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Collective agreements against labor market risks in Sweden: the case of the PTK-SAF employment security agreement

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**ABSTRACT**

Occupational welfare as an alternative to public welfare for the protection against social risks has lately attracted increased attention. However, there is no clear agreement on the causes behind the emergence and expansion of occupational welfare schemes in modern welfare states. This article contributes to this subject through a study of one specific form of occupational welfare in Sweden, called Employment Security or Transition Agreements, and the agreements between the bargaining cartel for white-collar employees PTK and the Confederation of private-sector employers SAF/SN from the 1970s until the present time. Based on archival material and articles, the article finds that the protection provided through the agreement expanded during the 1970s and 1980s but has since been reduced, even though the unions finding such solutions more important than ever. Despite the relative strength of Swedish unions, they are not able to sufficiently address increased labor market risks brought about by welfare state retrenchment and structural change.

**Introduction**

In contemporary welfare and social history, Sweden is well known for its universal welfare policies and active labor market policies. A common explanation suggests that labor unions and allied segments of society were able to mobilize their power resources in order to bring about comprehensive welfare solutions that decommodified those that were dependent on selling the labor for their living from the risks of the market (Esping-Andersen, 1990, 1992; Korpi, 1981, for a contrarian point of view, see Swenson, 2002). By the 1960s the risks associated with unemployment were dealt with through government-sponsored unemployment insurance (a so-called Ghent system) and active labor market policies (Esping-Andersen, 1990; Ryner, 2002; Van Den Berg et al., 1997). This development did not only alleviate the risks for the individual employee associated with life in modern capitalist economies but also removed the need for friendly societies, private charity or welfare, and fringe benefits provided by paternalistic employers. How come then that unions already by the early 1970s started to develop new, complementary, or even competing, forms of welfare benefits and services in the area of unemployment protection? In contemporary research, such solutions are mostly associated with either welfare state retrenchment, the emergence of new social risks, or unions’ attempts to reinvent themselves and attract members. However, the historical roots of contemporary forms of occupational welfare are less explored. This article’s case study of an Employment Security/Transition Agreement is aimed at providing further insights regarding the emergence and development of occupational welfare in post-industrial welfare states.

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In 1972 and 1973 a group of Swedish white-collar unions that would soon form a bargaining cartel for the private sector called PTK (Privattjänstemannakartellen) negotiated two agreements. The first was with SFO (Statsföretagens förhandlingsorganisation), an organization representing state-owned enterprises in the labor market, and the second was with the Swedish Employers Association for private enterprises, SAF (Svenska Arbetsgivarföreningen). Both these agreements were labeled Employment Security Agreements (ESAs, or Trygghetsavtal) and were aimed at providing increased employment and income security for older, tenured employees. During the following decades, several similar agreements have been signed between employer and employee organizations in Sweden: For white-collar employees and workers in real estate (1973 and 1983); for employees in banking and finance (1984); for employees in cooperative and civil society organizations (1984); for employees in local municipal companies (1988); for government employees (1990); for workers in the private sector (2004); for employees of the Church of Sweden (2005); and finally, for municipal, county council and Pacta employees (2012). These agreements, today renamed and rebranded as Employment Transition Agreements (ETAs, or Omställningsavtal), now cover about 90 percent of the Swedish labor market (Walter, 2015).

Through jointly owned foundations, employer organizations and unions provide services and benefits for employees that have, or are about to lose their jobs, such as severance pay, employment services, and further training and education. This occurs in a country that in comparative studies is often labeled as the archetypical comprehensive welfare state and heralded for its active labor market policies. Why do unions strive for occupational welfare solutions under such circumstances? How are these agreements related to changes in perceived social risks and the provisions provided by the welfare state?

These agreements, and the services and benefit that they provide, have been labeled as a form of occupational welfare. Occupational Welfare (Greve, 2007; Natali & Pavolini, 2018; Sinfield, 1978; Titmuss, 1958) can be defined as the ‘benefits and services provided by social partners – employers and trade unions (by themselves or with the participation of others) – to employees over and beyond the public benefits, on the basis of an employment contract’ (Natali, Keune et al., 2018, p. 13). From a historical perspective, occupational welfare in one form or the other has often been an important form of welfare, particularly before the advent of the modern welfare state. There are also some indications that the role and importance of occupational welfare have increased in recent decades, even in the Scandinavian welfare states (Greve, 2019; Greve, 2018; Kvist & Greve, 2011; Lindellee, 2018; Natali & Pavolini, 2018).

However, despite these developments, the overall research interest in modern and contemporary forms of occupational welfare has been relatively scarce, at least until quite recently (for example, Natali, Pavolini et al., 2018; Riva & Rizza, 2021). The common explanation for this lack of interest seems to be that these ‘fringe benefits’ are of limited importance compared to social protection provided by the welfare state (Farnsworth, 2004). Studies of employees, employers and their organizations’ influence on welfare provisions have therefore in most cases focused on their ability to influence political parties and the legislature, i.e., partisan politics, and to what degree welfare state provisions against unemployment risks have been retrenched or merely reformed, much less on what they can gain and agree between themselves through collective bargaining (Gordon, 2019; Rueda, 2015).

Our understanding of the role and function of occupational welfare in connection with different forms of industrial relations and changes in the welfare state is therefore arguably still poorly understood. Previous research has suggested several connections between changes in the mix of public and occupational welfare (see previous research and theoretical perspectives below), but there is a dearth of studies that investigate the role and preferences of social actors in these changes, especially from a historical perspective. It has been suggested that occupational welfare can be developed both as a response to new societal needs for certain occupational segments not (yet) addressed by the welfare state (so-called new social risks), such as family policies (Berg et al., 2013; Dulk et al., 2012), but also as a response to welfare state retrenchment. By responding to welfare
state retrenchment or new social risks with policies and solutions of their own, unions may act as a substitute for the state in the realm of welfare provision (cf. Crouch, 2000; Johnston et al., 2012).

