Mediation for an efficient wage formation process

The Swedish National Mediation Office's first 25 years

SWEDISH NATIONAL MEDIATION OFFICE

Mediation for an efficient wage formation process

The Swedish National Mediation Office’s first 25 years of operation were commemorated in a number of articles and interviews published during 2025. Former Directors-General, together with a range of representatives of the social partners, mediators and politicians, shared their recollections and views on both the establishment of the institute and its activities. In addition, a special seminar was held in the autumn, bringing together representatives of the social partners, politicians and public officials who had, in various ways, been involved in and influenced the Office’s activities over the course of those years.

In this article, the Swedish National Mediation Office’s Senior Legal Advisor describes the developments that led to the establishment of the Office and outlines the principal features of the reform of the mediation system introduced in 2000. He then provides an account of how the Swedish National Mediation Office has carried out key aspects of its tasks during its first 25 years of operation, as well as of the agreements reached by the social partners concerning mediation arrangements conducted under their own auspices.

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Fundamental changes take time

It is often said that the rules and principles governing the Swedish labour market are developed collaboratively by politicians and the social partners. This also applies to issues where the State has traditionally taken a backseat, giving the social partners free rein. A good example of this is the change in wage formation – how wage increase margins are negotiated and wages determined in the labour market – in the 1990s.

Further development of the mediation system was a key element of the new system that eventually emerged. A system in which the state mediation service was given a broader remit, shifting from a focus primarily on dispute resolution to achieve industrial peace to also working towards well-functioning wage formation.

The implementation of far-reaching changes is rarely a quick process, at least not when there are many actors involved and a strong need for broad support. Deep-seated problems in the 1970s and (especially) the 1980s, the naturally conflicting interests of the social partners, and the large number of different actors resulted in the work to reform wage formation and mediation remaining an ongoing process from the late 1980s and throughout the 1990s. Up until the establishment of the Swedish National Mediation Office in 2000, a whole range of initiatives and measures were taken by both the political system and the social partner system. Although the intention was perhaps not always to 'coordinate' with one another, it must be noted that the actions of the social partners often mirrored political actions and inactions, and vice versa.

Over the course of slightly more than a decade, the external conditions for wage formation also changed as a result of political and economic developments. In the early 1990s, there was a widespread international economic downturn and dramatic currency fluctuations. In Sweden, competitive power was severely weakened, inflation was high and the financial system was in turmoil, with banks and property companies in crisis. Following extensive interest rate hikes as the Riksbank attempted to protect the value of the Swedish krona, the fixed exchange rate was eventually abandoned and the krona was allowed to float freely. Sweden's accession first to the EEA (European Economic Area) in 1993 and subsequently to the EC (European Community, now the European Union, EU) in 1995 brought about significantly changed conditions for the Swedish business sector and the labour market. All of this played a significant role in the reform of the wage formation system and the establishment of a new mediation body in Sweden.

From the beginning to almost the present day

The state mediation service for the settlement of labour disputes in Sweden has a long history. It is the oldest in the Nordic region and was first enshrined in law at the time of the first comprehensive and groundbreaking agreement between the social partners in the Swedish labour market. It could be said that the state mediation service is therefore as old as the earliest phase of what developed into the Swedish labour market model. In 1906, the Swedish Employers' Association (SAF) and the Swedish Trade Union Confederation (LO) agreed on certain fundamental terms governing relations between the social partners (referred to as the December Compromise), and in the same year the Riksdag passed its first law on mediation in labour disputes. This law marked a relatively modest start to state-run mediation and was a clear expression of the view that the State should not impose solutions on the social partners that they themselves did not accept. It imposed no obligations on the disputing parties and has been described as a loosely worded set of instructions for the conciliators (as mediators were known until the establishment of the Swedish National Mediation Office). The law left it to the conciliators to decide both when to intervene and how to conduct the mediation proceedings. In 1920, a new mediation law was passed, which, among other things, imposed an obligation on the parties to appear before a conciliator when summoned. In 1967, the National Conciliation Office became an independent authority, having previously been part of the National Board of Health and Welfare. The 1920 Act on Mediation in Labour Disputes remained in force until the Co-Determination Act was introduced in 1976. For the first time, there was no longer a specific law on mediation. Instead, the public law rules on state-administered mediation became part of the Co-determination Act, which was otherwise governed by civil law.

Although the statutory regulation of the mediation system at the end of the 20th century differed from the legal provisions introduced in 1906, it can be said that the principles underpinning mediation remained the same for the first nearly 100 years. State-run mediation aimed to help disputing parties reach agreement and, where possible, avoid or at least limit labour market disputes. It was primarily regulation of how the mediation system was organised that changed somewhat over time. The fact that the main focus of the mediation system shifted from the local to the central level during the 20th century reflected developments in the labour market, from local collective agreements to collective agreements at the industry level. State regulation of mediation thus changed relatively little over almost 100 years[1].

[1] The National Board of Health and Welfare chronicled the first 50 years of the state mediation service in a publication marking its 50th anniversary in 1956, and when the mediation service celebrated its centenary in 2006, the Swedish National Mediation Office commemorated the occasion in the publication '100 år av medling i Sverige' (100 Years of Mediation in Sweden). The mediation service during the 20th century is also described in academic publications. A detailed and comprehensive account was provided by Birgitta Nyström in her thesis 'Medling i arbetstvister – en rättslig studie av det svenska systemet i jämförande nordiskt perspektiv' (Mediation

At the same time, society underwent far-reaching changes economically, socially and politically. Sweden went from being one of Europe's poorest countries at the start of the 20th century to being one of the world's richest by the end of the century. Compared with most other developed countries, the country was also characterised by a reasonably even distribution of wealth among the population and a relatively cohesive wage structure in the labour market. The business sector and labour market shifted from being dominated by agriculture and, over time, increasingly by industrial production, to a growing service sector, including (for a period) a rapidly expanding public sector. The industrial sector, measured in terms of the number of people employed, declined towards the end of the century but remained, and still remains, absolutely crucial to the Swedish economy. Over time, the proportion of white-collar workers in the labour market also increased relative to the number of blue-collar workers.

Following very high levels of industrial conflict in the early decades of the 20th century, conditions gradually stabilised following the Saltsjöbaden Agreement of 1938. However, it was not until the mid-1950s that a more sustained decline in the number of working days lost due to industrial action was seen. A state of relative industrial peace then lasted until the end of the 1960s.

Gradually, a centralised coordination of collective bargaining emerged. In the mid-1950s, centralised collective bargaining began between LO and SAF on issues such as wage increases. In the 1970s, collective bargaining also was coordinated between SAF and PTK for the growing proportion of white-collar workers in the private sector. The reform of collective bargaining rights in the public sector, which came into force in 1966, led to public sector employee organisations becoming key players in the collective bargaining process. There was also coordination between collective bargaining areas within the public sector in the 1970s. As the public sector expanded, there was also increased political involvement in wage formation.

One consequence of the centrally coordinated collective bargaining was that, in practice, the decision on the use of industrial action in disputes over wage increases lay with the relevant central organisations and bargaining cartels. The industry-level negotiations on industry-specific issues, which followed once central agreements had been reached, could then be conducted without the threat of industrial action. The period of centrally coordinated collective bargaining was characterised by relatively few but, over time, not infrequently extensive labour disputes (with the major dispute 'Storkonflikten 1980' being the clearest example), excluding wildcat strikes. This was in contrast to the period up to the mid-1950s, when collective bargaining was initially conducted at the company level and, over time, increasingly at the industry level, during which industrial action could be frequent but was usually of limited scope.

In the 1980s, it became increasingly difficult to maintain centrally coordinated collective bargaining. As that decade gave way to the next, the era of collective bargaining under the

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in labour disputes – a legal study of the Swedish system from a comparative Nordic perspective). Norstedts Förlag, Stockholm 1990.

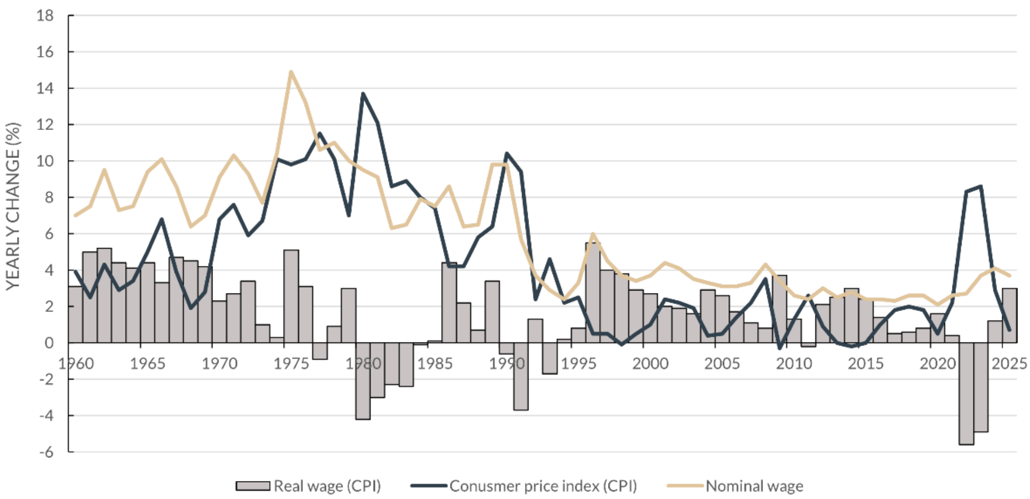
strong and decisive influence of the central organisations came to an end, and there was a return to more purely industry-level collective bargaining[2].

[2] The development of labour market organisations, how collective bargaining was conducted and the nature of disputes are described in published works. See, for example, the reports Arbetsmarknadsstriden (Labour Market Conflict) I and II (SOU 1984:18 and 19).

Wage formation issues lead to calls for reform – the public inquiries begin

The major changes that took place from the late 1960s onwards in the economy, politics and the labour market, as well as in the collective bargaining system and organisational structures, posed new challenges for wage formation and gradually led to its increasingly poor functioning in the 1970s and 1980s. Agreements were concluded with various types of clauses[3], which led to demands for compensation and renegotiations. The outcomes of the collective bargaining process did not correspond to the socio-economic scope for wage increases, resulting in negative effects on price and cost trends and on employment. In simple terms, the large nominal wage increases and wage drift in the agreements fuelled inflation and undermined the international competitiveness of the business sector. Inflation resulted in real wage increases being zero or even negative in certain years. Real hourly wages in the Swedish manufacturing industry in 1990 stood at the 1980 level, while nominal hourly wages had doubled over the ten-year period[4]. At the same time, the number of working days lost due to labour market disputes increased, both in the early 1970s and, in particular, throughout much of the 1980s.

