



Unions, insurance and changing welfare states:
The emergence of obligatory complementary income
insurance in Sweden

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Abstract: Why do unions that support comprehensive public unemployment insurance introduce the private alternative known as obligatory complementary income insurance (OCII)? In this article, we seek answers to how Swedish unions have thought and argued on OCII, how these thoughts and arguments change over time and whether there are differences across unions within the same confederation and across different confederations. The material includes congressional minutes and other internal documents as well as newspapers and union magazines, 2000–2020. We find a myriad of arguments for and against OCII. Many unions highlight the eroded public unemployment insurance as the prime trigger of OCII. Yet, for unions with high rates of unemployment, the OCII premium may be too expensive to handle. Further, some unions argue that high-wage members are subsidised by low-wage members: OCII only benefit those who earn above the ceiling in the public unemployment insurance. We also find that OCII enhances sharp competition between unions in order to keep and recruit new members. Higher ceiling in public unemployment insurance makes OCII useless for many union members, and thus less valuable as a tool for recruitment. To avoid member flight, therefore, there is an incentive for unions to downplay the need to restore public unemployment insurance compatible with a universal welfare model.

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1. Introduction

The universal (Green-Pedersen 2003) or social democratic (Esping-Andersen 1990) welfare model is characterised by public monopolies for provision and funding of welfare services such as health care, education and elderly care, and a public social insurance system that compensates citizens quite generously for lost income due to such things as parental leave, illness and unemployment (Pontusson 1987; Premfors 1991).

In Sweden, during the last decades, the universal system has been gradually modified. With regard to welfare services such as health care, education and elderly care, this tendency is obvious when looking at the extensive privatisation of provision that began in the early 1990s. But the tendency towards a more liberal or conservative (Esping-Andersen 1990) or divided (Hacker 2002) welfare state is also demonstrated by the gradual privatisation of funding, for example the rise of private health insurance, now taken out by 15 per cent of the able-bodied population (Lapidus 2019).

Private health insurance entails many of the characteristics that alter the social division of welfare (Titmuss 1958) in a way that heralds another type of welfare state, i.e., a process where the so-called occupational and fiscal welfare ingredients increase at the expense of the social welfare state.

Considering occupational welfare, private health insurance is taken out not via the state but instead via unions and employers. As for the fiscal element, Swedish private health insurance emerged due to favourable tax deductions that are typical for semi-private welfare solutions within divided welfare states (Hacker 2002).

The same fiscal and occupational ingredients and characteristics apply to the private alternative called obligatory complementary income insurance (OCII) that are under scrutiny in this article.

Unlike public unemployment insurance, the OCII currently offered by most Swedish unions is completely tax-exempt. The tax exemption makes it cheaper for the insurance companies to offer the insurance, a fiscal welfare feature that makes the premiums lower than otherwise. The tax exemption was one of the most important factors behind the rapid growth of OCII in Sweden, unlike in Denmark where it is not tax-exempt (Rasmussen 2014).

The tax exemption was far from self-evident when the insurance was introduced in the early 2000s. The Swedish Tax Agency wanted the OCII to be taxable in the same way as public unemployment insurance. Then SIF (the Swedish Union of Clerical and Technical

Employees in Industry) appealed to the Tax Court – which agreed with SIF. The Tax Court’s preliminary ruling was upheld in the Supreme Administrative Court in 2007 (Regeringsrätten case no. 1120-2006).

This type of court procedure is an example of layering (Mahoney & Thelen 2010): The introduction of new rules on top of or alongside existing ones and often far away from the public political debate, measures that can gradually make occupational and fiscal welfare grow even further at the expense of social welfare.

Today, most unions within the blue-collar LO (the Swedish Trade Union Confederation), the white-collar TCO (the Swedish Confederation of Professional Employees) and the professional confederation Saco (the Swedish Confederation of Professional Associations) include OCII as a membership benefit. Several Saco and TCO unions introduced OCII between 2003 and 2006, while the LO unions waited until 2007–2008.

Traditionally, Swedish unions have been supportive of universal welfare solutions such as public unemployment insurance. So how do they reason when they introduce private alternatives such as OCII?

The simplest answer to why unions have started to offer OCII, is that public unemployment insurance has been gradually eroded to a ‘low-level flat rate scheme providing only basic security for the vast share of the employed’ (Rasmussen 2014, p. 42), and that the gap between former wage and unemployment benefits has thus become ever larger. Swedish employees who lose their jobs have the formal right to get 80 per cent of their former wage from the public unemployment insurance. However, there is a ceiling which makes these 80 per cent valid only up to a certain level of income. Despite the sharp – but temporary – increase of the income ceiling in 2020, however, the average income earner only receives just over 60 per cent of the former wage via the public unemployment insurance (Martos Nilsson 2020).¹

The erosion of the public unemployment insurance has a long history. In 1990, the middle-income earner got 76 per cent of the former wage, then followed retrenchment in various stages. In 2000, the middle-income earner received 56 per cent of the former wage and in 2015 a historic bottom was reached: the average income earner then received only 41

¹ In response to massive lay-offs during the Covid-19 pandemic, the Swedish parliament decided in 2020 to raise the ceiling and relax requirements regarding eligibility. The new rules apply temporarily, until the end of 2022.

per cent of the former wage (Martos Nilsson 2020; Olofsson 2020; TCO 2021). It means that Swedish public unemployment insurance gradually has moved from a system with earnings-related income protection towards basic security (Rasmussen 2014).

The increased gap between former wage and public unemployment insurance is due to political decisions. During the center-right governments 1991-1994 and 2006-2014, there was a pronounced political will to weaken social welfare such as unemployment insurance, a strategy that had a variety of ingredients: An increase in member-contribution to public unemployment insurance, reduced benefit levels from 90 to 80 per cent, various steps of increased earned income tax credit, and tax exemption for OCII (Kjellberg 2014; Rasmussen 2014; Gordon 2019).

But Social Democratic governments have also contributed to weakening public unemployment insurance, among other things by temporary reducing the benefit level to 75 per cent in 1996 and also by continuing to let the ceiling in public unemployment insurance be decoupled from the development of wages among male, industrial workers (SOU 1996:51; SOU 2012:47).

One way to handle the eroded public unemployment insurance is to turn to legislators and demand that they raise the ceilings and restore other deteriorated components (e.g. conditions for qualification, qualifying days, length of the compensation period) in the public system. If the unions consider that this kind of political pressure does not help in the short term, then private alternatives such as OCII may appear as the only way out.

At the same time, the defensive strategy of introducing OCII can be transformed into something else. The unions have lost members for decades. The unionisation rate fell from 85 per cent in the mid-90s to 69 per cent in 2020, the sharpest drop were experienced by the blue-collar unions (Kjellberg 2021). In such an environment the OCII becomes an important tool for recruiting new members, or at least to stop the bleeding. In the extreme case, it may even be that the unions oppose improvements in the public unemployment insurance, as this would reduce the member-recruiting function of the private insurance offer.

OCII can also be seen as union self-defense. Ever lower levels of remuneration in the public systems can be assumed to push down the reservation wage – and hence put pressure on collective agreements. OCII thus becomes a way of maintaining status quo in the labour market.