In order to contribute to the understanding of collective agreements and occupational welfare as a complementary form of social protection, this article discusses a historical Swedish case study of a series of agreements between white-collar union cartel PTK and employer peak organization SAF aimed at providing added unemployment protection. These Employment Security and Employment Transition Agreements are studied for several decades. The article aims to investigate why the white-collar PTK signed these agreements with the employer peak organization SAF during the period from the late 1960s to the 2000s. How were the agreements related to white-collar unions’ perception of changes in social protection against labor market risks? Were the services and benefits provided through the agreements considered complementary or supplementary to government-provided forms of social protection, such as active labor market policies, unemployment insurance, or employment protection regulations?

Previous research and theoretical perspectives

Research on occupational welfare and collective agreements as a source of social protection in modern welfare states is, as stated earlier, not that common. Important exceptions are studies on contemporary occupational pensions and the emergence and development of multi-pillar pension systems, which during the last decades have shifted responsibility for old-age pensions from the state in the direction of employers, unions, and individuals (Ebbinghaus, 2011; Pedersen et al., 2018). The connections between public and occupational welfare have been given some consideration previously. In this section, we will present the main arguments regarding the factors or circumstances behind the development of occupational welfare in earlier studies.

Research on occupational welfare

It has been argued that occupational welfare could be seen as a complement to social welfare provision and services when it provides additional protection or a substitute if developed as a response to reductions in public provisions (Goodin & Rein, 2001; Greve, 2007; Rein, 1996). Some researchers have put forward the idea that developments in occupational welfare in recent times can be seen as an alternative (or substitute) to public welfare and a response to privatization and welfare state retrenchment (Johnston et al., 2012, 2011; Trampusch, 2007a, 2007b).

Whether such solutions are supplementary or complementary hinges on the concurrent development of public welfare provisions and schemes (Greve, 2007, p. 70). It is plausible that developments in the provision of occupational welfare enable the state to retrench its programs, reversing the direction of causal effects. Another perspective suggests that contemporary occupational welfare solutions might have less to do with retrenchments of the welfare state and more to do with a changing labor market, with new groups of employees facing new forms of risks. It has, in this context, been argued that many groups in the labor market, such as salaried employees, professionals, and semi-professionals are less interested in some of the traditional institutions of collective bargaining but are more interested in solutions to risks associated with rapid technological change and skill obsolescence (Bonoli, 2005; Morel et al., 2012; Thelen, 2014, p. 28). For unions, occupational welfare might also be a way of making themselves more relevant in the light of new social risks in the post-industrial society (Crouch, 2000; Hyman, 2001).

Furthermore, a union’s abilities, resources and strength are probably of substantial importance for the emergence of occupational welfare on any significant scale. In a recent comparative study by Riva and Rizza (2021) they conclude that it is in ‘organized corporatism’ regimes, such as Sweden, where occupational welfare is most common. It is also in such countries where occupational welfare solutions cover large groups of employees and that do not rely on the discretion of employers. The perceived need is thus not necessarily in itself a sufficient condition for the emergence of
occupational welfare solutions. However, these results do not explain why Swedish trade unions started to develop such solutions in the 1970s, long before the retrenchment of unemployment protection and active labor market policies of Sweden in the 1990s and onwards.

It is also important to acknowledge that from a historical perspective, there is nothing new about social protection being provided by actors other than the state. Offering protection from risks and costs associated with unemployment, sickness, workplace accidents, pensions, and one’s own funeral was often an important function of trade unions and other occupational associations, such as guilds, before the advent of the modern welfare state. Providing different forms of welfare has also been a way for employers to attract and retain employees that are in high demand. In some instances, unions and employers have also continued to provide some forms of occupational welfare and such schemes are therefore not necessarily products of recent developments but remnants of the past. Occupational pension plans, for example, have existed throughout the heydays of developed welfare states (Shalev, 1996).

In the case of Sweden, the most obvious historical example of unions’ involvement in social protection against unemployment is the forming of unemployment insurance schemes and from the 1930s onwards in their participation in the Ghent system, synonymous with Nordic unions’ direct involvement in the welfare state. This system has been linked to persistently high levels of union density and union capacity to resist declining membership numbers to a larger degree compared to many other countries (Rothstein, 1992). A potential drawback with the Ghent system from a union’s perspective, however, is that it relies on government support and that the government, as a result, has a considerable and direct influence on fees, eligibility rules, and replacement rates (Kjellberg & Ibsen, 2016; Scruggs, 2002). Ozkan argues that trade unions in Sweden, with a high unionization rate, have preferred regulating severance pay through collective agreements since they saw this as a way to retain or even increase membership as well as a way of exercising control over the design of severance pay schemes (Ozkan, 2019, p. 367, 2020).

Consequently, the emergence of solutions that collectivize risks does not by necessity need to be a direct response to recent developments. Instead, occupational welfare solutions provided by unions, employers, or both, might as well emerge and develop in tandem with or ahead of the expansion, or recalibration, of public welfare provisions. If occupational welfare solutions in the former case can be interpreted as a substitute for public welfare, in this case, occupational welfare fills a more complementary role. Greve (2007, p. 70) has argued for this possibility, pointing out that unions may want certain improvements in an area of welfare but, when they are unable to achieve these through the political decision-making process, turn to collective bargaining to achieve these improvements in the provision of social protection. This is not, we argue, necessarily connected with more recent developments of new social risks or retrenchment in the post-industrial states but can emerge at any time that either employer or employees perceive a need that they cannot get the government to solve for them. Although much of the contemporary literature focuses on occupational welfare as a solution for the problems of today, institutions providing occupational welfare might also have been created to address problems or needs at one point in time and then been adopted to address new problems or needs. In other words, a form of institutional drift or conversion (cf. Mahoney & Thelen, 2010; Thelen, 2014).

