

National Mediation Office

A short presentation of a new Swedish agency

The National Mediation Office has three principal tasks:

- to **mediate** in labour disputes
- to promote **an efficient wage formation process**
- to be responsible for **the official Swedish wage statistics**.

The Institute began work in 2000. Its offices are located in central Stockholm.

Mediation

The principal task of the National Mediation Office is to mediate in disputes occurring in the Swedish labour market.

Ad hoc mediators. The National Mediation Office appoints mediators in the event of a dispute between the parties in the labour market (the 'social partners') during bargaining over pay and terms of employment. Nowadays, management and labour negotiate at national association level.

Mediators are expected to keep abreast of the economic situation in the country. Their task is to ensure that the social partners reach agreement and thereby preserve industrial peace. But this is not to be achieved at any price – mediators are also required to strive for agreements that are compatible with an efficient wage formation process (see below).

Mediators are not permanently employed by the agency but are appointed for each indi-

vidual dispute. Most of them have previously served as negotiators with one or other of the social partners.

Regional mediators. The National Mediation Office has six regional mediators at its disposal. They are called in when local disputes occur at company level. A typical conflict at this level involves a company refusing to sign a collective agreement with a union organisation.

Regional mediators are attached to the National Mediation Office for 12 months at a time and carry out mediation assignments in addition to their regular employment. Several of them have held such posts for many years and are or have been court lawyers.

Efficient wage formation

The National Mediation Office is required to strive for an efficient process of wage formation. This means combining satisfactory real wage growth with improved employment levels while maintaining competitiveness. This is to be achieved by ensuring that cost levels in Sweden, taking productivity trends into account, do not rise above those of Sweden's competitors. Another aim is to ensure that as far as possible wage formation does not give rise to labour disputes that harm third parties.

Further, overall wage increases may not imperil the goal of 2 per cent inflation per annum decided by the Swedish Central Bank (Riksbanken). ▶

In pursuit of these goals, the National Mediation Office holds regular talks with the social partners, organises conferences and seminars, initiates research and publishes an annual report on wage formation.

Statistics

The National Mediation Office is the agency responsible for providing official statistics on wages and salaries in Sweden. The statistics are produced as before by Statistics Sweden (SCB).

The task of the National Mediation Office, following consultations with other interested parties, is to order statistics that meet the needs of the various users as far as possible. Important uses for wage statistics include providing background material for the analysis of wage formation and economic developments and research in the social sciences field.

The statistics are to be of a generally informative nature and to reflect any pay differentials that may be due to gender discrimination. They are also to be supplied to the EU and serve as a basis for international comparisons. To shed light on various aspects of pay, wage statistics of different kinds are to be produced. The most important ones are the annual statistics on pay structures, largely based on figures from the social partners, and the monthly pay review.

Reports

The National Mediation Office publishes an annual report analysing developments in the bargaining sector, wage growth and wage formation trends. Any labour conflicts that occur are also reported. Statistical analyses are published monthly ten times a year (on the webpage - www.mi.se) and presented more extensively in the annual report, published in February.

History

The **background** to the creation of the National Mediation Office is as follows:

For several decades, wage formation had been causing problems in the Swedish economy, with high nominal wage increases and a high rate of inflation. Unemployment increased sharply in the early 1990s and half a million jobs vanished in the space of a few years. In 1997, the Government set up a committee to review wage formation throughout the Swedish labour market. It examined the principles governing wage negotiations, the rules for mediation and the legislation governing industrial action. A number of the committee's recommendations were adopted, but only after attempts to persuade the social partners themselves to agree on new rules had failed. The Riksdag (Swedish parliament) approved the establishment of the National Mediation Office in April 2000.

In Sweden, the social partners themselves have long been responsible for concluding wage agreements, without any state interference. This still applies.

The free right of negotiation is a cornerstone of Swedish society. The right of both management and labour to take industrial action is enshrined in the Constitution.

The task of mediating in labour disputes was previously discharged by the National Conciliator's Office. State mediation in industrial conflicts has been provided for by law in Sweden since 1906.

The National Conciliator's Office kept a **statistical record of working days lost** due to industrial action in the Swedish labour market since the beginning of the 20th century. This is now kept by the National Mediation Office, and published on the web site.

New legislative powers

Compulsory mediation

The National Mediation Office can appoint mediators at the request of the parties concerned. Under the new legislation dating from 1 June 2000, it can also appoint mediators without the consent of the parties. This may be done if one of the parties has given notice of industrial action and the National Mediation Office decides that mediators can satisfactorily resolve the dispute.

Organisations that have signed an agreement on bargaining procedure (see below) and have registered the document with the National Mediation Office are exempted from this rule.

The intervention of mediators against the wishes of the social partners is not common practice.

Postponement of industrial action

The National Mediation Office has the right, if requested by the mediator, to order a cooling-off period of 14 days before notified industrial action may begin, but only once during each term of mediation. The aim is to give the mediators more time to resolve the conflict before the parties take action. Before exercising this right, the National Mediation Office must decide that the mediators are in a position to achieve a solution.

Advance notice of at least 7 working days

A party planning industrial action must give notice of such action at least seven *working* days in advance. It must notify both the opposing party and the National Mediation Office.

Previously, the period of notice was seven calendar days.

New factors

A number of new factors have begun to affect wage formation in Sweden.

An independent Swedish Central Bank is required to pursue a **low-inflation policy**. The Swedish Central Bank has set an inflation goal of 2 per cent (+ - 1 per cent) per annum. Excessively large pay increases may force the Central Bank to raise the interest rates.

A **floating rate of exchange** was introduced in 1992 for the Swedish currency, the *krona*.

Internationalisation is affecting the Swedish economy.

The social partners in Sweden have assumed greater responsibility for wage formation by reaching special **collective agreements on cooperation and bargaining procedure**. In order to be registered these must include timetables for negotiations, rules concerning the appointment of mediators and the extent of their powers, and rules concerning the termination of the agreement. Employer and union organisations, then, conclude special accords designed to make it easier to settle wage differences in time without resorting to industrial action.

The first such accord, known as the Agreement on Industrial Development and Wage Formation, was concluded in 1997 on behalf of some 700,000 blue-collar and white-collar workers in industry. It was signed by 12 employer organisations and seven trade union organisations, who thereby established a macroeconomic framework for their negotiations. Since then, similar agreements have been concluded between the parties in central, regional and local government and on behalf of white-collar workers in the retail trade. Sectors that are not ►

covered by such agreements include the transport industry, much of the retail trade and the construction industry.

Sweden is moving towards a **decentralised and individualised** system of wage formation. In many areas, agreements have been reached that make no reference to centrally negotiated pay structures – everything is decided at the local workplace. Most agreements, however, still incorporate stipulated guarantees regarding the minimum pay rise level.

For about 40 years, up until the late 1980s, pay in the private sector was determined in national agreements centrally negotiated by, on the one hand, the Confederation of Trade Unions (LO) and the Negotiation Cartel for Salaried Employees in the Private Business Sector (PTK),

and on the other the Swedish Employers' Confederation (SAF). Since 1990, however, wage agreements have been negotiated by the individual union and employer associations. This model was first introduced (in 1983) by the Association of Swedish Engineering Industries and the Swedish Metal Workers' Union. As the number of sector-specific agreements grew, so in theory did the scope for conflict.

Staff

The National Mediation Office presently has nine members of staff. They include social scientists and lawyers with long experience of working with the social partners in the Swedish labour market.

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