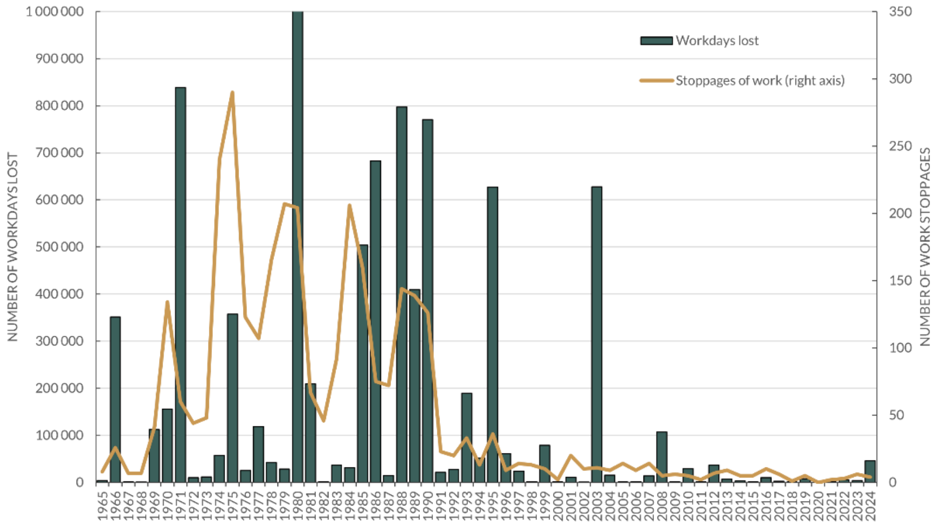
DIAGRAM 1.1 Nominal and real wage growth 1960–2025



Source: Swedish National Mediation Office

[3] Price development guarantees, earnings development guarantees and wage development guarantees.
[4] SOU 1990:12, p. 24.

DIAGRAM 1.2 Working days lost and number of disputes 1965–2025



Source: Swedish National Mediation Office

Following a few years of relative calm in the political sphere after the legislative reforms of the 1970s and 1980s (the Employment Protection Act, the Co-determination Act and other legislation), by the end of the 1980s there was a growing recognition of the need for reforms to keep pace with developments[5]. A series of initiatives were taken in the late 1980s and early 1990s.

Extensive work was initiated, involving inquiries and other measures aimed partly at bringing about more socio-economically responsible collective bargaining and partly at establishing a more appropriately designed mandate for the state mediation body and a system that would make the path to labour market disputes somewhat more difficult.

An inquiry was appointed in 1987

Following consultations with the social partners on the need for improved rules governing the labour market, the Government appointed a one-man committee ("external inquirer") in 1987[6] whose primary role was to persuade the parties in the public sector to bring about improvements to the flawed collective bargaining processes, in which negotiations got off to a late start, notice of industrial action was given, and in some cases industrial action was even taken to get negotiations underway. According to the Government, the parties should engage in negotiations to a greater extent and, ideally, also conclude new agreements before the old ones expire. Issues regarding mediation were raised, and here

[5] Issues relating to mediation had already been addressed in the report that formed the basis for the Co-determination Act (Demokrati på arbetsplatsen (Democracy in the workplace), SOU 1975:1). However, it was emphasised there that it was incumbent upon the social partners to maintain industrial peace and that nothing had emerged to suggest a need to grant conciliators enhanced powers over the parties beyond those already in force, i.e. the possibility of summoning the parties to negotiations on pain of a fine. The provisions contained in the 1920 Mediation Act were incorporated, in substance, largely unchanged into the Co-determination Act.
[6] Ingvar Seregard, who previously served in roles such as Chair of the Council for Negotiation and Cooperation (PTK) and Director of Negotiations at the Swedish Union of Clerical and Technical Employees in Industry (Sif).

the Government emphasised that the research officer should examine how the role of the National Conciliation Office could be strengthened and whether mediators should be granted additional powers, such as the ability to postpone industrial action for which notice had been given.

The so-called Collective Bargaining Inquiry submitted its report 'Fack & samhälle 1988' (Trade Unions and Society 1988) (Ds 1988:2). In the report, the inquiry noted that collective bargaining in the public sector was complicated by the fact that the Government acted independently of the employers' organisations. With regard to mediation, the inquiry pointed out that an increasing number of parties were turning to the Government with requests for it to appoint mediators or mediation commissions[7]. The inquiry considered this to be problematic given the Government's role in public sector disputes. The inquiry concluded that the Government should be relieved of the responsibility for conciliation activities and, as a first option, this should be placed entirely with an independent authority. As a second option, the inquiry concluded that the Conciliation Office should be given the power to appoint conciliation commissions as well. The inquiry's proposals did not lead to any legislative changes[8]. However, there was some change to the mediation system in 1988 when the chair of the Conciliation Office's board was given a more prominent role to reduce the need for mediation on behalf of the Government.

Bill on a wage freeze in 1990

In early 1990, the Government invited the social partners to consultations to ascertain whether they were prepared to conclude agreements that were economically justifiable for that year and the following. The Government also wanted to know whether the partners were prepared to review their negotiation methods and systems, and whether they were willing to contribute to a review of, among other things, mediation rules. The social partners' responses to these questions led the Government to conclude that legislative measures were necessary. A temporary law on a wage freeze was proposed, which entailed a ban on paying or receiving higher wages and other remuneration for the same or comparable duties than prior to the law coming into force[9]. The proposed law, which was to remain in force until the end of 1991, also included stricter rules on the obligation to maintain industrial peace. The Riksdag voted down the proposal, the Social Democratic

[7] Until the establishment of the Swedish National Mediation Office in 2000, the Co-determination Act meant that, in the event of a labour dispute of 'significant importance', the Government could appoint a conciliation commission or an individual to mediate in the dispute. The power to appoint a so-called special mediator in such disputes was thus shared between the Government and the National Conciliation Office.

[8] In 1987, the Government also appointed a one-man committee tasked with reporting on how wages, wage costs and terms of employment had developed in various parts of the labour market, and with assessing whether wage statistics should be changed and, if so, how. The research officer noted (in the report 'Svensk lönestatistik' (Swedish Wage Statistics), SOU 1990:63) that the system of official wage statistics, which was largely based on the social partners' wage statistics, functioned well, but that the State should be prepared to establish its own basic production of wage statistics in the event that the social partners' statistics were restricted or significantly altered.

[9] Government Bill 1989/90 on a general wage freeze (Govt Bill 1989/90:95). At the same time, the Government adopted a special regulation on price and rent freezes; the regulation was repealed when the proposal for a wage freeze was withdrawn.

government resigned and returned shortly afterwards with a slightly different composition.

The Rehnberg Commission was convened and a new inquiry was appointed in 1990

When the legislative initiative failed, the new government instead appointed a special collective bargaining group in the spring of 1990, led by former Director-General Bertil Rehnberg, tasked with assisting the parties in reaching agreements that would lead to a radical reduction in total wage increases. The work of the so-called Rehnberg Commission did not result in such agreements being reached in 1990, which is why the Commission was given a new mandate in the autumn of that year.

At the time of the Rehnberg Commission's first mandate, the Government also appointed a one-man committee[10] tasked with putting forward proposals to improve the forms of negotiation and the rules of the labour market. The terms of reference for the research officer described the problems as follows:

'Collective bargaining in the 1980s has shown that the so-called Swedish model no longer functions satisfactorily. Open conflicts have arisen during every round of collective bargaining. The parties have faced increasing difficulties in reaching agreements without conflict and mediation. One explanation for this may be a tougher economic situation with, particularly in recent years, an unacceptably rapid rate of wage increases, including wage drift, which has triggered demands for compensation, etc. Another explanation may lie in the very technique of collective bargaining and the form of negotiation. The notice provisions and the sanctions system may also have contributed.'

The description of the problem from the terms of reference for the 1987 inquiry is familiar. In the absence of improvements, however, the terms of reference were further specified. On this occasion too, the Government wanted the social partners to be persuaded to resolve the problems themselves, as well as to draw up concrete proposals for improvement. Furthermore, the research officer was to examine how formats could be developed for a broader discussion of the socio-economic conditions ahead of collective bargaining. The Government also wanted the research officer to examine further measures to strengthen the position of the conciliators' organisation and whether conciliators should be given increased powers, such as the ability to postpone industrial action for which notice had been given[11]

In its report 'Spelreglerna på arbetsmarknaden' (The Ground Rules in the Labour Market, SOU 1991:13), the so-called Wage Negotiation Inquiry highlighted the increase in industrial disputes during the 1980s and proposed the establishment of a National Mediator, who would be assisted by permanent regional mediators and special mediators for major negotiation assignments (an organisation similar to those in Norway, Finland

[10] Lars-Erik Nicklasson, former President of the State Employees' Union (SF).
[11] The research officer was also tasked with considering measures to ensure clearer notice of industrial action, issues relating to conflicts posing a danger to society, and the system of sanctions for unlawful industrial action.

and Denmark). The National Mediator would monitor collective bargaining and always summon the parties to consultations once notice of industrial action had been given. It was anticipated that compulsory mediation (i.e. mediation against the will of one or both parties) would be used to a greater extent than previously. It was also proposed that the National Mediator be given the power to postpone industrial action for which notice had been given for a maximum of seven days. The inquiry further argued that an economic council comprising representatives from the social partners should be established to conduct joint analyses of the socio-economic conditions for future collective bargaining rounds. The inquiry emphasised that improved forms of negotiation and ground rules were the responsibility of the social partners themselves, but that if no improvements were achieved, a new, broad-based inquiry into forms of negotiation should be appointed. The proposals regarding a National Mediator, etc. were not taken forward by the Government[12].

The Rehnberg Commission is given a new mandate

In the autumn of 1990, the Rehnberg Commission was given a new mandate. It was to attempt to bring the social partners to a consensus on an assessment of developments in the economy and the labour market, and then work to ensure that the parties reached 'stabilisation agreements' primarily for the coming year. At the end of 1990, the Commission presented its proposal for a stabilisation agreement to the social partners for the period January 1991 to March 1993[13]. The proposed agreement was intended to bring about a sharp slowdown in cost growth and would help to break the ongoing price and wage spiral, significantly curb inflation and improve the competitiveness of the business sector. Confidence in the Swedish economy could thus be improved, interest rates would fall, and real wages and growth would rise. The Commission's proposal entailed wage increases of 1.1 per cent in 1991 and 3.3 per cent in 1992 across the entire labour market. Ahead of the 1993 collective bargaining negotiations, the social partners were urged to review their collective bargaining systems with a view to reducing wage drift and creating the conditions for agreements at a level that remained favourable to the economy[14]. The Commission also held consultations with representatives of the food industry and the grocery trade, who undertook in writing to work towards limited price increases provided that the social partners agreed on the stabilisation agreements. The subsequent round of collective bargaining generally resulted in agreements being signed at the proposed levels[15]. At the same time, the rate of price increases in the food and grocery sectors was limited. However, there was generally no review of the collective bargaining systems, and the problems with wage drift persisted.

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[12] The inquiry also put forward proposals including increased damages for unlawful industrial action and the establishment of a single board for the entire labour market to assess the danger to society posed by industrial action. These proposals were not taken forward by the Government either.
[13] The work and proposals of the Rehnberg Commission are described in the memorandum 'Stabiliseringsavtal 1991–1992' (Stabilisation Agreement 1991–1992) (Ds 1993:23).
[14] The Commission had noted that wage increases exceeding the agreements were occurring across the entire labour market, not only in the form of 'regular' wage drift but also through various types of supplements which the parties did not regard as raising the wage level but which nevertheless led to cost increases. Ds 1993:23, p. 106.
[15] Also significant in this context was the tax reform adopted in 1991, which included, among other things, a reduction in tax on labour and an increase in tax on capital income, energy and consumption.

Two of the members of the Rehnberg Commission, the experienced mediators Gunnar Albåge and Rune Larsson, later stated[16] that during the 1993 collective bargaining round, the social partners had adopted a somewhat new perspective on negotiation objectives and the way to resolve conflicts in the labour market. Among other things, the partners had accepted socio-economic principles in the mediation process and that the Conciliation Office would assume full responsibility for mediation activities (i.e. no mediators would henceforth be appointed by the Government). The partners had also prioritised price stability, and no demands for compliance clauses (i.e. clauses in collective agreements granting the right to renegotiate if parties in other agreement sectors agreed on larger pay rises) had been put forward.