To summarize, previous research thus suggests several different factors, preferences, and motivations as to why unions would be interested in occupational welfare solutions instead of public welfare. Unions might consider social protection through collective agreements as complementary to existing public welfare schemes. This might be the case when unions are striving for a political solution but have yet not been able to do so. In such cases, social protection through collective agreements may be a temporary solution that at the same time, establishes a new level of expectations on the welfare state. Unions might also prefer occupational welfare solutions if it gives them more influence and control than would otherwise be the case. Even a union with a strong position and political resources to push through changes in the political arena might prefer collective agreements (cf. Emmenegger, 2014, pp. 51–52). This may also be the case when a union representing
a segment of the labor market that wants more than the welfare state could be expected to provide even in the future, for example, if their typical members’ incomes are beyond the ceiling of benefits in an income-based public insurance scheme. Occupational welfare can, on the other hand, be supplementary if they are the result of unions trying to react to welfare state retrenchment by attempting to replace benefits and services through collective agreements. Furthermore, occupational welfare solutions might also be an option to address new labor market risks that are brought about by technological, economic, social, or organizational changes in the labor market that is not per se directly connected to changes in the welfare states provision of public welfare against unemployment risks.

Research on employment transition and security agreements

It is also important to note that there have been a number of previous studies of Swedish ETAs. However, many of them have mainly been descriptive or focused on the effects, or outcomes of these (Bäckström, 2005; Diedrich & Bergström, 2006; Martinsson, 2005; Sebardt, 2005; Walter, 2015; SOU & 59, 2002). The potential for dualization of social protection that an increased role for occupational welfare such as ETAs entails has, however, been discussed in several studies (Jansson et al., 2018; Lindellee, 2018, 2020). Few of these studies have theoretically or empirically engaged with how these schemes relate to changes in other forms of welfare provisions, changes to labor market risks, or why the social partners chose collective agreements as an alternative to public welfare. They are, however, sources of information.

Notable exceptions are studies by Forsberg (1996) and Lindellee (2018, 2020). Forsberg investigated TRR in the mid-1990s and argued that ESAs were as a result of a cooperative logic and the dynamics within and between corporative institutions. Actors such as SAF and PTK created arenas for negotiations that tended to lead to compromise and consensus. At the time of writing (i.e. 1996), Forsberg predicted a near end for such agreements, due to the employers in the private sectors’ unwillingness to continue to take part. Lindellee, writing a quarter of a century later, focusing on different forms of complementary unemployment protection, notes a proliferation of such solutions and describes a development towards multi-pillarization (following Goodin & Rein, 2001) of the unemployment benefit provision system in Sweden with complex distributional outcomes (cf. Grees, 2019).

Looking ahead

In order to increase our understanding of collective agreements as an alternative route to social protection in the form of occupational welfare, this article will investigate why PTK has signed several ESAs and ETAs with SAF during the period from the late 1960s to the 2000s and what they have wanted to achieve by doing so. The agreements between PTK and SAF and the foundation TRR that is connected to these agreements are interesting for a case study for several reasons:

First, this is an occupational welfare solution that has been developed in Sweden from the 1970s onwards. The Nordic countries, and Sweden in particular, are well known for their high levels of unionization and historically high levels of decommodification against labor market risks through the government’s active labor market policies. In the light of earlier research, it is interesting to see why white-collar unions in the private sector opted for occupational welfare in this context.

Second, and related to the reason above, is the fact that TRR has been around for several decades which enables a study of how changing contexts have altered the role and function of these agreements. Sweden’s economic crisis of the early 1990s lead to a trend towards retrenchments in the protection against labor market risks and established higher unemployment levels as a new norm for the decades that followed (Bengtsson & Berglund, 2012; Huber & Stephens, 2001, pp. 241–257; Lindvert, 2006). Considering that the original agreement was signed in 1973, later on
renegotiated and re-branded as an employment transition agreement in 1994 and again in 1997 enables a study of union preferences under different economic conditions.

A third reason is that PTK represents a group of employees that have not traditionally been the focus in studies of the Swedish welfare state. A fourth reason is that TRR and TRS were the first ESAs and have according to previous studies been influential in setting the standard for other ESAs and ETAs, now covering large segments of the Swedish labor market.

Method and material
In a recent comparative study on occupational welfare in Europe, it is concluded that ‘there is no evident and automatic trade-off between public welfare provision and occupational welfare’ (Natali, Keune et al., 2018, p. 243). They point to what seems to be three important factors: welfare and industrial relations institutions inherited from the past, the economic and social context, and actors’ strategies and motivations. Factors of importance are changes in the welfare state’s provision of protection against unemployment risks: public welfare in this policy area included unemployment insurance, active labor market policies and employment protection regulations, as well as general economic policies. The factors are studied both through secondary sources on Sweden’s labor market policies but also rely on official statistics over replacement rate levels from the unemployment insurance and the resources that are spent on active labor market policies. In order to ascertain PTK perceptions of emergent risks in the labor market, the study relies on their own descriptions of the problems they are facing. The reading of the material has been guided by the following questions: How do PTK perceive the problems in the labor market that they are trying to address with the help of TRR and the collective agreements with SAF? Do they relate these problems to economic restructuring and technological change? Are the problems ascribed to shortcomings or cutbacks in the social protection provided by the government? What forms of social protection against labor market risks does PTK want TRR to provide?