On the other hand, comprehensive public unemployment insurance is particularly important for the low-wage unions: The public social insurance systems have a redistributive

function, since low-wage earners to a greater extent than high-wage earners are exposed to such things as unemployment and illness.

One possible consequence of eroded public unemployment insurance is that some groups feel they have to pay twice for their unemployment risk (Saco 2005; Halápi 2006). They pay both for a public unemployment insurance that is becoming less and less viable for high-income earners, and for an OCII which is becoming increasingly important in relation to public insurance. Such factors gradually reduce the legitimacy of the public unemployment insurance and can lead to further erosion. At the same time, low-wage unions with a high risk of unemployment among members may be more or less excluded from the private insurance system that emerges (Lindellee 2018).

Ultimately, the development may imply a clearer division of welfare between those who are most established on the labour market (especially high-income earners) and those who are not. The result can be a divided welfare state (Hacker 2002) where some citizens get their welfare financed within the framework of social welfare while others have their welfare financed more and more within the hidden (Howard 1999) welfare that consists of the mixture between occupational and fiscal welfare.

The provision of various types of private insurance can simultaneously be seen as a defense strategy for unions in times of austerity (Blyth 2013), disembeddedness (Polanyi 1944) and the gradual dismantling of social welfare through layering, drift and conversion (Streeck and Thelen 2005).

In this article, we seek answers to how unions have thought and argued on OCII, how these thoughts and arguments have changed over time and whether there are differences across unions within the same confederation and across different confederations.

2. Previous research

Unions and OCII cut into different research areas. On one level, it is about welfare models, for example the social division of welfare and the relationship between social, occupational and fiscal welfare (Titmuss 1958). On another level, it is about industrial relations and about the unions as market, class or social actors (Hyman 1994).

With regard to OCII in Sweden, its origin and development have been studied in various ways. One of the most important contributions is Lindellee (2018), highlighting the multi-pillarisation (Goodin & Rein 2001) where income protection in the event of unemployment consists of different pillars for different groups in the labour market: public insurance,

collective agreement insurance, OCII and individual insurance. Lindellee describes how the erosion of the public unemployment insurance created the risk privatisation (Hacker 2004) that multi-pillarisation entails. It is found that a majority of the employees have a relatively large protection within the framework of multi-pillarisation. But at the same time, some employee groups fall completely outside the private solutions, while other private solutions tend to benefit the members of white-collar and professional unions more than those of blue-collar unions.

Kjellberg (2006), Kolsrud (2018), Gordon (2019), and Jansson and Ottosson (2021), have in various ways studied the gradual erosion of the public unemployment insurance and the introduction of different types of private income insurance. Bergdahl (2020) studies a number of private insurance in the area of social insurance and welfare services from a specific union point of view. Rasmussen (2014) studies the emergence of OCII in Sweden and Denmark. It is found that one of the driving forces behind the rapid growth in Sweden was that income insurance became tax-exempt. It is also shown that OCII was first taken out by unions within TCO and Saco and only a few years later by unions within LO, this in spite of the fact that their blue-collar confederation had warned that OCII constituted a threat to public unemployment insurance.

3. Theory and concepts

There are different interpretations of the term occupational welfare, but we use it as welfare provided by employers or unions (e.g. Natali and Pavloni 2018; Jansson et. al 2018). Further, we look upon OCII as *private* provision of welfare. In Sweden, the unions themselves refer to their OCII as ‘group insurance’ (*gruppförsäkring*) whereas, for instance, the Swedish news agency uses ‘private income insurance’ (*privat inkomstförsäkring*; TT Nyhetsbyrån 2014). Rasmussen (2014) and Lindellee (2018) both make meaningful distinctions between different types of private provision. In their language OCII is ‘mandatory group insurance’ and ‘private-collective insurance’, respectively. Since we focus on OCII and do not discuss individual private insurance (in most cases a non-union member who takes unemployment insurance directly with an insurance company) or voluntary insurance via unions to top-up what is included in the union membership, we simply refer to OCII as private insurance without further nuances.

Early in the history of the Swedish labour movement, the LO unions – despite mutual differences – agreed on the need for state intervention to curb market forces. To some extent

the consensus followed from a common socialist ideology, but foremost it had a material basis: As individuals and as a class, blue-collar workers benefitted most from increased social security. No matter how successful the unions were to force employers into signing collective agreements – to be stable, the agreements needed support from a welfare state. Without state protection, notably through public unemployment insurance, there was always a risk that collective agreements would be undercut and ultimately destroyed by low-wage competition (Nyström 2000).

Notwithstanding syndicalist and communist challenges, in an international perspective the Swedish trade union movement was quite homogenous, i.e., social democratic. With the emergence of white-collar and professional unions after the Second World War, however, heterogeneity was added. Many members of white-collar and academic unions are potential losers from universal social policy solutions and they could – in comparison with blue-collar workers – be expected to be more positive towards market solutions and privatisations, and more negative towards taxes, redistribution and government intervention (Arndt 2018). In general, there is a negative relationship between income and preference for redistribution (Alesina & La Ferrara 2005; however, preferences are also governed by *expected* income).

Theoretically, there is thus reason to expect that assistant nurses in the blue-collar LO are stronger supporters of a redistributive welfare state than better paid autoworkers in the LO and nurses in the white-collar TCO. Not only income matters. Each of the confederations has an ideological heritage, where LO stands out with a more collective view and with strong ties to the Social Democratic Party. TCO and Saco, on the other hand, declared from the start that they were non-partisan and politically independent (Westerlund 2011).

In Sweden, as in most countries in Europe, collective agreements apply to both members and non-members of the union. If the wage floor only applied to members, competition from cheaper labour (non-members) would make collective agreements ineffective. The fact that collective agreements cover everyone² is the result of a conscious union strategy – a strategy that at the same time raises the question: Who wants to join the union? From an individual's economic point of view, the best solution is to let others bear the cost of membership and, as a non-member, enjoy the public goods provided by unions. This is the so-called free rider problem (Olson 1965; Schnabel 2020). One way to deal with the problem

² Everyone *in companies with collective agreements* – in Sweden there is no legal mechanism for sector-wide extension of collective agreements.

is to provide members with selective benefits, without any connection to the employer's costs. An ancient such member benefit is the entitlement to strike compensation, while a more recent benefit is discounted holiday accommodation. Relevant in the present context is the voluntary or obligatory signing of insurance through the union – everything from home and life insurance to income and health insurance. The free rider problem potentially provides an explanation for the existence of OCII that is neither about reduced state commitment nor competition for members between unions.

If someone's home is located in an area that has previously been affected by floods, the fee for home insurance will increase. In the same way, life insurance becomes more expensive for those who have had cancer. The insurance companies want to avoid adverse selection by acquiring as good customers as possible (Akerlof 1978): those with a low risk of water-damaged homes or early death. Bad customers' chance to participate is to pay extra for their higher risk. Since the same logic applies to the market for unemployment insurance, this means that a union with a high unemployment level amongst its members must buy more expensive OCII – or none at all.