A realisation takes shape and fresh pressure from the political sphere

Although the 1995 collective bargaining round represented a setback, with industrial disputes and excessive cost increases for both the business sector and the public sector (from a socio-economic perspective) – albeit with real wage increases – an awareness had grown among both the social partners and politicians regarding the problems caused by a poorly functioning wage formation system. Furthermore, the concerted effort that took place in connection with the work of the Rehnberg Commission had shown that such an awareness, combined with a willingness by the social partners to address the problems, could quite rapidly lead to far-reaching improvements for everyone. It can thus be said that a necessary foundation had been laid for what would subsequently entail a radical reform of wage formation, and after many years without any real regulatory force for wage formation in the labour market, the time had come for such a force to emerge.

The impetus from the political system continued, and in the spring of 1996 the Government again urged the social partners to jointly implement the necessary changes to the collective bargaining and wage formation system by the spring of the following year, in order to achieve a better functioning wage formation system.

[16] In the Swedish National Mediation Office's anthology 'Tretton perspektiv på lönebildning' (Thirteen Perspectives on Wage Formation).

Time for (the first) Industrial Agreement

The first concrete and decisive building block for a new wage formation system was laid by the social partners in the industrial sector in March 1997 through the signing of ‘Samarbetsavtalet om industriell utveckling och lönebildning’ (Cooperation Agreement on Industrial Development and Wage Formation)[17], referred to as the Industrial Agreement. The Agreement represented a broader and more coordinated approach to the wage formation process within the basic and manufacturing industries, with both competitiveness issues and real wage trends at the forefront. This approach was intended to have an impact even beyond the sector itself. To put it another way, the intention was for the export industry to set the pace for wage increases across the labour market as a whole. It was considered to carry particular weight because the Agreement brought together all trade union members, including blue-collar workers, white-collar workers and academics.

The Agreement aimed (and still aims) to promote industrial development, profitability and competitiveness. This would enable good wage growth and favourable conditions for employees in general. The negotiation procedure that formed part of the Agreement involved the parties undertaking to work towards constructive collective bargaining with balanced outcomes without resorting to industrial action. Wage negotiations were to commence three months before the expiry date of the agreements and be concluded before they expired. The parties were to be assisted by impartial chairpersons who, one month before the old agreements expired, would step in and lead the negotiations. The Industrial Agreement has since been amended on a few occasions, particularly in 2011, but the fundamentals of the Agreement remain the same as those agreed upon from the outset.

At the Swedish National Mediation Office’s 25th-anniversary conference in September 2025, the former representatives of the employer and employee sides in the industrial sector, Bengt Huldt and Anders Ferbe (both now mediators), pointed out at that a key factor in this context was that, by agreeing to the Industrial Agreement, the industrial parties had secured their own ‘party-owned’ system for resolving disputes arising from wage negotiations. This system was intended to be free from state influence through mediation. This idea subsequently became of great significance for the state mediation system that was subsequently developed.

[17] The full name is now ‘Industriavtalet - Industrins samarbetsavtal och förhandlingsavtal’ (The Industrial Agreement – The Cooperation and Negotiation Agreement of the Industrial Sector).

Over the years, issues concerning wage standardisation and the significance of the Industrial Agreement have been described in various contexts and from slightly different perspectives[18].

[18] See e.g. the Swedish National Mediation Office's annual reports for 2006 and 2007, the report 'God sed vid lönebildning' (Good Wage Formation Practices) (SOU 2006:32) and the Swedish National Mediation Office's 2009 publication 'Vem ska bestämma takten? – Parternas syn på lönenormering' (Who Should Set the Pace? – The Social Partners' Views on Wage Standardisation), the publications 'Ledartröja eller tvångströja?' (Leader's Jersey or Straitjacket?) and 'Vem ska bestämma på lönemarknaden?' (Who Should Decide in the Wage Market?) (Anna Danielsson and Tommy Öberg, Premiss förlag 2015 and 2017), and the thesis Organizing the Labor Market: Power, Ideas, and Institutions in Wage Formation, Digital Automation, and Migration (German Bender, 2024).

The inquiry continues – the outlines of a new mediation body begin to take shape

Shortly after the conclusion of the Industrial Agreement, the Government decided in the spring of 1997 to commission a one-man committee to submit proposals to strengthen the Conciliation Office, a body that would be given greater scope to promote the broader public interest in collective bargaining between the social partners[19].

In the background description to the commission, the Government noted that wage formation had not functioned satisfactorily over the past 20 years and that the consequences of this had changed over time. Previously, during a transitional period, it had been possible to live with the consequences of shortcomings in wage formation. However, consistently low price increases and wage increases abroad, internationally integrated capital and currency markets, and a less tolerant view of inflation had altered the situation, meaning that excessive increases in wage costs in Sweden led to rising interest rates and, consequently, economic tightening and rising unemployment even in the short term.

The idea was to strengthen the Conciliation Office on two fronts: firstly, it would be given greater powers and more resources; secondly, it would be given greater opportunities to continuously monitor the development of collective agreements in the labour market and to play a more active role in collective bargaining. The aim of this strengthening was to create a Conciliation Office capable of promoting wage formation that improves the conditions for increased employment and price stability, and thereby also increases the real disposable income of the wage-earning population. Although the focus and objectives of the remit were thus quite clear, and certain examples were given of greater powers and a more active role, the remit was formulated in notably open terms – not least with regard to the research officer's ability to identify and take into account matters that had already been raised and might be raised by the social partners.

Interim Report 1997 and Final Report 1998

The inquiry into a new conciliation institute, led by Director-General Svante Öberg, presented its findings in two reports. In the first, 'Medlingsinstitut och lönestatistik' (Swedish National Mediation Office and Wage Statistics) (SOU 1997:164), the inquiry put forward proposals of a primarily organisational nature. It proposed the establishment of a new authority, the Swedish National Mediation Office, to replace the National Conciliation Office, with a board of civil servants chaired by the Office's Director-General (the 'National

[19] Terms of reference 1997:66, 'Ett förstärkt förlikningsmannainstitut' (A Strengthened Conciliation Office).

Mediator'). In addition to the National Mediator and experts in various fields, it was proposed that the Office should employ two mediators and also engage a group of external mediators. The new authority would also establish three 'councils' with experts from the social partners in the fields of the national economy, wage statistics and collective bargaining. The Office would be tasked with promoting well-functioning wage formation and mediating in labour disputes[20].

In the final report, 'Medling och lönebildning' (Mediation and Wage Formation) (SOU 1998:141), the inquiry essentially reiterated its proposals regarding the organisational structure of the new authority, the Swedish National Mediation Office, and that it would have two main tasks[21]. 'Promoting good wage formation' was replaced with 'working towards sound wage formation'. With regard to the powers of the new authority, a number of enhancements were proposed compared with the Conciliation Office, such as the following:

- that the Office should be able to take action at an early stage and summon the parties to consultations to ascertain the situation ahead of forthcoming negotiations,
- that it should seek to coordinate timetables for negotiations and agreement periods, and to coordinate collective bargaining,
- that the Office should be given the power to postpone industrial action for which notice had been given for a maximum of 14 days and to suspend industrial action that has commenced if proper notice has not been given, and
- that the parties must attend if summoned by the Swedish National Mediation Office.

It was further proposed that the notice period for industrial action should be extended from 7 to 14 days. It was also proposed that the new authority should be able to urge the parties to resolve a dispute through arbitration and that a permanent arbitration tribunal should be appointed and attached to the Swedish National Mediation Office.

Moreover, the inquiry proposed some sharpening of the rules on industrial action, including that the right to take sympathy action should be restricted and that a proportionality requirement should be introduced to limit the scope for industrial action that costs little to one's own organisation but causes significant costs to the other party and third parties.

[20] The interim report also proposed that the Office should become the authority responsible for official wage statistics and for the development of both monthly and annual wage statistics.
[21] To promote a shared understanding of the situation, the inquiry noted that the proposals in the interim report regarding wage statistics should be implemented and further proposed that annual reports be drawn up on wage trends, etc. in Sweden and abroad, and on the socio-economic conditions for wage negotiations. The new authority should be able to contribute to greater gender equality through improved wage statistics and through specific chapters on wage trends from a gender equality perspective in the annual reports on wage trends. Svante Öberg later described that one of the aims of the inquiry's proposal regarding annual reports on wage trends and the socio-economic conditions for wage negotiations was for the Swedish National Mediation Office to work towards strengthening norm-setting and to have a stabilising influence on wage negotiations (Swedish National Mediation Office publication 'Röster om lönebildning och medling' (Voices on Wage Formation and Mediation), 2011).

The reports received a mixed reception

The inquiry's proposals received a very mixed reception. A majority of the consulted bodies were in favour of establishing the Swedish National Mediation Office and phasing out the National Conciliation Office. Among these were LO, the Swedish Association of Local Authorities (now the Swedish Association of Local Authorities and Regions, SKR), the Association of Swedish Engineering Industries (now Technology Industries of Sweden) and the Swedish Agency for Government Employers. LO and the Swedish Association of Local Authorities also supported the idea that the Swedish National Mediation Office should be tasked not only with mediating in labour disputes, but also with promoting a well-functioning wage formation process. However, the proposal was rejected by, among others, SAF, TCO (the Swedish Confederation of Professional Employees) and Saco (the Swedish Confederation of Professional Associations). In short, the criticism centred mainly on concerns about undue state interference in wage formation. The industrial trade unions argued that the Office's sole task should be to mediate in labour disputes and warned that the inquiry's proposal would lead to a reduction in the parties' responsibility for wage formation. The proposal that the Office should take action at an early stage and convene consultations received broad support from the majority of parties. Views on the proposals regarding the coordination of timetables, validity periods and negotiations were more mixed. The parties in favour included LO, while the parties opposed included SAF, TCO and Saco.

With regard to the organisation of mediation activities, parties such as LO and the Swedish Agency for Government Employers had no objection to the Swedish National Mediation Office employing mediators, while parties such as Saco and TCO rejected this proposal. The proposal that the Swedish National Mediation Office should be able to decide on mediation without the parties' consent when there was a risk of industrial action was opposed by LO, TCO and Saco, among others. The extended notice period and the possibility for the Swedish National Mediation Office to postpone industrial action for which notice had been given were unanimously opposed by the trade union consultation bodies, while the parties on the employer side supported them. The trade unions also opposed the idea that the Office should be able to halt industrial action that had already begun. Furthermore, trade union representatives opposed a permanent arbitration tribunal, a measure supported by the employer representatives. The sharpening of the rules on industrial action was supported by the employer representatives and opposed by the employee representatives[22].

The Government makes a fresh pitch to the social partners

Against the backdrop of the widely divided consultation outcome and the breakdown in talks between SAF, LO, TCO and Saco at the end of 1998 regarding what was termed an

[22] The inquiry's proposals regarding wage statistics received widespread support from the employee side but not from the employer side. As regards the regular reports on wage trends and the socio-economic conditions for wage formation, the proposals were endorsed by, among others, the industrial trade unions and certain employers' organisations, while they were opposed by, among others, SAF, TCO and Saco. The proposed recommendations were rejected by certain employers' organisations.