The main sources of the article consist of archival material from PTK, the organization most involved in the creation and shaping of the ETA that is now called Trygghetsrådet TRR. This archive consists of, among other things, minutes from PTK congresses, minutes from internal meetings, reports, and protocols from various negotiations over the years. This material is supplemented with articles, both from newspapers and from papers and magazines published by the organizations involved.

The archival material covers the period from the 1960s to the early 2000s. This source material is less informative or non-existent from the late 1990s onwards. For this period, the inquiry relies on more than a hundred newspaper articles (although several of these are rewrites) that have been found with the help of Mediearkivet (Retriever Research), an online database that includes full-text articles from newspapers and magazines mostly from the Nordic countries. Occasionally, we also used articles in PTKs own magazine, PTK-nytt, published monthly during 1976–1989. Direct references to these sources are found in the endnotes. However, in order to not clog up the text or the endnotes, we are refraining from extensive references to archive material. The authors will provide such references on request.

The historical development of the PTK-SAF agreements on employment security and transition
The presentation of the investigation’s findings is divided into two different periods. The first part focuses on the PTK unions’ reasons for the first agreements in the late 1960s and early 1970s, including the agreement on severance pay (AGE, Avgångersättnings) that prequelled the first ESA. It then explores what purposes and benefits the unions in PTK saw with the ESA and TRR during the 1970s and 1980s concerning public welfare in the area of labor market risks and changes in the labor market. The second part focuses on the changes in the agreements and the functions of TRR in the
1990s and how such changes similarly relate to the problems that the unions saw in the labor market and with the government’s labor market policies.

A growth in tandem?

The Swedish welfare state is historically well known for its active labor market policies. Rather than providing protection from the market through de-commodification, compromises in the political arena and between the social partners instead favored recommodification of employees, even if the unemployment insurance and the active labor market policies include elements of both (Esping-Andersen, 1999; Kvist, 2003). Through a universal social insurance scheme and government-backed Ghent-style unemployment insurance functioning as insurance with high levels of income protection, active labor market policies that enabled re-investments in employees for new jobs, and full employment as an overarching political goal meant that employees in some regards were protected from the risks of the market. These policies were central during the post-war period, particularly from the late 1950s onwards (Huo et al., 2008; Martin & Swank, 2012; Pontusson, 2009). Due to these policies, Sweden has historically been described as being successful in striking a positive-sum deal between welfare and economic efficiency (Esping-Andersen, 1992, pp. 38–39).

That, at least, is the abbreviated version. Although the labor market policies of the Swedish government and the Labor Market Board (AMS, Arbetsmarknadsstyrelsen) were derived from the theories and suggestions of LO (Landsorganisationen, Confederation of Labor, representing blue-collar workers) economists Gösta Rehn and Rudolf Meidner, the so-called Rehn-Meidner-model, some of its implications lead to outcomes that were not well liked by many union members. The most notable drawback comes from the perspective of ordinary members where its focus is on labor mobility to achieve structural transformation of the economy in addition to economic efficiency and growth. Although the Ghent-style unemployment insurance provided a level of economic security, most other policies and forms of support were designed to promote, or force, unemployed to adapt. This need for occupational and geographical flexibility was not always in line with the forms of security that many employees strived for. From the 1966 LO congress and onwards, union reports and statements started to point to the problems associated with mobility and structural change (Magnusson & Johansson, 1998, p. 124ff). This critique within the labor movement during the latter half of the 1960s contributed to changes in the labor market policies during the decade that followed (Molinder et al., 2017). Sheltered employment programs and early retirement became more common solutions to problems associated with unemployment in the 1970s (Furåker, 1986, pp. 173–180).

The ideas and policies inspired by the Rehn-Meidner model mostly came from LO, representing blue-collar workers. Employment Security Agreements as a concept and institution, on the other hand, was developed in the late 1960s and early 1970s within the white-collar unions, most notably by Ingvar Seregard of SIF (Svenska Industrijänstemannaförbundet, Swedish Union of Clerical and Technical Employees in Industry). At the same time, SIF and other white-collar unions within the private sector perceived increased labor market risks for their members. Due to structural transformations in the late 1960s, the unemployment levels for white-collar union members started to increase. From today’s perspective, unemployment figures were low, just above one percent, but this was a new experience at a time when white-collar unemployment had been unheard of for more than two decades. This development coincided with white-collar unions becoming disenchanted with the employment services provided by the government. The white-collar unions argued that the public employment services and the active labor market policies mainly catered to the needs of blue-collar workers. This perception was fueled and confirmed by decisions by AMS in the late 1960s to disband the employment services that were specifically targeting unemployed white-collar employees (Delander et al., 1991, pp. 80–81). The aforementioned Seregard sat on the AMS board between 1967 and 1973, but he was unable to influence the government agencies’ programs to any significant degree. Instead, Seregard took the initiative to increase the social protection of white-collar employees during collective wage negotiations with SAF. In this context, the idea of a jointly
owned fund to deal with the problems that arose for older employees who lost their jobs due to redundancies and structural change was developed (Forsberg, 1996, pp. 64–65).

In 1969, employers and white-collar unions in the private sector (SIF, HTF, SALF, and CF) reached a collective agreement for complementary income protection called AGE (Avgångsersättning). This agreement gave added income protection beyond the Ghent-system unemployment insurance for older employees facing redundancy. The idea was not new. The solution was inspired by the lump-sum severance package AGB (Avgångsbidrag) that had been developed for blue-collar workers as a response to growing concerns for older workers that lost their jobs due to structural changes, most notably in the declining textile and clothing sector (Edebalk & Wadensjö, 1993). AGE, and AGB that inspired it, aimed at increasing welfare protection for older employees through a collective agreement against a perceived threat created by structural changes in the economy and changing conditions in the labor market and working life.