A public unemployment insurance scheme that guarantees 'earnings-related income protection' (Rasmussen 2014), benefits high-income earners more than low-income earners – in absolute figures. Yet, since low-income earners on average face a higher risk of unemployment, they too gain from such a scheme. Thus, both high- and low-income earners are – for different reasons – beneficiaries of comprehensive public unemployment insurance. Arguably, an even more advantageous solution for low-income earners would be a scheme based on the 'basic security model' (Korpi & Palme 2003), at least if the flat rate is high enough. In the long run, however, such a system may erode the willingness to pay taxes amongst the more affluent. Strategic reasoning, based on 'the paradox of redistribution' (Korpi & Palme 1998) and the insight that 'programs for the poor are poor programs' (van de Walle & Nead 1995), suggest that LO should defend a system that gives relatively much to those who have.

Further, policy feedback effects can 'create strong political incentives for the maintenance or encouragement of existing private networks of social provision' (Béland and Hacker 2004), in the same way as widely distributed public benefits do on the opposite side of the scale. The privatisation process can thus be self-reinforced as OCII becomes an ever more natural way of securing benefits in case of unemployment.

All unions can be assumed to be interested in OCII as a way of dealing with freeriders, but for TCO and Saco this should play a greater role than for LO. Individual benefits are likely to be relatively more important in less collectivistic unions.

Which unions can then, on theoretical grounds, be expected to be the most positive either about earnings-related income protection or about on basic security with supplementary, private income insurance? On the one hand, individual members of low-wage unions are generally winners of large public commitment. However, given that the earnings-related income protection has a high ceiling, the members of high-wage unions are the biggest winners. Considering the retrenchment of public unemployment insurance, both low- and high-wage unions have a motive for introducing OCII. At group level, it is the LO unions that have the most to gain from generous public unemployment insurance, partly due to the redistributive effect and partly due to the shelter it gives collective agreements. Insurance theory also suggests that the LO unions have the strongest reason to stick to public unemployment insurance where all share the risk of unemployment, as it can be more expensive and more difficult for them to sign up for OCII.

4. Material and methods

Given the paper's focus on union arguments for and against private income insurance, including variations between unions and change over time, we primarily chose to study congressional minutes and, secondly, board minutes and other internal documents for the period 2000–2020, that is from around the time the discussion about private income insurance offered by the unions started until today. In addition, we study a number of newspapers and union magazines.

At present, the three confederations have 48 affiliated union federations: the professional Saco has 22 affiliates, the white-collar TCO 12 and the blue-collar LO 14.³ Including also the predecessor adds many more. Time restraint prohibits the study of them all. Our sampling method is a mix between strategic sampling and convenience sampling. We have consciously picked unions from each confederation. At the same time, the unions picked *within* each confederation are largely governed by availability.

³ When we collected the archival material in the autumn of 2021, Saco had 21 affiliates and TCO 13. At that time, Lärarförbundet (the Swedish Teachers' Union) belonged to TCO, but in 2022 it affiliated with Saco and became the confederations' largest union.

First, we have included the three unions whose congressional minutes could be found on the internet. All three are LO-affiliates, namely Livs (the Food Workers' Union), Byggnads (the Swedish Building Workers' Union) and IF Metall (the Industrial and Metalworkers' Union). Attempts to obtain additional material via email and telephone were fruitless (we reached out to ten unions from the three confederations). Instead, we contacted the TAM-Archives (TAM-arkivet) in Stockholm which holds records from present-day white-collar unions and professional unions, and their predecessors. Access to the TAM-Archives requires permission from the individual unions. We asked for permission to study 16 unions (mainly the larger ones) – including also predecessors – and received approval for twelve. In one case we did get permission, but with the condition that nothing of what we presented could be linked to that specific union. The reason stated was that OCII is 'politically sensitive'. We refrained from studying the union. The next obstacle was that the archive stocks differ from one union to another. Two unions had submitted unlisted material to the TAM-Archives, material which we found impractical to go through. In three more cases, the material contained little of interest (for example, OCII is mentioned but not discussed). Of the 16 TCO and Saco unions, seven were finally used in the study.

Among the current TCO unions, we had to settle for a single one, Unionen (the largest of all unions in Sweden), alongside its two predecessors, HTF (the Swedish Union of Commercial Salaried Employees) and SIF (the Swedish Union of Clerical and Technical Employees in Industry). The second and third largest unions affiliated to TCO,⁴ Vision (the Swedish Union of Local Government Officers) and Vårdförbundet the Swedish Association of Health Professionals), are missing for the above reasons.

Among the Saco unions, we have included four of the five largest: Ingenjörerna (the Swedish Association of Graduate Engineers), Civilekonomerna (the Swedish Association of Graduates in Business Administration and Economics),⁵ A-SSR (the Union for Professionals), and Läkarförbundet (the Swedish Medical Association).⁶

Among the seven TCO and Saco-federations, and the three LO-federations included in this study, the material varies both in time and scope. The table below lists the ten unions.

⁴ The same is true for Läraryrket, in 2021 the second largest TCO union (see footnote 3).

⁵ Note, however, that Civilekonomerna together with Jusek (which organized academics within business administration and economics, and more), since 2020 are merged into Akavia.

⁶ Missing are the largest Saco-affiliate, Läraryrket, and the fourth largest, Lärarnas Riksförbund (the National Union of Teachers in Sweden).

Table 1. Federations included in the present study

| Swedish abbreviation | Federation | | Number of members (31 Dec 2021) | Affiliated to |
|-------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------|
| | Swedish name | English name | | |
| A-SSR | Akademikerförbundet SSR | The Union for Professionals | 75 000 | Saco |
| Byggnads (Civilekonomerna) | Svenska byggnadsarbetareförbundet Civilekonomerna | The Swedish Building Workers' Union The Swedish Association of Graduates in Business Administration and Economics † | 103 000 132 000 | LO Saco |
| HTF | Tjänstemannaförbundet HTF | The Swedish Union of Commercial Salaried Employees | ... | TCO |
| IF Metall | Industrifacket Metall | The Industrial and Metalworkers' union ‡ | 303 000 | LO |
| Ingenjörerna | Sveriges Ingenjörer | The Swedish Association of Graduate Engineers | 162 000 | Saco |
| Livs | Livsmedelsarbetareförbundet | The Food Workers' Union | 26 000 | LO |
| Läkarförbundet | Sveriges läkarförbund | The Swedish Medical Association | 56 000 | Saco |
| SIF | Svenska industritjänstemanna- förbundet | The Swedish Union of Clerical and Technical Employees in Industry | ... | TCO |
| (Unionen) | Unionen | Unionen § | 687 000 | TCO |

Table 1. Federations included in the present study (continued)

| Federation | Empirical material | | |
|-----------------|--------------------|-------------|----------------------------------------------------|
| | Source | Time period | Scope |
| A-SSR | TAM-Archives | 2003–2018 | Congresses, Board meetings |
| Byggnads | Online | 2010–2018 | Congresses |
| Civilekonomerna | TAM-Archives | 2003–2019 | Congresses, Board meetings |
| HTF | TAM-Archives | 2000–2007 | Congresses, Board meetings |
| IF Metall | Online | 2011–2020 | Congresses |
| Ingenjörerna | TAM-Archives | 2000–2008 | Congresses, Board meetings, Membership councils |
| Livs | Online | 2005–2017 | Congresses |
| Läkarförbundet | TAM-Archives | 2000–2012 | Congresses, Board meetings |
| SIF | TAM-Archives | 2000–2007 | Congresses, Board meetings |
| Unionen | TAM-Archives | 2008–2016 | Congresses, Board meetings |

† Since 2020 merged with Jusek into Akavia. Number of members refers to Akavia.

