APPENDIX E

REPORTS OF OVERSEAS CORRESPONDENTS*

Sweden, a Country Where Law Is Used as an Instrument of Change

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The law of labor relations in Sweden is based on the same foundations as American law. The legal effect of the collective bargaining agreement is defined in the Act on Collective Agreements of 1928, which act is supplemented by the Act on the Right to Organize and to Bargain Collectively of 1936. Within the established framework, the LO, the Confederation of Swedish Trade Unions, and the SAF, the Swedish Employers' Confederation, are engaged in centralized bargaining. The LO pursues a wage policy that has been called the "solidarity policy." The main idea is that low paid workers shall obtain a greater share of the general increase in purchasing power than shall the higher paid workers. The employers, on their side, have the principal goals of preventing national unions from actions of their own and of securing industrial peace. Each industry has its national agreement, but all the agreements are for the same period of time —ordinarily two or three years.

Since the middle of the 1930s, the law of labor relations in Sweden has remained relatively stable. The trade unions have relied on their power in the bargaining on central agreements concerning wage increases and improvement of fringe benefits. The Social Democratic Party, which is the party in power, has focused its reformative efforts on the building of an effective and all-embracing social insurance system. The great issue of the 1950s and 1960s was a new system of inflation-proof old-age pensions related to earlier income standards.

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In recent years there has been a radical trend in Swedish politics. The Social Democratic Party uses the law as an instrument of change. Among the parties in the opposition, the Conservatives alone take a different view. In recent years, several statutes have been enacted with the purpose of improving the conditions of the individual worker and of strengthening the position of the union.

The *Act Concerning Employment Security* of 1974 represents a further development of earlier arrangements in the collective agreement. It is more favorable to the employee than was any earlier scheme. The Act covers all employees; excepted are only a few categories, among them employees in a top management or comparable position. The basic idea of the Act is that every employee should be engaged "for the time being," that is, with the expectation of continued employment until further notice. Employment for a definite period of time is not permitted unless justified because of the special nature of the job. A building contractor is still permitted to hire workers for the time of a building project, but in industries with permanent workshops the workers must be hired "for the time being" without a termination date specified in advance. The reason for this preference for employment "for the time being" is that the law makes the giving of notice of dismissal on the part of the employer subject to strict conditions. When the employer gives notice, he shall have "an objective cause," and before giving notice, he shall investigate whether he is able to provide some other work within his firm.

One distinguishes between dismissals on personal grounds and because of a shortage of work. In the discussion of the bill before enactment, the Minister explained that a dismissal on personal grounds would be justified only in case of gross misconduct or inability to perform the work. Sickness or age ordinarily should not be accepted as a reason for dismissal. The employee should be allowed to stay until he becomes entitled to an invalidity or old-age pension under the social insurance scheme.

In case of shortage of work, the employer decides at his own discretion whether or not work shall continue. But with regard to the choice of those who will be allowed to stay, the employer is bound to apply the principle of seniority in employment. Workers above a certain age are given additional months of service. The application of the principle of seniority is nothing really new; there were rules to that effect in most collective agreements.

But in another respect, the situation of the employee has been improved considerably. For manual workers, the period of notice previously was very short—in most cases two weeks. Now the minimum is one month. A worker who has been employed during the last six months enjoys a two months' notice if he has reached the age of 25. The notice period is prolonged step by step, so that a worker who has reached the age of 45 is entitled to a notice of six months. Earlier the employer could lay off manual workers without pay; now he is allowed to do so only for a period of two weeks. In cases where he gives notice of dismissal, a layoff is not permitted. He then has to pay the full wage for the period of notice.

Another innovation is the *Act on the Right to Take Leave for Training* of 1974. An employee who wants to "undergo training" is entitled to the necessary leave of absence. The Act covers all kinds of training; there is no requirement that the training shall have any relation to the present job of the employee. The employer can postpone the leave temporarily, but if the postponement shall last more than six months, the employer has to ask the consent of the local union concerned. Regard shall be paid to the employer's interest that production shall continue without serious disturbances. It is intended that priority be given to the older generation of workers who did not enjoy the privilege of nine years in the basic school. The Act does not oblige the employer to pay his employee during the leave of absence; it only authorizes the right of leave and the right of reinstatement. However, the Act will be supplemented by generous governmental grants to adult students. In addition, these worker-students are given access to the universities by the abolition of most formal requirements for students over 25 years of age with some previous work experience.