The agreement over AGE could be interpreted as a success but could also be perceived as a result of the relative lack of influence of white-collar unions on government policies. While increasing criticism of occupational and geographical flexibility within LO led to a political response and changes in government programs, SIF and other white-collar unions were less successful in directly affecting government policies. When they could not affect government policy, the white-collar unions instead turned to collective bargaining. LO and the labor movement also at times used collective agreements to reduce risks associated with unemployment – AGB is an example of this – but due to their strong connections with the SAP (the Social Democratic Party, Socialdemokratiska arbetarepartiet), and their longstanding influence on the labor market programs of AMS, they had more influence on white-collar unemployment. White-collar and professional unions in TCO (Tjänstemännens Centralorganisation, The Swedish Confederation of Professional Employees) and SACO (Sveriges Akademikers Centralorganisation, Swedish Confederation of Professional Associations) were by no means without influence, but less successful compared to LO.

Another potentially important reason for white-collar unions turning to collective bargaining was the lower replacement rates for white-collar employees in comparison to blue-collar workers. Due to the ceiling of benefits, the average white-collar employee with a full-time contract received no more than 60–65 percent of previous earnings in the early to mid-1970s compared to the nominal replacement rate of 92 percent. However, this was not explicitly stated as a reason by trade union representatives in conjunction with the creation of AGE. Instead, the focus was on the increased risk of unemployment per se. Considering the ceiling in the unemployment insurance that AGE topped up, this was a beneficial outcome for those that gained access to this complementary income insurance. Collectively negotiated solutions such as AGE complemented existing welfare solutions for groups of employees considered to be under increased risks. The white-collar unions that would later form the cartel PTK wanted to take it a step further.

With AGE in place in 1969 white-collar unions continued to argue for other forms of social protection through collective bargaining. The key innovation with Seregård’s original suggestion was that these foundations would not only complement the unemployment insurance for older employees, as AGE did, but also help them find new employment and by upgrading their skills in a way that would make them competitive in the labor market. They were looking for alternatives to problems they thought that the government was not addressing. To finance and organize such a solution, the unions needed the employers. In the negotiations of 1973 SFO agreed to establish TRS instead of accepting a demand from PTK for increases in vacation time, while SAF agreed to TRR instead of increased salaries (Forsberg, 1996, p. 65). The pre-existing AGE became incorporated into these new agreements.

The ambition behind the agreements to provide increased protection for older employees was much in line with the general public debate at the time. The problems for older individuals to gain new employment after becoming redundant had entered the government’s policy agenda during the latter part of the 1970s. A government inquiry (usually referred to as the Åman Inquiry, after its chair Valter Åman) appointed by the Social Democratic government in late 1969 was instructed to
look over the need for increased and governmentally regulated employment protection with a special focus on the problems facing older employees (Calleman, 1999). Following suggestions from the inquiry, two laws approved by parliament in 1971 gave added employment protection and support to older employees. Time of notice (i.e., the shortest allowed time from being informed of redundancy to the end of the employment contract) had hitherto been determined in collective agreements and varied significantly (Ferdosi, 2020). At the same time, as government regulations increased the employment protection of older employees, unions were working towards increasing their income protection. At this stage, the agreement was thus arguably a case of occupational welfare and social protection from the welfare state complementing each other and giving employees strong protection against both the loss of employment and income.

The solutions offered through TRR essentially took three different forms. The first of these was AGE, a topping up of the unemployment insurance that ensured replacement rates higher than the maximum benefits in the publicly supported unemployment insurance allowed for. To be eligible, the recipient had to be at least 40 years old and worked at the company for at least five years. Initially, the actual sums provided were decided on a case-by-case basis, usually covering the equivariant four- or five-month income, during the first years of unemployment.

The second solution involved TRR offering an alternative to the public employment service and related active labor market programs. TRR used its knowledge about the situation and needs at different companies to find recipients new employment. They also occasionally offered training and education to upgrade the skill set of unemployed members covered by the agreement. These solutions filled the same functions as the public employment services and the active labor market policies of the government but in areas that TRR, PTK, and possibly SAF as well, concluded that the public sector was not delivering enough.

Concerning the labor market policies, TRR thus filled a function that both supplemented and complemented the public employment services. The need for ETAs and their functions were created due to reductions in the services provided for white-collar employees. Especially, the public employment services and the active labor market policies inability to deal with new labor market risks facing white-collar workers. This impression is further boosted by the fact that LO, when creating the first version of the TSL agreement (their first ESA) with SAF in 1983, choose to rely upon the government active labor market policies and did not include any similar solutions in their agreement at that time (Walter, 2015, p. 75).

The third solution consisted of attempts to find ways of keeping those threatened by redundancy within the same company. These attempts were often aimed at working proactively to reduce the risks of older, tenured employees becoming redundant. This form of solution was often favored by union representatives, as well as those working at TRR. According to an internal evaluation in 1983, preventive measures at about 80 workplaces had reduced the number of redundancies by up to 20 percent of the total workforce.⁵

The common solution within the Swedish labor market regime relied on creating conditions for structural change and, at the same time, provided opportunities for the unemployed to find new employment in more productive sectors of the economy. TRR projects, on the other hand, tried to save jobs within companies that needed to reduce their workforce. This was in many ways at odds with the labor market policies of the 1960s that favored economic restructuring through increased labor market mobility. However, as the new legislation for employment protection in the 1970s suggested, many employees favored more security in the workplace. Hence, until the 1990s TRR, as the largest ESA on the labor market during this period, the developments in occupational welfare both worked in tandem with the development of public welfare, sometimes filling a function of dealing with new risks for white-collar employees.