‡ Our translation, there seems to be no official.

§ Organises former members of HTF and SIF (both unions merged into Unionen in 2008).

Note: Congresses include annual reports, motions etc. Board meetings and Membership councils include minutes and attached background material.

Source (membership): Bornlid Lesseur, 2022; Dahlgren, 2022; <https://www.saco.se/om-saco/medlemsstatistik/>

The advantage of the congressional material is that it reflects the views of both the federal leadership and the delegates, as well as the views of the majority and the minority. The board minutes with appendices provide an in-depth picture of the leadership's arguments, which, however, largely correspond to what we can see in the congressional material. In one case

the difference is striking between how a particular issue is discussed at the board meetings and at the congresses. In 2015 the parliament raised the ceiling in the public unemployment insurance. The implications were discussed at Unionen's board: the new policy reduced the value of OCII and hence also the value of membership. The risk of losing members increased, and it is said that: 'Around 80 000 members will have no use at all or reduced use of the OCII'. Such a framing of the public unemployment insurance cannot be found at congresses (Tam-Archives. Unionen. Series A2a. Federal board meeting, 27 May 2015).

Further, through the database *Mediearkivet*,⁷ we have studied newspapers and union magazines. We opted for the five largest newspapers in Sweden – *Aftonbladet*, *Dagens Nyheter*, *Expressen*, *Göteborgs-Posten* and *Svenska Dagbladet* – and all the magazines belonging to the ten federations (in some cases by searching directly at the magazines' homepages). In addition, we read LO's *Arbetet*.⁸ For all these newspapers and magazines, we searched for 'inkomstförsäkring' (income insurance) and we read all the articles containing this particular word.

Further, we have searched for relevant publications and reports by confederations and member unions. We found eight reports from LO, Saco, TCO and some of its affiliated unions dealing exclusively, or in large parts, with OCII.

4.1 *Delimitations*

It is not only the ceiling of the public unemployment insurance that has gone through change in the last decades. For those at risk of unemployment, conditions have worsened also regarding qualification conditions and the length of the compensation period (von Buxhoeveden 2019; Essemyr 2021). Some of these changes are, however, difficult to assess with precision, amongst other things because, over time, the labour market has been fragmented and the spread of employment forms has increased. We delimit our study to the most debated component of public unemployment insurance: the level of the ceiling.

4.2 *Ethical considerations*

The material from the TAM-Archives contains personal matters. For example, members who report being badly treated by their employer, their union or both. In no such case have

⁷ <https://www.ub.gu.se/en/databases/mediearkivet>

⁸ Saco does not seem to have any magazine, and we had only limited access to TCO:s *Arbetsvärlden* via *Mediearkivet*.

we taken notes: besides being ethically inappropriate, we have no research interest in the matter. As mentioned, we promised the unions belonging to the TAM-archives not to name individuals. The restriction does not inhibit our research, since what matters is in what *position* someone puts forward arguments, be it a person in the federal board, a local organisation or an individual member.

5. Empirical findings

The table on the next page shows the introduction and current status of OCII, in the ten federations studied in this article.

This section presents and discusses the opinions and arguments of union boards and union members regarding public unemployment insurance and OCII. In 5.1 we summarise the opinions and arguments, and in 5.2 we elaborate on the most interesting. The empirical material can be said to express opinions and arguments regarding the following two normative theses:

- The state should raise the ceiling in the public unemployment insurance.
- Unions should introduce (and preserve) obligatory complementary income insurance (OCII).

For a detailed account of the opinions and arguments on public unemployment insurance and OCII, see the appendix.

Table 2. Obligatory complementary income insurance: Introduction and current status

| Federation | Affiliated to | Obligatory complementary income insurance | |
|-----------------|---------------|-------------------------------------------|---------------------|
| | | Year of introduction | In place (Aug 2022) |
| A-SSR | Saco | 2005 | Yes |
| Byggnads | LO | 2008 | No |
| Civilekonomerna | Saco | 2004 | Yes |
| HTF | TCO | 2006 | ... |
| IF Metall | LO | 2019 | Yes |
| Ingenjörerna | Saco | 2003 | Yes |
| Livs | LO | 2007 | Yes |
| Läkarförbundet | Saco | 2011 | Yes |
| SIF | TCO | 2003 | ... |
| Unionen | TCO | 2008 | Yes |

Source: Lindellee (2018); the TAM-Archives; union homepages.

5.1 Summary of opinions and arguments on public unemployment insurance and OCII

The summary is structured according to the pro et contra-model, where P is 'pro' and C is 'contra'.⁹ Each argument is followed by a parenthesis showing which union(s) made it. Congressional and board minutes: Roman style indicates that the argument was made by the federation board, italics that it was put forth by individual members, local branches or the like. Newspapers and union magazines are distinguished from minutes with a subscript, e.g. Byggnads_{NUM}.

First order arguments and first order counter-argument are shown in bold style. To a certain degree arguments shift over time, this is not shown in the summary.

⁹ Arguments for and against the thesis T, nomenclature:

P₁ = first argument for T. (P₂ = second argument for T, etc.)

P₁P₁ = first argument for the first argument for T.

C₁ = first counter-argument against T.

P₂C₃ = second argument for the third counter-argument against T.

C₁C₁ = first counter-argument against the first counter-argument against T.

And so on.

THESIS A: THE STATE SHOULD RAISE THE CEILING IN THE PUBLIC UNEMPLOYMENT INSURANCE.

P₁ Individual members should have decent income in case of unemployment. (All)

P₂ Unemployment insurance should be financed collectively. (A-SSR_{NUM}, IF Metall, Livs)

P₃ Public insurance more efficient than private; does not exclude certain groups. (IF Metall)

P₄ Members have to pay twice for unemployment protection (Läkarförbundet_{NUM})

C₁ Raised ceiling lessens attractiveness of union membership. (Unionen)

THESIS B: UNIONS SHOULD INTRODUCE (AND PRESERVE) OBLIGATORY COMPLEMENTARY INCOME INSURANCE.

