployment was introduced (in Sweden the same measure was taken during the 2020 corona crisis).

Another Eurozone core country, Finland, also fits into a pattern of union influence varying with the competitive pressure on the economy. Despite a very high union density and a tradition of tripartite centralised wage formation the Finnish unions after a general strike had to accept a "Competitiveness Pact" including a wage freeze for 2017, reduced public sector wages, and increased social security contributions paid by the employees (Rathgeb & Tassinari, 2020). Furthermore, this tripartite pact also meant that collective bargaining at peak (confederal) level was abolished and opening clauses introduced. The unions received no concessions by the centre-right government, which had threatened with unilateral intervention. Against union protests the government in 2018 continued with liberalising labour market reforms. As currency devaluation was no option, Finland resorted to "internal devaluation" to restore its strongly impaired competitiveness after other Eurozone countries

had taken such steps. Furthermore, the important Finnish forestry industry had, and has, a severe disadvantage by its Swedish competitor being outside the Eurozone.

Also, in the second-largest Eurozone core country, France, which since the 2010s has experienced a gradually deteriorating competitiveness vis-à-vis Germany, trade unions are facing governments prioritising reduced labour costs and "rigidities". The result of the dialogue between the socialist Hollande government and some union confederations by the employers and the EU Commission were considered insufficient. The government in 2015 and 2016 therefore embarked on a strategy of unilateral liberalisation. This was implemented against joint union opposition laws on reduced employment protection and increased scope for company agreements to derogate downwards from sectoral agreements and labour law (Rathgeb & Tassinari, 2020). The centrist Macron government from 2017 further undermined the favourability principle by encouraging *non-union* company agreements with even stronger derogations downwards.

Conclusion

The declining share of employees covered by collective agreements reflects the erosion of collective bargaining in Europe. In several countries are sectoral (industry) agreements undermined by downwards derogations at workplace level. This is possible by the abolishment of the "favourability principle", which still prevents such practices in for example Sweden, but not in Germany with its "opening clauses". In six CEE states and Greece are sectoral agreements rare and collective bargaining more or less concentrated to company level (Table 5). For the large majority of employees in these countries, unilateral (employer) wage setting is the rule. The same applies to the UK private sector. Consequently, the social dialogue has a modest role in these eight countries, particularly in the private sector.

Variations between countries are large in almost all respects: union density, density of employers' associations, coverage of collective bargaining, degree of centralisation/decentralisation of industrial relations, co-operative versus hostile relations between trade unions and employers' associations, and macro-economic indicators (competitiveness, unemployment, national debt, etc.). Another dimension is self-regulation versus state regulation. Here Sweden stands in sharp contrast to France, but also to other countries with state extension of collective agreements, statutory minimum wages, etc. Sweden and France represent the most far-reaching variants of the Nordic and Southern European models respectively.

There are also large variations *over time*. Particularly in the CEE group of new member states, the share of employees covered by unions and collective agreements has declined considerably in the last few decades. In the UK, the decisive change occurred much earlier with legislation introduced by conservative governments depriving the British unions of their

former impressive workplace strength. The German Schröder reforms in the early 2000s illustrates that also a social democratic government radically can liberalise the labour market.

The Swedish case illustrates that the Swedish model is also exposed to pressure by considerably declining union density and increasing power of transnational companies that do not attach much importance to developing work. As in Denmark and Finland, centre-right governments' change of the Ghent system caused large losses of union members. In Sweden the result was also a rapidly growing divergence between white-collar and blue-collar union density (72% and 60% respectively in 2019) causing a power shift within the union movement, clearly manifested in the 2020 basic agreement signed by the white-collar private sector cartel PTK, and not the blue-collar confederation LO, which was weakened by internal conflicts. The two largest LO unions soon, however, joined the agreement, labelled a victory for the Swedish model of self-regulation, although it will be followed up by tripartite social dialogue including the social democratic government. The agreement can be interpreted as a step towards Swedish flexicurity as it contains both increased space for employers to make derogations from the rule last in, first out in case of layoffs, and improved transition arrangements for employees whose skills need to be developed when new technology is introduced.

The Swedish model shows a great capacity for renewal manifested in the 2020 basic agreement and the 1997 Industry agreement. For Swedish wage formation, the 1997 Industry Agreement played a decisive role. This institutional innovation, reminding of the classical 1938 Saltsjöbaden Agreement, came about by the labour market parties themselves although under pressure from the social democratic government. Ahead of the planned accession to the EMU there was a great consensus about the wage leading role of the manufacturing sector in a small, heavily export-dependent country like Sweden. Besides limiting the role of the state, an important union motive was restoring the centralised component of the Swedish model. Since then, different types of co-ordinated bargaining, supported by the new National Mediation Office, is a prerequisite for the implementation of the "industry norm". Some white-collar unions, particularly in the public sector, have "figureless agreements", but the employers in general make sure that they do not result in wage increases exceeding the norm too much, although such deviations sometimes enable changed wages relative to other groups. With this renewed version of the Swedish model, the position outside the Eurozone, the floating krona and the up to the corona crisis declining sovereign debt, there has been no international pressure for internal devaluation.

In contrast, internal devaluation in many countries became the main instrument for restoring competitiveness during the financial and sovereign debt crisis, and in the post-crisis period even in core Eurozone countries like Finland and France. Neither high union density (Finland) nor high mobilisation capacity (France) could prevent governments from forcing through such a policy. Conversely, German trade unions in the same period had a much better dialogue with the government. That clearly demonstrates that the balance of power on the labour market is closely dependent upon the economic performance of a country. Not even in Sweden did the unions succeed in convincing employers to continue investing in "developing

work", when unemployment reached quite other levels than in the 1980s and new international production concepts such as lean were adopted by the increasingly globalized companies. During the corona crisis similar work organisations in Swedish elderly care proved to be highly inappropriate.

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