‘alliance for growth’ (shortly after the report had been presented), a further political initiative aimed at the social partners was launched in early 1999. The Government then asked former Prime Minister Ingvar Carlsson and the recently appointed one-man committee Svante Öberg to act as so-called consensus-builders to investigate the possibilities for the social partners to agree on the rules governing wage formation. The task, on which a report was to be submitted just under two months later, involved giving the social partners the opportunity to choose between three alternatives for a better functioning wage formation system:

- to come under the authority of a new, strong mediation body (as proposed by the inquiry),
- to conclude a cooperation agreement on the forms of negotiation, or
- to allow the central organisations to create the same type of framework as that provided by the Industrial Agreement.

In their report, which was just three pages long, the consensus-builders noted that there was broad consensus on the need for more effective negotiation processes, on the fact that negotiations in sectors exposed to international competition should be concluded first, and on the establishment of a mediation body with increased resources. Carlsson and Öberg noted that there were still significant differences between the parties and urged them to ‘show greater willingness to compromise and reach consensus on the rules governing wage formation’.

The State decides

After just over a decade of inquiries, pressure on the social partners, collective bargaining rounds that were both positive and less positive from a socio-economic perspective – but also a new system of cooperation and negotiation within the industry – the time was ripe for politicians to finally take a stand, having presumably had enough by this stage. In December 1999, the Social Democratic government presented its proposals for reforming wage formation and mediation in the bill 'Lönebildning för full sysselsättning' (Wage Formation for Full Employment) (Govt Bill 1999/2000:32). Given the mixed reception the inquiry reports had received, certain elements had been dropped during the legislative process. At the same time, clear traces of issues discussed as early as the late 1980s were evident.

Before I briefly outline the proposals the Government put forward in the bill, it may be worth recalling that Sweden at that time – in late 1999 – was, in significant respects, a different country from what it had been just over a decade earlier, when wage formation reforms had first begun to be discussed and investigated. The following are just a few of the developments that had taken place in the intervening period:

- There had been a transition from a fixed to a floating exchange rate, and the Riksbank's primary mandate had shifted to keeping inflation at a certain level.
- The tax system had undergone a significant overhaul, which, among other things, resulted in lower taxes on labour.
- A new framework for the national budget had been introduced (with spending limits, surplus targets, etc.), including a system of block grants for public authorities' administrative costs, as well as a reform of the Government's employer policy (with an employer agency that was more independent of the Government) and a requirement for a balanced budget in the municipal sector.
- Sweden had progressed from EEA membership to EU membership, with extensive requirements for alignment with EU law and with the free movement of capital, goods, services and workers.
- Following extensive cost-cutting and the privatisation of public services, public finances had begun to recover after the first crisis years of the 1990s.
- Interest rates were at significantly lower levels than in the early 1990s, inflation had fallen substantially and, since the mid-1990s, there had been a positive trend in real wages.
- Unemployment had fallen considerably from the high levels seen during the crisis years of the early 1990s, when it stood at twelve per cent if people in labour market programmes were included.

In the bill, the Government noted that the outlook for the Swedish economy was better than it had been for a very long time. There were strong indications that the coming years could bring strong growth and stable prices, with favourable conditions for increasing employment and real wage increases. However, according to the Government, a key prerequisite for such a development was a well-functioning wage formation system. In stark contrast to the situation at the start of the reform discussions, the second step in the new wage formation system – the first being the introduction of the Industrial Agreement – was thus to be taken in a context that was different in institutional, structural and economic terms, and in significant respects more favourable.

In its bill, the Government emphasised that, although wage formation is the responsibility of the social partners, the State bears overall responsibility for the national economy and must ensure that wage formation does not undermine the conditions for job creation or the situation of the unemployed and other economically vulnerable groups. In a rather verbose general justification, this sentence emerges as a fairly good description of what the Government sought to achieve with the proposals put forward: *'With stronger ground rules for wage formation, the social partners will have better support to reach agreements that lead to more jobs, good real wages and improved welfare.'*

So what did these 'stronger ground rules' aim to achieve? Essentially, they aimed to establish a clearer framework within which the parties could operate, with rules governing what would occur if no agreement could be reached. The previous framework was deemed to have led to a lack of transparency, consensus and mutual respect in connection with collective bargaining. This resulted in agreements that were problematic for the national economy, employment, etc. But the shortcomings also concerned the powers held by the National Conciliation Office and the conciliators.

The Government's proposal and the Riksdag's position

The dual mandate

Under the Co-determination Act as it stood prior to the amendments of 2000, there was a conciliation office for labour disputes whose remit was to monitor conditions in the labour market and, where there was a risk of industrial action, to appoint a conciliator to mediate if this was deemed likely to facilitate resolution of the dispute in question. The Government's proposal for a corresponding new provision was that the new authority, the Swedish National Mediation Office, should be established with the dual remit of mediating in labour disputes and promoting a well-functioning wage formation system. Industrial peace should prevail as far as possible, but not at any cost.

The proposed legislative text provided no real guidance as to what was meant by the term 'a well-functioning wage formation system'. The bill stated that such a system is *'characterised by the fact that it is able to combine sound real wage growth with long-term sustainable employment growth by generating a cost trend which, given the rate of productivity growth, does not exceed that in our major competitor countries, and, secondly, gives as little rise as possible to labour market disputes that cause costs or other negative effects for third parties'*[23].

The bill emphasised that it was not possible to specify in advance how the Office should act to fulfil this mandate, and that the authority would have considerable freedom to choose its working methods. However, attention was drawn to the importance of improved transparency and the exchange of information between different parts of the labour market, and to the need to make it easier for the parties to take the overall picture into account in collective bargaining rather than focusing solely on their own agreement areas. It was emphasised that the broad consensus within the labour market regarding the wage standardisation role of the competitive sector must be leveraged and maintained[24]. Echoing the statement in the bill, Section 2 of the Swedish National Mediation Office's instructions now states that the Office shall safeguard and uphold the consensus within the labour market regarding the wage standardisation role of the internationally competitive sector[25].

The bill also emphasised the importance of the time factor for the Swedish National Mediation Office's activities. It could be said that the idea was that the Office's remit would involve proactive action rather than the more reactive approach that followed from the Conciliation Office's duties. The Swedish National Mediation Office's task was to focus

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[23] Government Bill, p.21.
[24] Government Bill, p. 43 f.
[25] Ordinance (2007:912) providing instructions for the Swedish National Mediation Office

on early action and ensuring that matters are dealt with in the correct order. By providing improved information and analysis, drawing attention to socio-economic aspects and emphasising that new agreements should be concluded before the old ones expire at the latest, and that negotiations in areas subject to international competition should be concluded first if parallel negotiations are conducted, the conditions would be created for both the avoidance of conflicts and a development of agreement costs that is reasonable from a socio-economic perspective. This approach and the focus of the Swedish National Mediation Office's remit are reflected in the instructions issued to the authority.

Although the role of the mediator remains fundamentally the same as it was during the time of the Conciliation Office, i.e. to attempt to bring about an agreement between the parties, the Swedish National Mediation Office's role in promoting a well-functioning wage formation process would also have an impact on the mediators' mandate. It was not proposed that the Act should expressly state that mediators, who are formally a separate authority during their mediation assignment, should also work to ensure well-functioning wage formation. However, it was pointed out in the bill that the mediators' authority to ensure that the parties take the overall picture into account to a greater extent (in wage formation) should be clarified. [26]

Mediation by consent or by compulsion

It was proposed that the Act should expressly state that mediation may take place with the consent of the parties or in cases where the Swedish National Mediation Office assesses that there is a risk of industrial action or where such action has already commenced. It was proposed that the Government's powers to appoint special mediators and a mediation commission be abolished[27], which would mark a clearer distinction between politics and collective bargaining/wage formation.

The provision in Section 47a of the Co-determination Act regarding the parties' consent as a prerequisite for mediation was intended to reflect the importance of early action (with a view to avoiding industrial action)[28]. The risk of industrial action, or the fact that such action had already broken out, would, however, be a prerequisite for a decision on so-called compulsory mediation under Section 47b of the Act. Here, however, an important addition was proposed: compulsory mediation, i.e. without the parties' consent, would not be possible if the parties concerned had agreed on their own mediation procedure. During the period of the Conciliation Office, there was no explicit legal obstacle to mediators being appointed even in such cases, but the power to appoint mediators would not have

[26] Government Bill, p. 46.
[27] However, no such mediation commission, as provided for in what was then Section 52 of the Co-determination Act, had been appointed since 1987. The Rhenberg Commission was not a mediation commission under this provision.
[28] With the consent of the parties, a 'chief negotiator' could also be appointed. The model was the Impartial Chairs under the Industrial Agreement, i.e. an external person who could step in early in the negotiation process and lead the negotiations. The chief negotiator would not have the powers of a mediator.

been exercised if the parties had their own arrangement[29]. Appointing mediators in such situations would hardly have promoted a resolution of the dispute.

The possibility for parties to avoid compulsory mediation

Under the proposed Section 47b of the Act, parties bound by a negotiation procedure agreement with specific content would be able to submit the agreement to the Swedish National Mediation Office for registration. Once registered, the Office would not be permitted to order compulsory mediation in disputes concerning collective agreements covered by such a negotiation procedure agreement.

Since the true meaning of a collective agreement may ultimately be a matter for the Labour Court (and not an administrative authority) to determine, where the parties' intent is a key consideration, it was deemed that the provision should stipulate that registration also requires the parties to agree that they are bound by an agreement with the content described above. The assessment to be carried out by the Swedish National Mediation Office prior to a decision on registration was therefore intended to involve only a simple check that the legal requirements regarding the content of the agreement are met.

The option to postpone industrial action

A significant change from the previous system was that the Swedish National Mediation Office could decide that a party would have to postpone industrial action for up to 14 days in cases where notice had been given but the industrial action had not yet commenced (though it could not halt industrial action in cases where notice had been given improperly, as the inquiry had proposed). The former Conciliation Office, or the mediator appointed by the Office, had no such authority.

Apart from the fact that the decision would require the mediator to have requested it, the only condition proposed for such a decision was that it 'promotes a satisfactory resolution of the dispute'. A decision to postpone industrial action could only be issued once during a mediation assignment.

When exactly was this option intended to be used, and what does the condition regarding the promotion of a satisfactory resolution of the dispute mean? The bill emphasises that the option should be used with caution and only if the Swedish National Mediation Office deems it necessary to ensure that all avenues of negotiation have been exhausted before industrial action breaks out. It is further stated that the Office must ensure that the effects of a decision to postpone do not conflict with Sweden's international obligations regarding the right to take industrial action. As regards the condition of a 'satisfactory resolution of the dispute', the bill provides no further guidance other than that the postponement must

[29] Even before the legislative amendments of 2000, there were agreements on negotiation procedures with their own mediation arrangements. This mainly concerned the Industrial Agreement. For white-collar workers in the trade and service sectors, an agreement closely related to the Industrial Agreement was subsequently concluded.

appear meaningful in order to reach a resolution of the dispute and that this is something that must be assessed on a case-by-case basis.

A breach of the Swedish National Mediation Office's decision on postponement would not render the industrial action unlawful but could result in the party being liable to pay a so-called increased notice fee to the state pursuant to section 62a, second paragraph, of the Co-determination Act.

Other proposals

The Swedish National Mediation Office would be empowered to order a recalcitrant party, on pain of a fine, to attend a consultation and fulfil their obligation to negotiate. The previous corresponding provisions entailed a more cumbersome and protracted procedure: the conciliator could then, at the request of one party, refer the other party to the Labour Court, which in turn could order the recalcitrant party, on pain of a fine, to fulfil its obligation to negotiate. For the fine to be imposed, the conciliator was then required to apply to the Labour Court for this.