P₁ The gap between public unemployment insurance and wages has widened. (All)

P₁ P₁ Individual members risk severely lowered income standard. (All)

P₁ P₁ P₁ Negative macro-economic effects by lowered incomes. (Livs)

P₂ P₁ Potentially weakens collective agreements through low-wage competition. (Livs, *Byggnads*)

P₃ P₁ Without income security, workplaces become silent. (*Byggnads*)

P₂ Recruits new members and keeps present. (All)

P₁P₂ Other unions offer insurance; competitive race; risk of losing members to other unions. (A-SSR, *Byggnads*, *Civilekonomerna*, HTF, *IF Metall*, *Ingenjörerna*, *Läkarförbundet*, SIF, Unionen, SIF_{NUM}, HTF_{NUM})

P₃ Puts pressure on the state to raise the ceiling. (SIF)

P₁P₃ All unions can't afford insurance, therefore the state will be forced to intervene. (SIF)

P₄ Avoids lock-in effects; increases labour market mobility. (A-SRR, *Civilekonomerna*, *Läkarförbundet*)

P₁P₄ Increased mobility puts upward pressure on earnings. (*Läkarförbundet*)

P₅ Targets those not covered by complementary income insurance through collective agreements. (*Läkarförbundet*)

C₁ Principally wrong since the state should take responsibility. (IF Metall, *Livs*)

C₁C₁ Ideology does not pay members' housing rents. (*IF Metall*, *Livs*)

C₂C₁ Only a temporary solution. (*Livs*)

C₂ Weakens the pressure on the state to raise the ceiling. (Byggnad_{NUM}, HTF, IF Metall, *Livs*_{NUM})

P₁C₂ The union will put less pressure on the state. (*Byggnads*_{NUM})

C₁P₁C₂ The union will continue lobbying against politicians to raise the ceiling; presence of OCII makes no difference. (*HTF*)

P₂C₂ OCII erodes public unemployment insurance. (*Läkarförbundet*_{NUM})

C₁C₂ The state will not raise the ceiling anyway, so the union might as well introduce OCII. (*IF Metall*)

C₃ Insurance is too expensive. (Byggnads, HTF, IF Metall)

C₄ Not all members benefit. (Civilekonomerna, IF Metall, *Livs*, HTF_{NUM})

P₁C₄ Low paid members with no use of the OCII subsidy high paid members. (IF Metall, *Livs*)

P₂C₄ Older members are not allowed to sign. (Civilekonomerna)

P₃C₄ Public employees are already covered by collective agreements. (Civilekonomerna)

C₅ Unions should not act as insurance companies. (*HTF*)

C₆ Risks losing members because of higher fee. (Civilekonomerna)

5.2 Opinions and arguments on public unemployment insurance and OCII

All unions see OCII as a recruitment instrument. For example, when A-SSR (the Union for Professionals) decided to introduce OCII at a federal board meeting in October 2004, it was said that OCII will be 'marketed internally among the members and externally in order to recruit new members' (TAM-Archives. Akademikerförbundet SSR. Non-listed. Federal board meeting, 29 Oct 2004). Another example is Civilekonomerna (the Swedish Association of Graduates in Business Administration and Economics) which, at the congress in 2003, saw the potential for recruitment of new members as one of the main advantages when introducing OCII (TAM-Archives. Civilekonomerna. Series A1a. Congress, 17 Nov 2003). Interestingly, over time, some federal boards expressed concern on overusing the recruitment argument. One example is a board meeting of Unionen in 2015: 'We recruit members by saying that they can get income insurance. But we don't tell them that it takes

one year of membership to qualify for it' (TAM-Archives. Unionen. Series A2a. Federal board meeting, 11 May 2015).

Against the background of deteriorating public unemployment insurance, it is logical for unions to use the OCII as a tool for recruitment, especially as several unions have experienced a negative membership development.

In connection with OCII as a source of recruitment, a related argument is often discussed: competition from other unions that have, or will introduce, OCII. The TCO affiliate SIF (the Swedish Union of Clerical and Technical Employees in Industry) was the first union in Sweden to introduce OCII in 2003. Even when the issue was discussed at a congress two years earlier, competition was raised as a strong argument for OCII. At that time, Saco had just launched voluntary income insurance, and this was sufficient for SIF to fear an escape among members with academic degrees.

Another illustration of OCII-competition is a board meeting of Civilekonomerna in 2015. According to the minutes, Civilekonomerna was almost alone in having an 18-month qualification period for its OCII – other unions had 12 months. This restricted the union's competitiveness 'in terms of new recruitment' generally and was 'particularly serious' for a specific reason: At the time, Civilekonomerna and another Saco-union, Jusek, had a common recruitment campaign. To a large extent, the two unions organised the same groups of employees. And since Jusek had a shorter qualification period (12 months), Civilekonomerna feared that potential members would prefer Jusek (TAM-Archives. Civilekonomerna. Non-listed. Federal board meeting, 12 Feb 2015).

The introduction of OCII was primarily caused by external, political factors (i.e., the gradual erosion of public unemployment insurance), but it quickly gained an independent, intra-union dynamic. Starting with SIF's discussion in 2001 and introduction of OCII in 2003, a seemingly unstoppable process was set in motion that led all TCO and Saco unions to acquire OCII.

This dynamic seems to take place on the one hand within TCO-Saco, on the other hand within LO. However, there are also examples of competition between the two spheres. First, IF Metall (LO) has shown concern about competition from Unionen (TCO), which has 'fiercely marketed its OCII when recruiting new members' (Julius 2018). Second, the union magazine *Kollega* already in 2002 (Täpp 2002) reported that SIF's (TCO) market research on OCII caused irritation among the LO union Seko (The Swedish Union for Service and Communications Employees). Seko believed that SIF was trying to recruit its members by

introducing OCII and a lower membership fee. Third, when Kommunal (the Swedish Municipal Workers' Union) in 2007 decided to introduce OCII, an explicit argument was to prevent better paid members from joining white-collar unions that included OCII in the membership (Wreder 2007).

The competitive dynamics can be seen as an example of the prisoners' dilemma. Given that pressure on politicians to raise the ceiling in the public unemployment insurance decreases when the unions introduce OCII, it is conceivable that everyone wins by not introducing it. But once the process has started, everyone must follow. This opinion is expressed by a group of delegates at an HTF (the TCO affiliate Swedish Union of Commercial Salaried Employees) congress:

If a united trade union movement refrained from taking out complementary insurance, we would have been supportive. If this is not the case, HTF must also offer additional insurance. (Tam-Archives. Unionen. Series A1a. Congress, 1 June 2004)

At IF Metall's (LO) congresses in 2011, 2014 and 2017, the board opposed motions demanding the introduction of OCII. Besides financial restraints, the board's main argument was that the state must ensure that unemployment benefits are adequate. At the congress in 2011, the board stated that OCII would 'relieve the state of costs that should be spread over a larger collective' (IF Metall 2011, p. 437). In 2014 – and repeated literally in 2017 – it was said that a public unemployment insurance spreads the risks over all employees, which provides 'better and fairer financing opportunities compared with different professions and industries being responsible for the financing themselves' (IF Metall 2014, p. 354; IF Metall 2017, p. 329).

However, when the board had made its decision to introduce OCII,¹⁰ this counter-argument ceased to exist. The annual report for 2019 stated that OCII increases the members' security in troubled times, and that OCII has facilitated the recruitment of new members. In 2019, IF Metall advertised for OCII in the member magazine *Dagens Arbete*, and according to the annual report of 2019 OCII got 'a prominent place' in the recruitment folder entitled 'Seven good reasons to join IF Metall' (IF Metall 2019, p. 20).

¹⁰ The board of IF Metall took the decision in 2019 (in between congresses), a procedure that was criticised at the congress in 2020 where one of the delegates argued for not granting discharge to the board (IF Metall 2020).

How is politicians' willingness to raise the ceiling in the public unemployment insurance affected when the unions introduce OCII, and how does the existence of OCII affect political action?