In the 1980s, representatives of blue-collar workers, LO, believed that the government and its agencies should be able to fill the role of retraining and help find employment for their members, at the same time, as unemployment insurances would cover the income losses associated with unemployment.⁶ But representatives of white-collar employees disagreed. Their members faced
new problems that the government at the time was considered ill-prepared to solve. By the early 1980s, it had become increasingly apparent to PTK that a certain degree of acquaintance with computers would become necessary for white-collar employees in the future, but this was something that almost all older (and probably quite a lot of the younger) employees lacked. To address these problems, PTK and its unions started to formulate their own visions and an alternative solution to the government’s labor market policies. As in the 1960s and 1970s, their perception of the problems was perhaps not dissimilar to views held within LO, but thanks to the existence of TRR they had created an alternative organization that could be used as a vehicle for their own programs.

Their point of view was that technological change would radically change working life for their members, and they tried to address these issues head-on with preventive actions and projects in order to secure the long-term employment of their members and at the same time create new jobs. In the early years, the focus was solely on increased economic security for unemployed white-collar employees, but with time more interest was directed towards these preventive projects. Runo Carlsson, chairman for PTKs council on employment security (called PTK-T) argued that TRRs preventive actions had to be increased in size and scope. Such projects did not only entail the development of existing activities within companies and made them more efficient but would also create new jobs. All that was needed, besides the resources that TRR could provide, he argued, was the creativity of white-collar employees. PTK wanted TRR to spend funds not only on further education of employees but also on the development of new products and production lines. In a presentation on TRR at the 1988 PTK Congress, the board argued that it had high hopes for the future when it came to their endeavors in the development of different forms of dismissal-prevention activities. The intention was to create models to stimulate companies and their employees to more long-term strengthening of both the company’s competence and personal skill, thereby avoiding that neither companies nor their (white-collar) employees would need to face any serious crisis. Finding ways to stimulate such a development would mean that TRR in the long term would help to ensure the employment security of the individual employee.

A problematic aspect of the material, but at the same time perhaps a telling omission, is that PTK representatives rarely refers to government programs and policies aimed at increased employment, income security, or active labor market programs in conjunction with their visions and plans for what they want to achieve through TRR and with collective agreements. During most of the 1970s, many representatives at AMS and the regional labor market boards seem to have perceived TRR as a threat and competitor. At least according to representatives from unions affiliated with PTK representatives from AMS often refer to TRR as a form of luxury employment services. By the early 1980s, however, both organizations had found ways of working together in joint projects. What TRR contributed to, at least according to themselves, was a focus on the needs and possibilities of the individual employee that the government programs lacked. For example, in an interview with the PTK periodical PTK-nytt, the newly appointed director-general of AMS Allan Larsson argued that he had a relaxed view on TRR, arguing that the different organizations had different functions. TRR could work with helping unemployed start their own businesses, social and curative activities, partly finance early retirement and direct economic support, he argued. Larsson did not see TRR as a threat or a competitor when it came to employment services and matching, as the public employment services and programs were so much bigger. At the same time, Runo Carlsson and others, in internal meetings at PTK, argued it was important that the unions tried to steer the funds and resources the government had towards preventive projects or to help the unemployed start their own companies. But in the end, the actor responsible for the continued training and development of the employee was, in their view, the firm. That firms took on the responsibility for the skill development of their employees was in the long-run benefit of both parties. But as the individual firm did not always see it this way, PTK wanted to use TRR, the Employment Security Agreement, and other collective agreements for codetermination and development in the workplace to force the employers to accept this responsibility.
A double retreat?

By the latter half of the 1980s, this alternative vision for social protection in the labor market for white-collar employees focused on continuous education as a means for both innovation and employment security had been established within the organization. While PTK was in negotiations with SAF to further the implementation of their visions, an economic downturn exposed the drawbacks of relying on collective agreements to provide welfare. It entails that the employers agree with them, or at least accept them. The early 1990s marked the beginning of the most severe economic crises in modern Swedish economic history. Rising unemployment first hit the private sector, but with increasing budget deficits, the public sector also started laying off employees at an unprecedented rate. The costs for TRR accelerated fast as the number of recipients increased from just 5,000 to 50,000 within a couple of months. As a result of these financial pressures, the scope of TRR’s ambitions was reduced, proactive measures, education, and training were reduced in favor of a narrow focus on AGE and matching services (Forsberg, 1996, p. 95).

Unlike a government program, a foundation such as TRR could not run a deficit for long but had to rely on funds accumulated from previous years. The crisis and rollback of TRR programs in the early 1990s was not only a financial problem. Several key actors within SAF had started to question the need and suitability for the agreement and TRR. The financial crisis gave them a window of opportunity. Even if several individual firms seem to have been pleased with the projects they were involved in, SAF as an organization was often skeptical and now wanted to get rid of TRR altogether (Walter, 2015, p. 75). This was part of a general shift in policies among private-sector employees. This concurred with an ambition at SAF to disentangle themselves from other cooperative institutions as they were pushing for decentralized wage bargaining and more market solutions across society. SAF and its member organizations were no longer interested in being involved in the neo-corporatism that had evolved during the post-war period. SAF unilaterally withdrew from all government boards where they had a seat in 1991 (Johansson, 2000; Rothstein et al., 1999). This almost led to the end of TRR as well, but PTK was able to save it through a new agreement after making several concessions. In conjunction with this, the agreement was renamed from an Employment Security (Trygghetsavtal) to Employment Transition Agreement (Omställningsavtal). The replacement of the word security with transition is telling us about the changes that the agreement and TRR went through.