Other statutory enactments concern working conditions. The *Act on Safety in Work* was amended in 1973. Safety in work was declared a common undertaking of the employer and the employees represented by their unions. The safety officer, appointed by the union, is entitled to take time off with pay. He is allowed to interfere in the direction of the work and may issue an order that work shall stop and a safety officer be called upon. He is entitled to do so when there is an "immediate and serious risk involved with regard to the life and the health of a worker."

Earlier there was very little on the statute books regarding the position of the local union in the plant. The grievance and dispute procedures were based on the principle that each party had to bear its own costs. The employer had no duty to pay for a steward who was away from his ordinary job doing union work. However, in actuality the employers did pay under such circumstances, and in 1971 the SAF and the LO entered into a central agreement regarding the position of the steward in the shop.

The *Act Concerning the Position of the Trade Union Representative at the Workplace* of 1974 gives the local of the established trade union certain privileges. The local union may report to the employer the names of its representatives and their mandates. The representative is allowed time off for his work for the union. If this work concerns the workplace, the employer is not allowed to reduce his wage or other benefits.

Before closing my report, I should like to present the essence of a matter that has been debated intensely in recent years. According to a Labor Court decision in an important case (Decision 1934 No. 134), in a dispute as to whether a worker has a duty to perform overtime work or any other task that has been assigned to him, the employer, acting in good faith, has the right to decide that the work shall proceed irrespective of the dispute. If the employer has wrongly interpreted the agreement, the employee shall be awarded damages covering even noneconomic loss. In Sweden, this right to act as "a judge of first instance" is called the *interpretive prerogative*. There is a trend to move this interpretative prerogative from the employer to the local union, step by step. The Act Concerning the Position of the Trade Union Representative at the Workplace provides an example of this trend. In disputes over the application of certain provisions of the Act, the opinion of the local union on the proper interpretation of the provision shall prevail until the dispute has been decided by a settlement or by a decision of the Labor Court. Assume, for example, that the employer thinks that 10 hours off a week for a certain representative should be enough, but the local union decides that he should have 15 hours off. In this case the union's decision will apply. If the dispute is brought to the Labor Court and the court rules in favor of the employer, that decision will apply for the future. Repayment shall not be ordered. According to the Act, the local union will have to pay damages only when

the union has caused an incorrect application and was obviously aware of the mistake.

In December 1974 a committee on the revision of labor relations law published a report, *Democracy in the Workshop,* in which it suggested several radical changes. The government has declared that a bill incorporating these recommendations will be introduced in the spring of 1976.

Labor Relations Developments in Australia, 1974

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This year will stand out as a very troubled period for Australian labor relations. The conventional statistical indicators of strike activity—the number of strikes, the number of workers involved, the number of man days lost, and the amount of wages lost—have all broken previous records. The number of working days lost in 1974 was about two and a half times the annual average for the previous five years, which was itself a period of high strike activity, and a much larger proportion of stoppages than usual concerned wage claims. For a rough comparison with other countries, it should be noted that the number of man days lost from stoppages per worker in employment was about 0.9 during 1974.

The year also witnessed a wage explosion and a rate of inflation of about the same order as occurred during the Korean War period, but with a momentum that threatens even greater acceleration of wage and price increases in 1975.

The following are the percentage increases, December 1974 in relation to the corresponding quarter of 1973: adult male weekly wage rates (federal awards), 35.0 percent; adult female weekly wage rates (federal awards), 41.5 percent; average weekly earnings, 27.7 percent; and consumer price index, 16.3 percent.

The greater increase in female rates was due to the phased implementation of equal pay awarded by the Arbitration Commission at the end of 1972, and the somewhat slower rise in average weekly earnings was due to the fall in overtime work.

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