SIF's (the Swedish Union of Clerical and Technical Employees in Industry) board believed that OCII is increasing the pressure on politicians to raise the ceiling. The argument is that some unions cannot afford to introduce OCII, which will force politicians to act. Implicitly, the reasoning is based on the premise that politicians would not tolerate too much labour market stratification.

On the contrary, HTF's (the Swedish Union of Commercial Salaried Employees) board thought that politicians would lose incentive to improve the public unemployment insurance when the unions introduced OCII, and that in the long run there was a risk that the state would take less responsibility for public unemployment insurance (Tam-Archives. Unionen. Series A1a. Congress, 1 June 2004). Prior to the introduction of OCII, IF Metall's board reasoned in a similar way: if the unions take responsibility for the insurance, the state no longer needs to get involved.

A third position was taken by a local HTF branch, arguing that OCII does not make any difference with regard to political decisions concerning public unemployment insurance (Tam-Archives. Unionen. Series A1a. Congress, 1 June 2004). This is also the position of sociologist and labour market expert Anders Kjellberg: He does not think that politicians would be under more pressure to raise the ceiling if OCII did not exist. The parliamentary situation is what matters (Julius 2018).

In a motion, the same branch also wrote the only statement we have found about the union's own engagement in the issue of a higher ceiling in public unemployment insurance. It was said that the union's engagement is not affected by OCII (Tam-Archives. Unionen. Series A1a. Congress, 1 June 2004).

Furthermore, the argument that low-wage earners subsidise high-wage earners when OCII is introduced is raised by the LO unions. In 2017, at the congress of Livs (the Food Workers' Union), a local branch argued that OCII in its current form was unfair. According to the motion from the branch, the system of a uniform membership fee meant that relatively low-paid (mainly women) subsidised relatively well-paid (mainly men), as only those with income above the ceiling in the public unemployment insurance benefitted from OCII. The motion therefore wanted income-differentiated membership fees. In its response to the motion, the federal board stated several technical aspects of the insurance and explained that

Livs had the best OCII (the comparison probably refers to the LO unions). The argument that low-paid people subsidised high-paid people was not addressed (Livsmedelsarbetareförbundet 2017; see also IF Metall 2017).

If public unemployment insurance is too poor, argued the federal board of Livs in 2009, there is ‘pressure on lower minimum wages in the collective agreements, and even pressure on exceptions from the collective agreements’ (Livsmedelsarbetareförbundet 2009). With deteriorating public unemployment insurance, OCII was needed to avert a shift in the balance of power in favour of employers. Much the same argument was used at Byggnads’ (the Swedish Building Workers’ Union) congresses in 2014 and 2018, when a score of local branches demanded the reintroduction of OCII (Svenska Byggnadsarbetareförbundet 2014, 2018).¹¹ One of the branches claimed that the impairment of public unemployment insurance was a deliberate effort from (right-wing) politicians to depress wages and other working conditions. To protect collective agreements, therefore, Byggnads had to build its own protection against unemployment, just like in the dawn of the trade union movement (Svenska Byggnadsarbetareförbundet 2014).

In the case of the LO unions Byggnads and IF Metall, the boards for a long time opposed OCII when the members wanted it introduced. One example is the IF Metall congress in 2017, where the federal board suggested rejection of all motions arguing for the introduction of OCII (IF Metall 2017, p. 354). A possible interpretation is that the boards, unlike the members, can ‘afford’ to be more ideological. This is also what they are sometimes accused of by members. For instance, at IF Metall’s congress in 2014, one motion demanding the introduction of OCII, argued that the federation ‘should prioritise the benefits of members before ideological blinders’ (IF Metall 2014, p. 370).

Both Ingenjörerna (the Swedish Association of Graduate Engineers) and Läkareförbundet (the Swedish Medical Association) state that their premium will be comparatively low as unemployment among members is low (TAM-Archives. Sveriges Ingenjörer. Series A1a. Membership council, 11 Dec 2002; TAM-Archives. Sveriges Läkareförbund. Non-listed. Federal board meeting, 6 Oct 2011). Byggnads and IF Metall use the same argument – but at the other end of the scale: their members must pay high premiums due to high unemployment in their respective sectors (IF Metall 2011, 2017; Svenska

¹¹ Due to expensive premiums because of high unemployment in the construction sector, Byggnads abolished OCII only two years after its introduction in 2008.

Byggnadsarbetareförbundet 2014, 2018). This is in line with adverse selection (Akerlof 1978), i.e., that insurance companies want to avoid bad customers altogether or have them pay higher premiums.

Regarding the paradox of redistribution (Korpi & Palme 1998), we do not find any discussions in the material. However, in various reports, LO and their affiliated member organisations (Hedborg 2012; Andersson et.al. 2016; Lindgren Åsbrink et.al. 2019) emphasise the class-redistributive aspect of social insurance and the importance of high ceilings targeting even those with high wages in order to create general acceptance for the social insurance systems. For example, Kommunal's (the Swedish Municipal Workers' Union) investigator argues that

Low-income earners are more often ill and unemployed than high-income earners. This applies in particular to the members of Kommunal. It means that large amounts go from high-income earners to low-income earners, which benefits Kommunal's members. (Hedborg 2012, p. 5)

For Kommunal (Hedborg 2012), high ceiling in the public unemployment insurance is partly about safeguarding a system that is redistributive from high-paid to low-paid.

TCO and Saco – and their affiliated unions – sometimes argue that low ceilings in social insurance such as the public unemployment insurance make their members pay twice for income security. In the union magazine *Läkartidningen* (Stensmyren 2019), the chairman of the Swedish Medical Association writes that the members now 'have to pay double to get a reasonable level of protection: first via tax and social security contributions, then via an OCII paid for via the union fee'. Further, *Ingenjörerna* states that 'the individual must pay several times for one and the same benefit' (Sveriges ingenjörer 2012) and Saco argues that 'the existence of ceilings leads to a form of double taxation' (Halápi 2006).

6. Summary and discussion

Why do almost all Swedish unions introduce OCII? The simplest answer: due to the gradually eroded public unemployment insurance, the gap between former wage and unemployment benefits has become ever larger.

This is also the reasoning of most unions. The gap between wage and public unemployment insurance is the main argument for introducing OCII, which is rational not least for high-wage unions whose members often earn much more than the ceiling in the public unemployment insurance. But even low-wage unions have an increasing number of

members who earn above the ceiling, and among these members there has also been more pressure to introduce OCII.

Yet another important argument for OCII is its member recruiting potential. In fact, all unions studied see OCII as a tool for recruiting, and this is often highlighted as one of its greatest advantages. Further, the introduction of OCII is regarded as an important measure not to lose members to other unions. This competitive aspect has sometimes created tension between unions.

In accordance with previous research (e.g. Lindelee 2018), we find that emerging multi-pillarisation has excluding features to it. Private solutions are simply not for all. One example is Byggnads, which abandoned OCII due to high insurance premiums because of high unemployment. In order to avoid adverse selection (Akerlof 1978), exclusion of – or relatively high premiums for – bad customers is a tool for insurance companies on every private insurance market.