It was proposed that the notice period be extended from seven days to seven working days (not to 14 days as the inquiry had proposed) and that it be sanctioned (in addition to liability for damages towards the other party) by a so-called notice fee payable to the State, to be imposed by a district court at the request of the Swedish National Mediation Office. The previous sanction in relation to the State was a fine, which thus required a prosecutor to bring charges against a natural person acting on behalf of the legal entity that was obliged to give notice.

In general, it can be said that the proposals entailed the Swedish National Mediation Office being tasked with taking a more active role prior to and during negotiations between the parties, and that tasks of the kind previously handled by the mediators would henceforth be managed by the Office. The powers which the Conciliation Office had not previously held, and the powers which the Swedish National Mediation Office was to take over from the conciliators, gave rise to certain new provisions regarding cooperation between the Office and its mediators[30].

Some of the inquiry's proposals were dropped, while others were incorporated into the instructions issued to the authority

There was never any question of a national mediator or employed mediators. The Government noted that the mediation process itself should continue to be entrusted to individuals independent of the State or the Swedish National Mediation Office, rather than to civil servants, and emphasised the importance of the mediators' credibility with the parties. Some of the inquiry's assessments and proposals eventually found their way into the Swedish National Mediation Office's instructions. One example is that the authority

[30] With regard to responsibility for official wage statistics, it was proposed that the Swedish National Mediation Office should take over this task from Statistics Sweden (SCB).

shall work to ensure that the parties draw up timetables aimed at reaching new agreements before the previous agreement period expires, and that the authority shall draw up an annual report on wage trends, etc. Other proposals were dropped along the way, such as the Office working to coordinate agreement periods and collective bargaining.[31] Nor did the Government proceed with the inquiry's proposal for stricter rules on industrial action.

A divided Riksdag passes the reform

During the subsequent parliamentary debate, it became clear that issues relating to wage formation and mediation were, at that time, highly divisive between the parties, particularly from a left/right perspective. A majority (consisting of the Social Democrats, the Left Party and the Green Party) supported the Government's proposal[32] and the amendments to the Co-determination Act came into force on 1 June 2000. Among the centre-right parties, there were a number of objections to the proposals, as well as proposals for other legislative changes. The Moderate Party argued that the Riksdag should reject the Government's proposal to establish a new mediation authority. The Moderate Party, the Centre Party and the People's Party (now the Liberal Party) did not believe that the Swedish National Mediation Office should be the authority responsible for official wage statistics. All centre-right parties proposed certain restrictions on the right to take industrial action.

A majority consisting of the centre-right parties together with the Green Party agreed that the ban on industrial action against family businesses, as proposed by the inquiry, should be implemented. This change was therefore also implemented on 1 June 2000.

[31] The task of producing an annual report on the socio-economic conditions for wage formation was assigned to the National Institute of Economic Research. Instead, the Swedish National Mediation Office's instructions stipulated that the Office should consult with the social partners on these conditions based on the National Institute of Economic Research's report.
[32] Labour Market Committee report 1999/2000:AU5.

How has the Swedish National Mediation Office applied the legislation?

After 25 years, some conclusions can be drawn regarding how the Swedish National Mediation Office has carried out its remit and applied the legal provisions that came into force in June 2000[33]. This section focuses on those aspects of the remit that concern:

- promoting well-functioning wage formation
- deciding on mediation by consent or compulsion
- using the option to postpone industrial action

Promoting well-functioning wage formation[34]

Considerations when deciding on mediation

According to Sections 47a and 47b of the Co-determination Act, the Swedish National Mediation Office 'can' decide on mediation if the disputing parties consent to it and 'may' decide on mediation if industrial action is threatened or has broken out. In other words, an assessment must always be made on a case-by-case basis. In that assessment, the mandate to 'promote well-functioning wage formation' must be taken into account. Given that wage formation and the regulation of labour market conditions are based on collective agreements, the nature of the dispute in this regard is, in principle, decisive in determining whether or not mediation will be ordered. In short, it can be said that if the cause of the dispute is not a demand for a collective agreement, the assessment is usually that mediation will not be ordered[35]. If a demand is made for the signing of a collective agreement but the employer or employers' organisation already has an agreement covering the work to which the demand relates – i.e. the demand requires the employer to sign a further agreement for the work in question – the assessment depends on factors

[33] Parts of this section are based on a text first published in *Mulder/Selberg/Westregård (eds.), Festskrift till Birgitta Nyström (Festschrift for Birgitta Nyström), Juristförlaget i Lund, 2026.*

[34] Part of this remit concerns the Swedish National Mediation Office's tasks relating to information, statistics, analysis, consultation, etc., tasks whose primary purpose can be said to be to help the parties maintain an overview of the labour market as a whole and thus be able to take wage formation as a whole into account in their considerations regarding cost developments in their own agreements. I shall leave that part of the remit aside and shall henceforth focus primarily on matters that shed light on how the remit to promote well-functioning wage formation affects mediation activities.

[35] There are a number of examples over the years of the Swedish National Mediation Office's mediators conducting certain mediation activities in local disputes, including disputes concerning matters other than the signing of collective agreements. These may have involved legal disputes or interest disputes without a requirement for a collective agreement, and sometimes with elements of both. However, the mediators' actions in such situations have been limited to discussions and advising rather than calling for negotiations.

including the employer’s stance on the demand. Here are a few examples to illustrate these two situations.

In 2001, the Swedish National Mediation Office decided not to order mediation in a dispute between the independent trade union Swedish Engine Drivers’ Union and the employers’ organisation Rail Traffic Alliance (now Association of Swedish Train Operating Companies within Almega). This was despite the fact that notice of industrial action had been given and industrial action subsequently broke out. The companies concerned were already bound by collective agreements with established trade unions, and the employer side expressly stated that they were opposed to signing an agreement with yet another trade union organisation. Furthermore, the union demanded higher wage levels than those stipulated in the existing agreements. The Swedish National Mediation Office assessed that there was no scope for mediation and, furthermore, that ordering mediation was not compatible with its mandate to promote well-functioning wage formation. This was because the dispute was based on the union’s dissatisfaction with the agreements concluded by established organisations in the labour market. A similar situation arose in 2003, involving the same parties and resulting in the same assessment by the Swedish National Mediation Office.

At the end of 2005, during negotiations with the Swedish Shipowners’ Employer Association regarding the agreements due to come into force from 2006, the Maritime Officers’ Association demanded that the 2005 wage levels be adjusted upwards prior to the 2006 wage review. This was because they believed that wage growth had failed to keep pace. When the parties were unable to agree on this, they requested mediation. The Swedish National Mediation Office rejected the request because the cause of the disagreement was one party’s demand for wage increases beyond what the parties had agreed in a previously concluded agreement. The Office deemed that ordering mediation in such a case was not compatible with its mandate to promote well-functioning wage formation.

In 2007, the Swedish Firefighters’ Association, threatening industrial action, demanded a collective agreement with the Swedish Association of Local Authorities and Regions and the employers’ organisation Pacta for full-time firefighters[36] that was identical to the one in place with the Swedish Municipal Workers' Union (Kommunal). The Swedish National Mediation Office decided not to appoint a mediator on the grounds that, when established employers’ organisations oppose mediation and declare that they do not intend to enter into a collective agreement for work already covered by an agreement with another trade union organisation, the conditions for mediation are not met. A similar decision was taken in 2008 when the Swedish Pilot Union demanded a collective agreement with the airline SAS. The employer party pointed out that it was already bound by a collective agreement with the Swedish Airline Pilots Association and did not intend to enter into a collective agreement with another trade union organisation for the work in question.

[36] Pacta is now part of Sobona.

As has been shown, it is primarily in situations where an employer party bound by a collective agreement has been required to sign an agreement with an independent trade union that the Swedish National Mediation Office has decided not to appoint a mediator. In such situations, the trade union holding the existing agreement does not accept a further agreement for work to which the existing agreement applies. If, on the other hand, the situation involves an established trade union (in the sense of a traditional collective agreement-signing organisation) demanding an agreement with an employer party already bound by a collective agreement, the background is usually that the trade unions concerned agree that the existing agreement should not apply to work for which a new agreement is required. In such situations, it has sometimes been deemed that mediation efforts can contribute to a solution. Not primarily because issues of demarcation should be resolved within the framework of mediation, but rather because mediation can serve as the starting point for a process in which the trade unions concerned reach agreement on the matter themselves.

However, no clear-cut guidelines can be drawn up. The scale of the industrial action threatened and the stance of the parties involved must always be taken into account. For example, on various occasions, when industrial action was threatened, different branches of the Swedish Dockworkers’ Union demanded collective agreements with various member companies of Ports of Sweden. In 2005, the union demanded an industry-level agreement with Ports of Sweden under threat of industrial action. On all these occasions, the employer party opposed entering into a further agreement in addition to the existing Port and Stevedoring Agreement with the Swedish Transport Workers' Union. It was therefore decided not to proceed with mediation. By the end of 2016, however, industrial action had reached such a scale at the Port of Gothenburg that the Swedish National Mediation Office, following informal contacts with the parties and after they finally jointly requested it, decided to initiate mediation. However, the mediation, which concerned a single member company of Ports of Sweden, did not lead to a resolution of the dispute. A few years later, in 2019, a new attempt at mediation was made. On that occasion, the dispute concerned the union’s demand for a collective agreement at the industry level, and, after extensive strike notices in ports across the country, the employer party agreed to mediation.

In local disputes, it is not entirely uncommon for an employer already bound by a collective agreement to be required to sign a further agreement for the work in question. This usually concerns businesses of a mixed nature, such as cafés with both catering and bakery operations. More exceptionally, cases arise where the employer has a white-collar agreement that is also applied to what, according to the union issuing the notice, are blue-collar tasks. Very rarely, situations also arise where the employer is bound by a collective agreement with an independent trade union and an established trade union demands an agreement. In these situations, a decision is usually made to proceed with mediation.

Considerations in mediators’ work

Although mediators appointed by the Swedish National Mediation Office are free to take whatever measures they deem appropriate and to put forward their own proposals for solutions, the Office's mandate – to promote well-functioning wage formation – provides a fundamental guideline for the mediation process. This has implications for the mediators' work in two respects. The first concerns the mediation process in relation to the cost benchmark established in the agreements within the industry. The second concerns a requirement that the solutions sought by the mediators entail a form of systemic conformity, in the sense of solutions that are in line with fundamental principles in the labour market or, as stated in Section 48 of the Co-determination Act, entail 'a satisfactory resolution of the dispute'.

As regards the relationship to the industry's cost benchmark, the Swedish National Mediation Office's instructions state, as previously mentioned, that the authority shall *'safeguard and uphold the consensus within the labour market regarding the wage standardisation role of the internationally competitive sector'*. Although the mediators are formally a separate authority for the duration of the assignment, they are appointed by the Office and are subject to its supervision. Under the Ordinance on mediation in Labour Disputes, the Office is also authorised to issue more detailed regulations concerning the mediators' activities. Such regulations specify, among other things, the requirements for reporting on the mediation process once the assignment has been completed. One issue to be highlighted in the mediators' report is how the agreement reached relates to the industry's cost benchmark. In addition to the industry benchmark serving as a fundamental guideline for the mediation assignment, the mediators' actions are thus followed up by the Office after the assignment has been completed.