The legacy of the 1990s crisis was also retrenchments in public welfare provisions for the unemployed. The actual replacement rate for the average industrial worker, which before the 1990s was close to or above 80 percent, has since deteriorated, despite two significant hikes in the maximum daily benefits in 2002/03 and 2016. In 2015, the replacement rate for the average full-time worker in the industrial sector was as low as 50 percent. Expenditures in public employment services active labor market policies have been greatly reduced if the number of people unemployed is considered (Anxo & Niklasson, 2006; Lindvert, 2006). The economic crisis that affected most of the first half of that decade also foreshadowed a period of much higher unemployment rates. This meant that even if public spending on labor markets, particularly for active measures, increased heavily as a percent of GDP during those years and have stayed at reasonably high levels; thereafter, often in the vicinity of two percent of GDP, as was the case before the crisis, these funds now have to be divided between a larger pool of recipients (Bengtsson & Berglund, 2012). Thus, although the resources provided by the government measured as a percent of GDP have been stable in the long run, a norm with much higher levels of employment necessitates that resources available per recipient have declined radically since the early 1990s (Habibija, 2020; Lindvall, 2011; Lindvert, 2006).

With the de facto abandonment of the goal of full employment, the risks associated with unemployment have risen considerably since the early 1990s. Furthermore, the employers saw this as an opportunity to reform the agreement and TRR in line with SAFs aspirations in increasing their members’ control over numerical flexibility and dismissals. SAF promptly canceled the agreement twice in the 1990s, in 1994 and 1997, when PTK was unresponsive to SAF demands. For PTK to save the agreement they had to make several concessions and accept reductions in the fees to TRR.
(Wrange, 1997). Even if this meant that AGE and matching services were preserved, it also heralded the end to more proactive or preventive projects. In this context, the government’s labor market policies and its relations with the ambitions of PTK become more evident. At the 1996 congress, PTK board member Isa Skoog argued against a current official government inquiry into employment security; although the suggestions claimed to favor flexibility in combination with security, it provided flexibility for the employers but little in the form of security for the employees.17

In an opinion article in 1997, PTK chairman Holger Eriksson defended the need for an Employment Transition Agreement stated that ‘one could, of course, think that the government’s labor market policies should manage with these issues. But these tasks have so far been shown to be overwhelming for the government’ (Eriksson & Erlandsson, 1997).18 Three years later, at the 2000 PTK Congress, Holgersson claimed that the structural changes that had occurred at Swedish firms would have affected white-collar employees much more severely without help from TRR. At the congress, representative K-G Skoog also expressed hopes for the future, claiming that firms were now less prone to dismiss employees during restructuring and instead often initiated activities to strengthen the competence and competitiveness of their employees. He claimed that this was a modern version and a renaissance for the preventive projects that had been performed by TRR before 1994.19

During the 2000s, PTK and its unions have started to connect the agreement more firmly to the concepts of employability and competence (Fahlberg, 2011; Kollega, 2011, 2012). In January 2019 PTK and Svenskt Näringsliv (SN, Confederation of Swedish Enterprise, the organization that replaced SAF) reached an agreement that gave TRR the mandate to approve contributions to dismissed employees that started an education that would help him or her finding new employment. The foundation can now offer a replacement rate of up to 70 percent of previous incomes for the first two semesters and 50 percent for further two semesters. The interests of several PTK unions, perhaps most notably Unionen (formed through a merger of SIF and HTF in 2008 this is the largest union in Sweden) to economically support the education of dismissed employees is indicative of a decreasing trust in the government’s active labor market policies to deal with the challenges facing white-collar employees during their careers.

ETAs as a provider of occupational welfare, as evident from the description above, have their drawbacks, as it depends on agreements with employer organizations with agendas of their own – in most cases increased control over dismissals. This is indicative of the fact that PTK and SN have on several occasions negotiated to raise the fees for TRR to increase the services and benefits from the agreement during the last decade. They have been unable to reach an agreement as the demands from the employers have entailed unions giving up too much of their influence during collective layoffs (Gunnare, 2017; Rennstam, 2012). Negotiations between the employers and LO on the private market over TSL tell a similar story. Unions are trying to find ways of protecting their members from welfare state retrenchment, but as the situation in the labor market, with higher overall unemployment and reformed labor market regulations, has changed the balance of power for employers, they can only gain so much by trying to derive concessions from them. Instead, unions in all the major union confederations in the Swedish labor market have started to turn to complementary income insurances for their members during the last decades (Lindellee, 2018, pp. 99–100).

Summary and conclusions

This article has charted the institutional development of the ESA/ETAs between the peak organization for private employers SAF/ SN and the white-collar union bargaining cartel PTK for about forty years. The investigation has aimed towards providing further insights on what conditions drive the emergence and development of occupational welfare in post-industrial welfare states. We have asked why these unions strived for occupational welfare solutions in a country historically known for its government-sponsored active labor market policies and high levels of decommodification and how these agreements related to changes in perceived social risks and the provisions provided by the welfare state.
Our results show that the white-collar unions which were part of PTK wanted to form foundations through collective agreements in order to address what they considered as deficiencies in politics and public programs addressing unemployment risks during the late 1960s. The replacement rates that white-collar employees received from the unemployment insurance were not satisfactory, they argued. Neither the public employment services nor the active labor market programs targeted their membership groups. The services and benefits, in the form of labor market matching services and AGE, complemented the labor market policies of its time. Older employees as the targeted group were also in line with the public policies during the early 1970s. In the following years, the purpose of TRR was developed in a direction that offered an alternative view on how to handle unemployment risks. Unlike the labor market policies derived from the Rehn-Meidner model, which promoted labor market mobility for economic restructuring and efficiency, PTK favored solutions that would both lead to innovation at the firm level and at the same time enable employees to stay at the same firm. They were also critical about what they perceived as the political sphere’s inability, or unwillingness, to address political solutions for the education and training that would become necessary with the introduction of computers in the workplace, something that would greatly affect the employability and work-life of their members. For these purposes, PTK wanted to use TRR for the funding of different projects that would enable employers and employees to achieve common goals without the need for external labor market mobility.