Arguably, the competitive dynamics within the trade union movement is akin to the prisoners' dilemma. As noted, a group of HTF delegates would have preferred a united trade union movement saying 'no' to OCII. Since other unions had already introduced OCII, however, HTF must also say 'yes' to OCII, according to the delegates. Assuming that pressure on politicians to raise the ceiling in the public unemployment insurance decreases when the unions introduce OCII, it is conceivable that everyone wins by not introducing it. But once the process has started, everyone must follow – in fear of losing members to 'competing' unions.

What starts as a defensive measure can thus become a solution that is generally favoured by some of the unions. In the material it is found that IF Metall, who used to problematise OCII from a universal welfare state perspective, now advertises OCII as an essential reason for joining the union. At the same time, a TCO union like Unionen has taken the matter a step further and used OCII as a competitive strategy vis-à-vis other unions, while creating an insurance-influenced language on the issue.

In union debates, the introduction of OCII has been criticised from different angles. For example, it has been said that OCII subsidises high-wage members at the expense of low-wage members. This is so because the membership fee is the same for all, while only those with income above the ceiling in the public unemployment insurance potentially benefit from OCII.

Delegates at congresses of both Livs and Byggnads warned that deteriorating public unemployment insurance weakens collective agreements. The warning aligns with Nyström's (2000, p. 101) remark that social security functions as a 'reinforcement of collective agreements'.

Theoretical reasoning suggests that OCII is used by unions also as a solution to the free rider problem. Other studies have shown that union officials are well aware of the problem (e.g. Wingborg 2017), but – surprisingly – nowhere in our material is there any discussion about the implications of the fact that collective agreements apply to both members and non-members. Perhaps the phenomenon is too self-evident; it shows only when unionists are directly asked about it (as in Wingborg 2017).

As noted, there is little discussion in the material about how the recruitment potential of OCII affects unions' willingness to act politically for strengthening public unemployment insurance. The only explicit mention is by a local HTF branch, claiming that OCII does not affect union engagement. This must, however, be considered an open question. For example, the board of Unionen argued that higher ceiling in the public unemployment insurance means a risk of membership flight (Tam-Archives. Unionen. Series A2a. Federal board meeting, 27 May 2015). Although Unionen also emphasised that it wants to see a strengthening of the public unemployment insurance, possibly the issue will be given lower priority after the introduction of OCII. Lindellee (2018, p. 114) reasons in a similar way: As long as OCII 'is used as a powerful membership recruitment tool for some unions, the unions' collective demand to raise the benefit ceiling in the public unemployment insurance program [...] is likely to stay moderate'.

Do politicians in the Swedish parliament take the presence of OCII into account when they make decisions regarding public unemployment insurance? The belief of union representatives differs, and a rigorous answer requires material and methods beyond the scope of this paper.

However, research has given many examples of how political decisions have an impact on societal actors – actors which in turn have effects on political decisions. This is referred to as policy feedback (Béland & Hacker 2004). One example is the privatised health care system in the United States, which has proven difficult to change because of feedback effects between insurance companies, unions, employers and legislators.

This may hold also for the emergence of insurance like OCII in Sweden. Here, in times of permanent austerity (Blyth 2013), it can be quite convenient for politicians to delegate

responsibility for unemployment to the unions. By making it easier – for example by tax exemptions – for the unions to offer private solutions such as OCII, politicians avoid blame (Weaver 1986) for gradually eroding public unemployment insurance.

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Appendix. Opinions and arguments of individual unions

A.1 A-SSR (THE UNION FOR PROFESSIONALS)

A-SSR introduced OCII in 2005. The decision was preceded by a bill from 2004 entitled ‘The introduction of collective and joint income insurance - Strategy to strengthen members’ security and development in the labour market’.

The bill presents a number of arguments for OCII. One is the increased risk of unemployment among A-SSR’s members, even though unemployment at that time was lower than the national average. Another argument is that the ceiling in the public unemployment insurance will probably not be raised for the foreseeable future:

The federal board naturally considers that the general social security systems should cover income above the current ceiling, but considers the conditions for such a development, in the current economic situation, to be extremely small.

Another argument for OCII revolves around mobility in the labour market. Here, the federal board believes that there is great need for increased income protection, ‘as a security, if the leap into the uncertain would go wrong’. In this context, it is stated that public unemployment insurance cannot ‘fulfill this need for security’.

Furthermore, the federal board believes that OCII ‘will be a competitive issue’, as more and more unions have already chosen to take out such and others are well on their way.

At a federal board meeting in October 2004, it is decided to introduce OCII. The membership fee will thereby be increased by SEK 25 per month. It is also said that OCII must be ‘marketed internally among the members and externally in order to recruit new members’.

A.1.1 Newspapers and union magazines

According to a higher manager (*förbundsdirektör*) – writing in the union magazine *Akademikern* (December 10, 2010) – the members demands OCII (and other private solutions), and therefore the union offers it. The manager reassures that the union forcefully works for a solidaristically financed universal welfare state, and he states that OCII may be ‘right or wrong, but we can conclude that its benefit is much appreciated’.

A.2 BYGGNADS (THE SWEDISH BUILDING WORKERS' UNION)

The 2010 Annual Report states that OCII was introduced in 2008, as a result of the center-right-wing government deteriorating the public unemployment insurance, and that the insurance will be phased out in 2010 since it proved to be too expensive.

At the congresses in 2014 and 2018, a total of about twenty motions on the reintroduction of OCII are considered. The continuous erosion of public unemployment insurance threatens both the individuals and the collective, according to the motions. From an individual members' point of view, arguments are put forward about security, the ability to continue living a normal life even in the event of unemployment, and that protection is particularly important in the unstable construction industry.

Without security, the collective is threatened since members will be more hesitant in putting wage demands or raise work environmental issues to their employers. Furthermore, it is claimed that the center-right-wing government does not want the public unemployment insurance an income protection, in order to thereby reduce the wage conditions for those at work. To stop this development, the union must, as in the childhood of the labour movement, build up on its own protection against unemployment.

Furthermore, the argument is made that the union should be strengthened (OCII provides 'added value in membership', 'a strong union requires strong and secure members'), and that other unions have taken out insurance that covers up to 80 per cent of previous income.

The federal board demands rejection of the motions with the main motivation that the insurance is too expensive for the union. The federal board explains that the union has had meetings with a number of insurance companies but that none of them have been able to offer OCII at a reasonable price as they assessed the risk of unemployment in the construction industry as too great.

A.2.1 Newspapers and union magazines

Asked by the union magazine *Byggnadsarbetaren* (October 30, 2012) to comment on the low ceiling in public unemployment insurance, an analyst says: 'Today, politicians almost seem to expect people to have a separate income insurance through the union'.

Byggnadsarbetaren (March 19, 2018) looks back at the congress in 2014, quoting a critic of OCII: 'We shouldn't buy ourselves free from political engagement' – implying that union pressure on the state decreases with the introduction on OCII.

6.2.3 CIVILEKONOMERNA (THE SWEDISH ASSOCIATION OF GRADUATES IN BUSINESS ADMINISTRATION AND ECONOMICS)

At the general council in 2003, in the bill 'Joint income insurance for members of Civilekonomerna', a number of advantages and disadvantages with the introduction of OCII are mentioned.