The mediators' assessment must be based on the circumstances within the relevant collective agreement. Apart from pure wage increases, rises in various allowances and contributions to pensions and the like, there is no exact science as to how changes to the terms of a collective agreement should be calculated, nor how different types of changes favouring one side or the other relate to one another in terms of cost. It is often not possible to make calculations with complete accuracy; estimates and rounding are frequently necessary.

During the first ten or so years of the Swedish National Mediation Office's operations, it was not entirely uncommon for mediators to refrain from making a recommendation in the interests of ensuring well-functioning wage formation. For example, in a third of the nearly 30 mediation cases in industry-level negotiations during the 2010 collective bargaining round, mediators noted that they were unable to get the parties to reach an agreement because the trade union party did not accept the mediators' proposed solutions, which, in terms of costs, were on a par with the agreements reached within the industry. In recent years, it has become less common for disputes to concern trade union demands for higher wage and/or other cost increases than those agreed within the industry.

A difficult situation arises when the industry parties cannot agree on what has been agreed. This was the case in the collective bargaining rounds of 2017, 2020 and 2023, when the low-wage initiatives demanded by a coordinated LO had an impact on the agreements reached by the LO unions within the industry. More specifically, the issue concerned whether the additional cost that may result from a low-wage initiative should be accommodated within the agreed percentage for the cost of the agreement ('the benchmark') or whether it should be added on top of this. It is often said that the parties disagree on the precise meaning of the benchmark. If mediation is required, this issue falls to the Swedish National Mediation Office and its mediators. It can usually be resolved through give and take, ultimately leading to an agreement which, in terms of cost, is at least close enough to the benchmark that the objective of well-functioning wage formation in the labour market as a whole is not jeopardised.

There have been instances where the parties actually agree on a cost increase higher than that agreed within the industry, but wish for the responsibility for the agreement to be shared, at the very least, by an external party, i.e. a mediator. In the 2007 collective bargaining round, the Swedish Commercial Employees' Union (Handels) and Swedish Commerce (Svensk Handel) had, in principle, agreed on the content of the new agreements for the retail and wholesale sectors when mediation became necessary. The employer party did not receive support from the Confederation of Swedish Enterprise for signing the new agreements, as the levels agreed by the parties were deemed too high in relation to the industry benchmark. Following a notice from Handels, mediators were appointed, who drew up a proposed solution. The mediators' proposal was rejected by the parties, who declared that they would sign the agreement they had previously agreed upon. And that is exactly what happened.

The mediators' adherence to the 'benchmark' is also significant in reverse situations, i.e. when the employer party demands a lower increase in agreement costs than that agreed within the industry. If this is not accepted on the trade union side and mediation is initiated, the starting point is the same as when the trade union side demands more than the 'benchmark', i.e. the mediators' proposed solutions regarding costs are in line with what has been agreed within the industry. One could say that when a dispute goes to mediation and the dispute concerns the agreement cost increase, the industry benchmark becomes the lowest common denominator both upwards and downwards in the mediators' proposed solutions. Any deviation, in either direction, would mean that the mediators are making their own assessments of the scope for cost increases within the relevant collective agreement area. This would constitute more extensive state intervention in wage formation.

Furthermore, the mediators' work should be based on the fundamental principles of collective agreements and collective bargaining relationships that have developed in the labour market, such as issues concerning the demarcation between agreements and competition between agreements. The above-mentioned example from the dispute with the Swedish Dockworkers' Union illustrates this. In the mediation of the local dispute in 2016–2017, it was unclear to the mediators what the union's claim entailed and what terms of agreement they wished to achieve. The proposed agreement solutions presented by the mediators, which respected the status of the existing collective agreement as the primary agreement, were not accepted by the Dockworkers' Union. In the 2019 dispute at the industry level, the mediators also found it difficult for a long time to secure the union's acceptance of proposed solutions with such content. The agreement proposal that was eventually accepted by the Dockworkers' Union can also be said to have sidestepped the issue of the secondary agreement's status in relation to the primary agreement. This was due to the very large scale of the additional strike notices that were due to come into effect in the near future.

Consent to mediation or compulsory mediation?

In mediation at the industry level, it is almost always the provision in Section 47a, which requires the consent of the parties, that is applied. The provision can be used in two situations, both of which can be described as 'voluntary mediation': firstly, where the parties request mediation without a notice of industrial action having been given; and secondly, where such a notice has been given and neither party objects to mediation. The latter is most common, but requests for mediation are not uncommon. Decisions on mediation following the parties' consent are usually made after the Swedish National Mediation Office has obtained the views of the parties concerned on the persons the Office intends to appoint as mediators. However, as the notice period is seven working days, swift action is always required to get the mediation process underway.

The fact that the parties can request mediation enables early action to resolve a dispute without risking industrial action, which was one of the aims of the new legislation in 2000. There are instances where notice of industrial action is given partway through the mediation process, when mediation has not brought the parties closer to a solution and the union side deems that further pressure is needed. However, usually mediation at the parties' request leads to solutions without any threat of industrial action.[37]

There are cases where parties who have a negotiation procedure agreement registered with the Swedish National Mediation Office, and who therefore have their own mediation procedure, turn to the Office and request that a mediator be appointed. In such cases, the condition for mediation under Section 47a is met. This occurred, for example, during the collective bargaining rounds in 2022 (in a dispute over new collective agreements for white-collar workers within the Church of Sweden) and in 2023 (in a dispute over a new collective agreement for white-collar workers in the staffing sector). There are also examples of negotiation procedure agreements where the agreement provides that, under certain conditions, the parties are, so to speak, referred to mediation at the Swedish National Mediation Office rather than conducting their own mediation. This was the case, for example, in the 2017 collective bargaining round in disputes within the service sector.

[37] The option available under Section 47a for the Swedish National Mediation Office to appoint a so-called chief negotiator has been raised on a few isolated occasions by the Swedish National Mediation Office but has never been decided upon. The idea behind this provision is that the chief negotiator should be brought in at an early stage of the collective bargaining process, when an external and independent party may be needed to help the negotiations run more smoothly. The Office has, however, appointed 'facilitators' for the parties after the conclusion of collective bargaining, when a particular issue remains unresolved and is to be discussed further between them. On occasion, the Swedish National Mediation Office has also, at the parties' request (and as part of an agreement), appointed arbitrators to decide on a specific issue (still outstanding following the agreement).

Compulsory mediation was ordered in industry-level collective bargaining on a few occasions during 2001 and 2002. These were situations where negotiations had broken down, the union side had given notice of industrial action, and the employer side had requested mediation, which the other party did not agree to. As a notice of industrial action had been given, the condition for a decision on compulsory mediation was met. Thereafter, the option of compulsory mediation did not need to be invoked in industry-level collective bargaining for many years. The Swedish National Mediation Office's annual reports used to state that, as the parties were aware that compulsory mediation is an option once notice of industrial action has been given, there is no point in opposing mediation; instead, they consent to it. Although this understanding still exists among the parties, there may be other reasons for a decision on compulsory mediation to be taken. Thus, in 2024, the Swedish National Mediation Office decided on compulsory mediation in the dispute between the Swedish Association of Health Professionals and Sobona. Shortly before this, the Swedish Association of Health Professionals had withdrawn from the mediation that had been taking place between the Association and the Swedish Association of Local Authorities and Regions (SKR) under the parties' own initiative, in accordance with the municipal negotiation procedure agreement, in the dispute over a new collective agreement on wages and general terms and conditions. Sobona is also a party to that agreement on the employer side. However, Sobona is not a party to the municipal negotiation procedure agreement. When the union withdrew from the mediation with SKR, it wished to make it clear that the union was not voluntarily entering into mediation with Sobona under the auspices of the Swedish National Mediation Office. As a notice of industrial action had been given, the Swedish National Mediation Office decided on compulsory mediation.

For local disputes between a trade union and an individual employer, a decision on mediation is regularly made in accordance with Section 47b. In each case, there is a notice of industrial action, which means that the condition for a decision on compulsory mediation is met. It may be added that, as the permanent mediators have already been appointed – they are appointed for one calendar year at a time – there is usually no reason to seek the views of the parties concerned regarding the choice of mediators.

Regardless of which of the provisions in Sections 47a and 47b forms the basis for the decision on mediation, the outcome is the same: mediation continues until the dispute is resolved, unless the Swedish National Mediation Office decides to terminate it. Such decisions are rare and are based on the grounds that further mediation efforts would be pointless (in local mediation cases, it is in practice usually the appointed mediator who makes such a decision).

The option to postponement

A significant new feature of the legislation that came into force in 2000 is the provision under Section 49 of the Co-determination Act allowing the Swedish National Mediation Office, at the request of the appointed mediator and if it promotes a satisfactory resolution of the dispute, to decide that a party shall postpone industrial action for up to 14 days in cases where notice had been given but the industrial action had not yet commenced. As regards the condition of a ‘satisfactory resolution of the dispute’, the bill provides no further guidance other than that the postponement must appear meaningful in order to reach a resolution of the dispute and that this is something that must be assessed on a case-by-case basis.

One could say that matters concerning the postponement of industrial action are handled through a multi-stage process, where the first step is always the mediators’ assessment of whether such a postponement would be conducive to resolving the dispute. Under Section 48, the mediators shall work to ensure that a party postpones or cancels industrial action. The mediators should therefore first consider whether to request that a party voluntarily postpone its industrial action. In addition to providing further time for the mediation process, a postponement can sometimes improve the negotiating climate, which in turn may facilitate a resolution. Experience shows that most parties who receive such a request from the mediators comply with it. Should this not be the case, the mediators must consider whether to request that the Swedish National Mediation Office postpone the industrial action. The final step in this process is the Office’s own assessment following discussions with the mediators and consultation with the parties concerned, i.e. both sides and not just the party that has given notice.

Over the past 25 years, the Swedish National Mediation Office has exercised its power to postpone industrial action on only four occasions.

The first time was during mediation in 2004 in the dispute over new collective agreements in the maritime sector. When negotiations had broken down, SEKO (now Seko, the Swedish Union for Service and Communications Employees) gave notice of industrial action. The mediation process had been underway for a few days and the mediators had submitted a proposal for an agreement between the parties, which the employers’ side accepted but SEKO rejected. After the mediators had requested that SEKO postpone its industrial action and the union had refused, the mediators requested that the Swedish National Mediation Office postpone the industrial action. The mediators stated that they needed more time to reach an agreement between the parties. The dispute centred primarily on the wage increase margin, and the parties also disagreed on how increased costs and savings should be calculated. The day after the mediators’ request and following consultation with the parties, the Swedish National Mediation Office decided that SEKO should postpone industrial action for 14 days. With the assistance of the mediators, the parties were then able to successfully negotiate new collective agreements themselves before the postponed industrial action was due to take effect.

The following year, the issue arose again. This time, it concerned a dispute over a new Power Plant Agreement for energy sector employees. In this dispute, the Swedish Electricians’ Union (Elektrikerna) had given notice of industrial action at the employer party’s member companies, as well as sympathy action at member companies in another employer organisation. The dispute did not concern agreement costs but rather matters of principle and terms and conditions. The mediators submitted their proposal well in advance of the industrial action coming into effect. It was only when Elektrikerna rejected the proposal that it became clear that a complete picture of the dispute had not been available and that the proposed solution had therefore not addressed all of Elektrikerna's demands. After a further couple of days of mediation negotiations, the mediators requested that Elektrikerna postpone the industrial action. The union opposed this. The mediators estimated that they needed a further two-day extension. The Swedish National Mediation Office decided to grant a two-day postponement, citing that a complete picture of the key issues in the dispute had only emerged when the mediators submitted their proposal. However, when the mediators presented their new proposed solution a couple of days later, this too was rejected, whereby the industrial action commenced. Following further revision of the proposal, it was accepted and the industrial action was halted after two days.