While the 1980s gives glimpses of the potential for occupational welfare to solve coincidental problems for employers and employees, the 1990s illustrates a serious drawback with unions attempting to counteract welfare state retrenchments through collective bargaining. If there ever has been a time in contemporary Swedish economic history when collective bargaining for the collectivization of unemployment risks in the face of retrenchments would have been called for the early 1990s would surely have been the most appropriate time. But as the employers had few or no incentives to give unions increased employment security at a time of economic crisis with soaring unemployment figures, this was hardly possible. It is telling that none of those foundations that are listed in the opening paragraph of the article was formed in the 1990s.

The most ostensible change with the agreement for TRR and similar agreements in the 1990s onwards was the re-naming of such agreements from Employment Security Agreements (Trygghetsavtal) to Employment Transitional Agreements (Omställningsavtal). This was a result of SAF’s perseverance that TRR should be used to enable increased flexibility in the labor market. This function was quite the opposite from what PTK had envisioned during much of the 1970s and 1980s, even if some of the actual services and benefits that the foundation provided was more or less like those that it had delivered since the start. The various collective agreements, the ETAs, differ in terms of conditions, depending on white-collar or blue-collar agreements. Over time, representatives for PTK and its unions came to internalize the goals of the new agreement. By the early 2000s representative’s security was not achieved through employment tenure but through continuous training and education that enabled the employee to move from one employment to the other. Although they wanted the employers to take increased responsibility for the continuous training and development of their employees, this was not something that TRR could be used for. They wanted the possibility to fund further education for those that became unemployed with TRR. PTK and its unions by this time have given up on the government and its active labor market policies to facilitate this. The responsibility lies with employers and the individual employee through collective or private means and with the help of labor market intermediary institutions, such as TRR, finds new jobs and acquires new marketable skills. The role of the state is to provide opportunities for further education at institutions for higher learning, not through the provision of traditional active labor market policies or public employment services.
Considering previous research on occupational welfare and other forms of social protection through labor markets, our study provides two contributions. The first is related to the debate on the relationship between public and occupational welfare and collective agreements as a supplement. Several contemporary studies have highlighted collective agreements as an alternative to the privatization of risks caused by welfare state retrenchments. Based on our case study, we would argue that the possibilities for this are contingent on a willingness on the other side of the bargaining table to give concessions. In the 1990s, when Employment Security/Transition Agreements would be most beneficial for white-collar employees in the private sector facing redundancies and layoffs in the wake of the economic crisis, the agreement itself was renegotiated and retrenched, more in line with a double retreat of public and occupational welfare.

The second contribution of the study suggests that previous studies on occupational welfare have tended to think of welfare provided by either the government or the social partners in additive terms; that welfare can take different forms – active labor market programs, employment services, income protection – but can be added together. What TRR provided, particularly in the late 1970s and in the 1980s, was not only complementary to public welfare but also an alternative with another vision of how protection against the risks associated with unemployment should be achieved. The unemployment insurance and AGE complemented each other, but the proactive projects that PTK promoted were of a different kind compared to the government’s active labor market policies. The latter promoted transitions between employments, the former promoted employment continuity. From the 1990s onwards; however, these visions became more alike.

Occupational welfare has its potentials and advantages, especially for more privileged groups in the labor market. But in essence this story tells us that in comparison to public welfare solutions, occupational welfare solutions are a second-best alternative in times of economic turmoil and crisis. Furthermore, despite the relative strength of Swedish unions, they are not able to sufficiently address increased labor market risks brought about by welfare state retrenchment and structural change.

Notes

1. It should be noted that the 2004 TSL agreement between The Confederation of Swedish Enterprises and the Confederation of Labour had a predecessor in an agreement between 1983 and 1997. See, for example, (Walter, 2015, p. 75).
2. The archives of the PTK are located at TAM-Archives: TAM-Arkiv, Grindstuvägen 48–50, SE 167 33 Bromma, Sweden. The material consists mainly of PTK Congress minutes in TAM/PTK/A1a and minutes from negotiations and meetings in TAM/PTK/F4i/F6a and/F7a.
3. Information about the database can be found at https://www.retriever-info.com/.
5. See for example, minutes from the PTK Congress in 1985 (TAM/PTK/A1a:3).
6. LOs attitude did not change until the early 2000s, which lead to both SAF and LO resurrecting the TSL in the image of TRR and ETAs as a solution for unemployment risks being the subject of an official government inquiry.
7. See, for example, the two special issues on technological change followed by an issue regarding job security of the PTKs magazine, PTK-Nytt nr 8, 9 and 10 in 1980.
8. PTK Congress 1985, §10 (TAM/PTK/A1a:3).
11. PTK Congress 1988, §29 (TAM/PTK/A1a:3).
15. See, for example, PTK-T minutes from meeting, 28/8 1984 (TAM/PTK/F4i:1).
17. PTK Congress 1996, §18 (TAM/PTK/A1a:3).
18. Our translation of “Man kan givetvis tycka att samhällets arbetsmarknadspolitik borde klara de här uppgifterna. Men dessa uppgifter har hittills varit samhället övermäktiga.”
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