It was not until 2010 that the issue of postponement came up again. On that occasion, the dispute concerned new collective agreements for pilots at regional airlines. Notice of industrial action had been given at the companies in two rounds, each lasting a couple of days. In response, the employer side had given notice of a lockout on the same days. This dispute also centred on matters of principle and terms and conditions, and the mediators were quick to note that a large number of demands from both parties were at odds with one another. After a few days of mediation, a number of demands on both sides had been withdrawn, but the negotiating impasse remained. The employer demands for greater flexibility clashed with the union demands concerning matters such as restrictions on the ability to hire temporary staff. As no solution had been reached ahead of the first round of industrial action, a strike broke out. In addition, a new notice was issued, this time in the form of a sympathy strike at other domestic airlines. This notice was also followed by a notice from the employer side regarding an extended lockout. The second proposal put forward by the mediators was also rejected by the union on the grounds that it did not meet the demand for restrictions on the possibility of hiring temporary staff. The second round of strikes was then triggered. Following a request from the mediators, the Swedish National Mediation Office then decided that the pilots' union should postpone the third round of strikes for seven days, a strike that would have paralysed large parts of air traffic. However, no solution could be found during the extended respite, and the third round of strikes was also triggered. As no further strike notices were issued and the parties resolved certain points of dispute through direct contact with one another, the mediators were subsequently relieved of their duties and the mediation process was concluded.

The last time the option to postpone industrial action was utilised was during the 2013 collective bargaining round, in the dispute over a new Construction Agreement for construction industry workers. Here, negotiations had stalled with a large number of unresolved issues, not least those concerning union demands regarding the principal contractor's liability for subcontractors' unpaid wages, as well as various health and safety issues. It should be noted that the Construction Agreement had expired a month before the industry-wide agreement expired; consequently, no actual negotiations on wage increases, etc. had taken place. After negotiations had stalled, the Swedish Building Workers' Union gave notice of a work stoppage and blockade at a number of specified companies. The action was to take place in two stages. After a couple of weeks, the employer side gave notice of a lockout. As the trade union's notice period drew to a close – having, on their own initiative, postponed the start of the first strike so that it would almost coincide with the extension of the lockout – the mediators submitted a proposal containing suggested solutions to issues including principal contractor liability and occupational health and safety. With regard to wage increases, the parties were expected to reach an agreement on their own once the industry's parties had established a 'benchmark' The proposal was accepted by the employer side but rejected by the trade union side. The mediators then concluded that further time was needed, a request which was rejected by the trade union side. The mediators then turned to the Swedish National Mediation Office, which decided that all notified industrial action was to be postponed for 14 days (there was also a notice of a further extension of the strike at that time). Before the postponed industrial action came into effect, the mediators were then able to propose a solution that both parties accepted.

The grounds for the Swedish National Mediation Office's decision to postpone consistently referred to the fact that mediation negotiations were still ongoing, that the mediators needed further time to settle the issues between the parties, that not all possibilities for a negotiated solution had been exhausted, and that the dispute should be resolvable without industrial action. A postponement was thus deemed to promote a satisfactory resolution of the dispute.

Since it is not entirely uncommon for a party giving notice to postpone industrial action at the request of the mediators, it can therefore be concluded that the aforementioned multi-stage process usually ends before the mediators have to request a postponement from the Swedish National Mediation Office. It may be that the knowledge that this coercive measure exists can sometimes influence the actions of the party giving notice, but an equally plausible explanation is that the party's own postponement stems from an agreement that allowing more time for mediation is beneficial to the process and that industrial action is, after all, something best avoided.

It is, of course, difficult to provide a clear description of when the option to postpone is used based on just four instances. It can, however, be noted that this has primarily concerned situations where the key issues were so complex that the mediators did not have time to formulate solutions before the end of the notice period. In such situations, the approach of setting certain issues aside and instructing the parties to resolve them themselves has not proved a viable option. It can also be noted that industrial action cannot always be avoided, even following a decision to postpone.

The mediators utilise the entire notice period before the issue of postponement is formally raised. Any action must then be taken swiftly. Should industrial action commence, the Office cannot interrupt or postpone it.

The option to postpone industrial action has never been used in local disputes. However, in such disputes, it is not uncommon for the trade unions themselves to delay their industrial action somewhat at the mediator's request. This may involve certain measures needing to be taken before the employer is prepared to sign, the need for a certain amount of additional time to consider the matter, or similar situations. Here too, a certain amount of further respite may therefore be beneficial to the aim of reaching a collective agreement.

Have the parties made use of the option to enter into agreements on self-organised mediation?

The scepticism that existed in some quarters towards the new authority contributed to a fairly widespread move towards agreements on self-organised (i.e. "private") mediation.[38] During the Swedish National Mediation Office's first full year of operation, 2001, 16 agreements on negotiation procedures involving mediation organised by the parties themselves were registered with the authority. Subsequently, some agreements were added while others ceased. The highest number of negotiation procedure agreements registered at any one time was 19. Over time, more than 20 agreements have been registered with the Swedish National Mediation Office. At their peak, which was during the 2000s, the agreements covered approximately half of the labour market in terms of the number of employees. However, in relation to the number of central collective agreements (i.e. industry level/national agreements), which in the 2000s was between 600 and 700, the negotiation procedure agreements were of a smaller scope. They have never applied to more than around 100 of the central collective agreements. They have consistently been more common for white-collar and academic groups than for blue-collar groups. For a number of years now, there has been a clear trend towards a decline in both the number and scope of negotiation procedure agreements involving mediation organised by the parties themselves. At the time of writing, the Swedish National Mediation Office has eleven such agreements registered, covering approximately 70 central collective agreements and just over one million employees.

Under Section 47b of the Co-determination Act, parties bound by a negotiation procedure agreement with specific content are able to submit the agreement to the Swedish National Mediation Office for registration. Once registration has taken place, the Office may not decide on compulsory mediation in disputes concerning collective agreements covered by such a negotiation procedure agreement (self-organised mediation in such situations requires, in practice, that the parties concerned request it, which has occurred). To be accepted for registration, the negotiation procedure agreement must contain

- timetables for negotiations,
- time frames and rules for the appointment of a mediator,
- rules concerning the powers of the mediator, and
- rules concerning termination of the agreement.

On a few occasions, the Swedish National Mediation Office requested clarification that all parties to the agreement support the request to register a concluded negotiation procedure

[38] This section is based on a text first published in *Mulder/Selberg/Westregård (eds.), Festskrift till Birgitta Nyström (Festschrift for Birgitta Nyström), Juristförlaget i Lund, 2026.*

agreement with the authority before registration took place. In addition, on one occasion, the Office requested clarification that the agreement contained one of the conditions for registration listed in the Act.

In which sectors have such agreements been concluded?

The Cooperation and Negotiation Agreement of the Swedish Industrial Sector (the Industrial Agreement) was concluded between the employers' organisations and trade unions in the industrial sector in 1997. The agreement applies to blue-collar workers, white-collar workers and academics alike. The agreement was terminated in 2010 and a new agreement came into force in 2011 and was amended somewhat in 2016. The Swedish Paper Workers' Union chose to opt out of the new agreement. The agreement consists of two parts: a cooperation agreement and a negotiation agreement. Under the cooperation agreement, the parties of the industry shall jointly strive to strengthen the industry's competitiveness and create good conditions for employees in the sector.

The negotiation agreement states that agreements should be reached during industrial peace through constructive negotiations, that negotiations on new agreements shall be coordinated in terms of timing, and that agreements within the industry constitute a 'cost standard and guidance for labour costs in the Swedish labour market'. The parties to the Industrial Agreement undertake, individually and jointly, to work to ensure that the 'cost benchmark' within the industry is the standard to which other parties in the labour market must adhere.

The trade union Ledarna currently has six negotiation procedure agreements registered with the Swedish National Mediation Office. Four of these apply within the industrial sector and were signed in 2000 or 2001 (one of which was renewed in 2025). The two agreements outside the industrial sector were concluded in 2025. The agreements reflect the fact that wage formation in the relevant agreement areas is determined locally at the individual companies. Unlike the negotiation agreements between other parties, the agreements with Ledarna as the trade union party are aimed at negotiations at both the company and the industry level.

For white-collar workers and academics at service companies and companies in the media and information sector, a negotiation agreement was concluded in 2000. The introduction to the agreement noted that the parties had a shared interest in promoting development, profitability and competitiveness within their industries. A conciliation board was established to resolve disputes. Agreements with similar content for white-collar workers and academics in the retail sector and the transport sector, respectively, were also concluded in 2000. The agreements were renewed on a number of occasions before they expired. The agreement for the transport sector expired in 2007, the agreement for the retail sector in 2009, and the agreement for service companies and the media and information sector expired in 2012.

A cooperation agreement and a negotiation procedure agreement applied to employees – both blue-collar workers and white-collar workers/academics – in the agricultural and horticultural sectors between 2002 and 2013. The cooperation agreement aimed to promote development, profitability and competitiveness within the relevant sectors and thereby create the conditions for, among other things, favourable wage growth.

In the insurance sector, two identical negotiation procedure agreements have been in force since 2001, one for white-collar workers and one for academics. The agreements are relatively brief, containing rules on how collective bargaining is to be conducted and on mediation.

In 2003, the parties in the IT sector concluded a cooperation agreement containing a negotiation agreement. The agreement covered blue-collar workers, white-collar workers and academics alike. The cooperation agreement aimed to create the conditions for the sector's development with good profitability and competitiveness, which would lay the foundation for well-functioning wage formation. The negotiation agreement aimed to enable the parties to conduct constructive collective bargaining without industrial action, achieving balanced outcomes, and for the parties to take joint responsibility for wage formation within their respective parts of the labour market. Impartial chairs were to assist the parties in collective bargaining. The agreement was terminated in 2009.

A negotiation agreement was reached in 2007 for white-collar workers and academics in the staffing sector. The agreement was intended to contribute to better and more efficient collective bargaining and thereby reduce the risk of industrial action. Through the agreement, the parties assumed mutual responsibility for wage formation within the scope of the agreement. The agreement established a conciliation board tasked with acting as a mediator and advisor in collective bargaining negotiations. The agreement expired in 2024.

In 2009, a cooperation agreement and a negotiation agreement were concluded for white-collar workers and academics in the service sector. The negotiation agreement was subsequently adopted by the parties in certain agreement areas within the service sector, including by the parties in the IT and telecommunications sector. This resulted in the termination of the aforementioned agreement for the IT sector. The service sector's cooperation agreement highlighted the need for a comprehensive agreement on cooperation within the sector, thereby promoting development, profitability and competitiveness. The negotiation agreement aimed to enable the parties to conduct constructive collective bargaining with balanced outcomes, without resorting to industrial action, thereby taking responsibility for wage formation within their respective parts of the labour market. If the parties were unable to agree on new agreements, impartial negotiators could be appointed; if this did not happen, the provisions on mediation in the Co-determination Act would apply instead. The agreement is still in force in one agreement area.

Since 2000, the Municipal Negotiation Procedure Agreement (KAF 00) has been in force between the parties in the municipal and regional sector. From the outset, the agreement applied to blue-collar workers as well as white-collar workers and academics. The minutes of the negotiations for the agreement state that its purpose is to create the conditions for conducting centralised negotiations on wages and general terms of employment in the sector with economically reasonable outcomes, thereby contributing to well-functioning wage formation, and that negotiations should, as far as possible, be conducted while avoiding industrial action. KAF 00 now applies only between SKR and the white-collar unions, with the exception of the Swedish Association of Health Professionals, and the academic unions, with the exception of the Swedish Medical Association. The Municipal Main Collective Agreement also applies to this sector. This agreement also contains certain provisions on mediation and industrial action, which apply even to those parties no longer bound by KAF 00.

A negotiation procedure agreement was also concluded between the parties in the central government sector in 2000. Like the agreement in the municipal sector, this agreement applied to all employees from the outside, both blue-collar workers and white-collar workers. The agreement aimed to ensure that the parties would work together to strengthen the negotiation process in the sector and conduct collective bargaining while maintaining industrial peace. According to the minutes of the negotiations at the time of adoption, the agreement replaced provisions on mediation and notice periods in the central government's Main Collective Agreement. The negotiation procedure agreement finally expired in 2018.

The social insurance offices at that time were not government authorities, but were tasked with administering the state social insurance system. For collective bargaining in the social insurance sector, a negotiation procedure agreement was concluded in 2001, with provisions similar to those in the public sector. The agreement came to an end when the general county social insurance offices were replaced by the state authority, the Swedish Social Insurance Agency, in 2005.

The parties' agreements in relation to the provisions of the Act

Timetables for negotiations

The agreements have consistently included a target for new collective agreements to be concluded before the previous agreements expire. Usually, the agreements have also stipulated that negotiations on new agreements must commence three, and sometimes two, months before the current agreement expires. The agreements in which Ledarna is a trade union party differ in that they provide for local parties to determine the detailed timetables for negotiations based on certain guidelines in the relevant negotiation procedure agreement.

Time frames and rules for the appointment of a mediator

Simply put, the agreements stipulate that mediators are either appointed on a standing basis for a specific period or they are appointed prior to each round of collective bargaining or when the need for mediation arises.

Examples of the former can be found in the Industrial Agreement, the agreement applicable to the IT sector, and the agreement applicable to the agricultural and horticultural sectors. Examples of the latter can be found in the agreements for the retail and transport sectors, the agreements in the municipal and regional sectors, and the agreements for the insurance sector and the staffing sector. These agreements do not have the cooperation commitments found in e.g. the Industrial Agreement. It should be noted that the agreement within the service sector stipulates that, if mediators are not appointed there, the provisions on mediation in the Co-determination Act apply instead.

The appointment of mediators has been made either by the bodies specifically established by the agreements (e.g. the Industrial Council in the case of the Industrial Agreement) or directly by the parties to the agreement.

Rules concerning the powers of the mediator

The impartial chair of the Industrial Agreement can be said to have the most developed role of all mediators under the negotiation procedure agreements. They shall, on their own initiative, enter into negotiations one month before the expiry date of the relevant collective agreement and, in accordance with the purpose of the Industrial Agreement, take the measures necessary to ensure that the relevant collective bargaining negotiations can be concluded on time. The impartial chairs in the agreements covering the agricultural and horticultural sectors and the IT sector, respectively, had similar roles. In other agreements, the role of mediator has primarily been to step in at the request of a party, i.e. when negotiations have stalled and a need for mediation has arisen.

As regards the powers of mediators, the agreements have had similar provisions. This involves mediators being able to require the parties, for example, to investigate and clarify issues under negotiation, summon the parties to meetings, and postpone industrial action for which notice had been given, usually for a maximum of 14 days. In a few agreements, mediators have also had the option to temporarily suspend industrial action that has already commenced if this would benefit the negotiation process. This was the case in the first Industrial Agreement and in the negotiation procedure agreement within the service sector, which is still in force between two parties.

Rules concerning termination of the agreement

All negotiation procedure agreements of this kind contain (or contained) provisions on the termination of the agreement. A six-month notice period has been the most common, although some agreements apply a three-month period.

Some observations

Some of the negotiation procedure agreements involving mediation organised by the parties themselves that were concluded in the early 2000s may have been drawn up not least to avoid state mediation intervention in collective bargaining negotiations. Others – such as the Industrial Agreement and the agreements for the agricultural and horticultural sectors, the IT sector and the service sector – were concluded more to develop cooperation between the parties, not only in terms of negotiations but also on sectoral issues.

Only the agreements within the public sector have contained or contain provisions aimed at a general socio-economic perspective on wage formation within their own sector, with reference to the industry benchmark on increase of wages and other labour costs. Other agreements have aimed or aim at responsible wage formation within their own sector. Since the Co-determination Act does not require agreements on a negotiation procedure involving mediation organised by the parties themselves to require compliance with the industry's cost standards, it must be assumed that, when implementing the reform, the State relied on the parties' ability to assume such responsibility themselves. In the evaluation of the Swedish National Mediation Office carried out in 2006, it was argued that negotiation agreements should include a commitment to comply with the industry's cost standards in order to avoid compulsory state mediation. As such a requirement could be perceived as an unnecessary restriction on the autonomy of the parties and reduce the incentive to enter into this type of agreement, the one-man committee concluded that it should not be introduced,[39] After just over 25 years, it can be noted that compliance with the industry benchmark is virtually total. The fact that such compliance is not prescribed by law has not entailed any disadvantage in terms of upholding the industry benchmark. The discretionary nature of the law is thus, in practice, compatible with wage formation in socio-economic balance.

One of the legal requirements for avoiding compulsory state mediation is that the agreement must specify the powers to be held by the parties' own mediators. However, the law does not specify what those powers should be. Freedom to contract shall prevail. Nevertheless, the agreements have consistently included provisions allowing the mediators to postpone industrial action. Like the Swedish National Mediation Office's power to postpone industrial action, this contractual provision has been used extremely sparingly. It appears to have been invoked on only a few isolated occasions.[40]

The agreements were terminated alternately by the trade union side and by the employer side. There are likely to be a variety of reasons why the agreements were terminated. These may have included dissatisfaction with how the agreement functioned, or perhaps rather with how a counterparty applied the agreement, or difficulties in maintaining the organisation established through the agreement (with various consultative bodies, development work, etc.) between the actual agreement periods, or a reduced need for a separate mediation procedure at a time when the Swedish National Mediation Office and its mediators had gained in credibility.

[39] The report 'God sed vid lönebildning' (Good Practice in Wage Formation) (SOU 2006:32), p. 70 f.
[40] By the Industrial Agreement's impartial chair during the 2010 collective bargaining negotiations in the pulp and paper industry.

Summary and outlook

Looking back, it is striking just how long the work to reform wage formation and the state Mediation service took. Equally striking is how the outcome emerged through an interaction between politics and the social partners. An understanding took shape regarding the negative effects of dysfunctional wage formation on everyone – at the individual and company level as well as at the societal level. This laid the groundwork for a process in which political action led the social partners to act, and vice versa, in a chain of declarations of intent, negotiations, and investigative and legislative work. For the social partners, the process led to stricter rules for conducting negotiations and a broader, more developed view of negotiation outcomes and cost trends, with the Industrial Agreement as the prime example. For the State, the process led to the establishment of the Swedish National Mediation Office and, in part, new legal provisions governing mediation activities.

Although the establishment of the Swedish National Mediation Office and the new legal provisions can be said to have resulted in the State and politicians taking a step back by removing the possibility that had hitherto existed for the Government to appoint mediators and mediation commissions (in connection with industry-level negotiations), the new system simultaneously entailed a more 'politicised' mandate for the new authority. Mediation was no longer to be aimed solely at maintaining industrial peace, but also at contributing to 'well-functioning wage formation'.

It may seem somewhat contradictory that, while giving the new authority this more far-reaching and politicised mandate, the legislators decided to open up the possibility for the social partners to avoid state Mediation entirely by concluding their own collective agreements with specific terms. However, this was a clear expression of the view that the forms of wage formation and the resolution of any disputes that may arise in this context are primarily a matter for the social partners. It was also a natural consequence of the political efforts made during the 1990s to encourage the social partners to develop the wage formation process that one of the cornerstones of the new system would be to enable – and indeed encourage – the parties to organise Mediation themselves.

The mandate given to the Office to promote well-functioning wage formation while also mediating in labour disputes was initially met with considerable apprehension and objections. Influential consultative bodies opposed what they perceived as a risk of state interference in wage formation. However, these fears were soon proven unfounded. The 2006 evaluation of the Swedish National Mediation Office noted that broad trust had been established in the Office and its mediators. The formative early years under the leadership of the Office's first Director-General laid the foundations for this trust, which was subsequently built upon by his successors. It is a delicate task to lead a government authority in an area of activity that is 'owned' by the social partners, while balancing the public interest in a well-functioning wage formation system with the fundamental principles of party autonomy and freedom of contract. Over the years, the Office's wise mediators have helped to maintain trust in the authority.

The fact that the parties' agreements on negotiation procedure involving Mediation organised by the parties themselves have decreased in number and scope – something they had not done at the time of the 2006 evaluation – can also be seen as a sign that confidence in the Swedish National Mediation Office remains strong. Although the reasons for the termination of such agreements are likely to have been primarily 'internal to the parties', the risk of falling into the Swedish National Mediation Office's clutches has certainly not led to the (terminated) agreements being extended. Furthermore, it can be said that, although political views on the authority and its remit were initially divisive, the entire political system also appears to have been, for some time at least, sufficiently satisfied with the state of affairs. No shifts from red to blue and vice versa over the years have led to any changes in the authority's remit.

All credit to the Swedish National Mediation Office for enjoying such broad trust. However, how well wage formation works naturally depends primarily on how the parties act and handle the responsibility traditionally entrusted to them by the State. During the Swedish National Mediation Office's existence, the labour market and the economy have undergone a number of strains and crises of various kinds: the financial crisis of 2008, the COVID-19 crisis of 2020/2021 and the inflation crisis of 2022/2023, to name but a few. With the benefit of hindsight, it must be said that the social partners have coped well with these challenges. The primary task of the mediation system is to facilitate the social partners' assumption of responsibility for wage formation. The less we use the few coercive measures at our disposal, the better, as it means that the social partners are taking responsibility. At the same time, it is reasonable to assume that the existence of coercive measures may occasionally influence the social partners' behaviour. They normally agree to mediation if there is a threat of industrial action, knowing that the Office can order compulsory mediation. They attend mediation negotiations knowing that they may otherwise be ordered to do so. They themselves postpone industrial action knowing that the Office may otherwise impose it.

The wording in the Swedish National Mediation Office's instructions, stating that the authority shall 'safeguard and uphold the consensus within the labour market regarding the wage standardisation role of the internationally competitive sector', may seem somewhat risky – as the mandate is based on a kind of static state of affairs regarding the views of the social partners. However, this is also the core of the current wage formation system. It can also be put this way: if there is no longer any consensus, the focus of the authority's mandate must be reformulated. Indeed, it cannot be interpreted as meaning that the Swedish National Mediation Office should attempt to maintain a consensus that no longer exists.

Wage formation is the responsibility of the social partners, and the Swedish National Mediation Office's mandate to promote well-functioning wage formation is based on there being broad acceptance of the current system among the social partners. As mentioned, disputes concerning demands for cost increases above the industry benchmark are now rare. As long as the parties recognise the benefits of the current wage formation system and the Swedish National Mediation Office’s role within it, there is reason to believe that it will continue for some time yet. However, it is not possible to make any certain predictions about developments in the longer term. As we all know, the future is best described with the benefit of hindsight.

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