The advantages that are emphasised are that: 1) OCII 'dampens financial disruption in the event of involuntary unemployment', since the union's members 'have higher salaries than the public unemployment insurance system is intended for'. 2) OCII 'Gives time to find new work' in a pressured labour market where the notice periods are short and where many members, during the time between two jobs, run the risk of having to rely on unemployment insurance. 3) OCII 'Supports increased mobility', which is positive for 'the individual, for wage development and for companies', in contrast to the far too low public unemployment insurance that creates lock-in effects which means you do not dare to change job. 4) OCII is a 'Strong recruitment argument for Civilekonomerna 'and something that, as previously unorganised economists can now choose to become members, makes the union stronger.

The disadvantages emphasised are that: 1) OCII leads to 'Increased cost for the member' – the bill proposes an increase in the membership fee. 2) OCII benefits many members, but 'municipality / state / county council employees often have no need for the insurance'. This is because most public employees, at least after three years of employment, already have adequate income protection through collective agreements (however, these members are also protected by an income insurance when changing jobs or sectors, and a membership survey shows that 40 per cent of public employees intend to change jobs within the next two-year period – 15 per cent also wanted to change sector.) OCII has an age limit, which means that 'Members are not covered by the insurance from the year they turn 61'.

During the discussions at the 2003 general assembly, further counter-arguments were added, including a reservation written by five delegates. The five delegates pointed out that 1) It is contrary to the union's principles to collectively connect members to an insurance, 2) The public employees have no benefit from the insurance and 3) The union actually risks losing members when introducing OCII, this as the membership fee must be raised.

However, at the 2003 general assembly, the federal board favored an introduction of OCII. It is true that Civilekonomerna historically had a 'clear principled view that the union should not introduce collective insurance', but when we saw 'the design and cost' of the Civil

Engineering Association's income insurance, it was still decided to take the issue further and investigate how a similar insurance could be designed for our own union.

Competition-oriented comparisons with other unions also recur at subsequent congresses and union board meetings. At a federal board meeting in 2007, a detailed comparison is presented between 10 different TCO and Saco unions' income insurances. A motion is added to the 2007 council, saying that the union's OCII is starting to erode in comparison with SIF's ditto, which among other things 'covers loss of income for a longer period of time, to higher amounts and with different conditions than our does'. In order not to 'lose market shares', it is important that the union 'maintains or increases competitiveness' through insurance with better terms than today.

At a union board meeting in 2015, Civilekonomerna continues to discuss OCII as a means of competition with other unions. It is pointed out, among other things, that the union is almost alone in having an 18-month qualification period for its OCII (other unions have 12 months), something that is a 'competition restriction in terms of new recruitment' and something that is 'particularly serious' as Civilekonomerna and another Saco-union, Jusek, have a common recruitment campaign: potential members will be told that Jusek has shorter qualification period and thus choose Jusek instead of Civilekonomerna.

Finally, it can be said that Civilekonomerna is positive about both OCII and increased ceiling in the public unemployment insurance. In a document approved by the General Assembly in 2005, these two are discussed in parallel, but without putting the one in connection with the other. Thus, it is claimed that 'Social insurance must provide long-term stable and secure conditions' and that 'We also want to safeguard the principle that the individual or collective can voluntarily take out supplementary insurance that provides the desired compensation in the event of loss of income'.

A.3.1 Newspapers and union magazines

The articles do not contain any additional relevant information.

A.4 HTF (THE SWEDISH UNION OF COMMERCIAL SALARIED EMPLOYEES)

The city of Malmö branch's motion 'Introduction of an income insurance' creates a debate at HTF's union council in 2002. A delegate from the department refers to the member recruitment competition between the unions ('HTF must invest in this if HTF is not to fall behind other unions that already have this'), and another delegate from the same department

believes that public unemployment insurance is too low considering what the union's members earn.

But there are also critical voices. One of the federal council's delegates claims that OCII would be far too expensive for the members, and at the same time raises questions of a more principled nature: 'Add to that the consequence of having too much private insurance, politicians will lose the incentive to improve public insurances'.

Similar remarks are made by another delegate, who compares with private health insurance and believes that OCII steers HTF away from real union activities:

What are we going to do in HTF? Shall we become an insurance company or perform the duties we are supposed to perform – union activities. Such insurance would be expensive for HTF to administer. We cannot support private insurance to expand as it does today, we already see that many people are taking out private health insurance today and in this way buy ahead of the care queues. The same applies to OCII, the main responsibility must lie with the state.

These negative attitudes towards OCII are absent at later congresses, although the issue continues to be problematised. An example is a motion from the congress in 2004, which states that:

We do not think that social cut downs in society will be faster if we were to introduce such a OCII. If so, we would already see such tendencies because many members have that opportunity in other unions. Putting OCII in conjunction with a fight for a higher ceiling is wrong. Of course, we will continue to work to raise the ceiling in public unemployment insurance, but if we ourselves have an opportunity to take out our own insurance for loss of income, society can hardly have any objection to it. Our collective strength remains in this struggle, because even if we have an OCII, we are all in favour of a raised ceiling in the public unemployment insurance, because those who have taken out OCII then get a cheaper insurance.

A motion on 'Introduction of income insurance' is also added to the 2004 congress, with reference to both the low public unemployment insurance and the fact that SIF already has OCII. The Federal Board demands approval of the motion. In its claim, the federal board, just like the motion, points to the low ceiling in public unemployment insurance and to the fact that 'more and more white-collar unions offer OCII as part of the membership'. In addition, the federal board believes that OCII is in demand by more and more members. At the same time, however, the board emphasizes that it is of the principled view that the ceiling in the public unemployment insurance should be 'raised in the general welfare system and apply to all employees'. The board further believes that introduction of OCII 'may entail a

risk that politicians in the long run renounce responsibility for public unemployment insurance’.

A.4.1 Newspapers and union magazines

The union magazine *Kollega* (November 15, 2005) reports from HTF's extra congress in 2005. It is written that several representatives were critical of the proposal to introduce OCII. The representatives believe that HTF should transfer income insurance entirely to the state and that an OCII would not function as a recruitment tool – on the contrary, a higher fee would make some members leave the union.

In addition, it is argued that OCII will not apply to the vast majority of members. One of the representatives says that ‘the salary levels needed to make use of OCII have only been seen by our members on postcards. The most important thing is to raise the general wage level, not just prioritise those who have succeeded in this life’.

The vice chairman agrees with some of the arguments, but says that there are other arguments in favor of introducing OCII. In addition, HTF has no choice because all other unions have introduced OCII. He says: ‘I still have the same attitude in principle, but we are the last union of civil servants to introduce OCII and we are painted into a corner’.

The same vice chairman has a similar reasoning in a previously published (August 23, 2005) article in *Kollega*. He says he does not believe SIF's argument that OCII is putting pressure on the government to improve the public unemployment insurance, and he adds: ‘If you transfer more and more of the costs of the insurance to the individual, the state will have no reason to improve public unemployment insurance. Instead, the state is very interested in reducing its costs’.

Here, too, he mentions the fact that HTF is forced to introduce OCII, as more and more unions are obtaining such insurance. He believes that HTF must keep up with developments in order not to lose members.

A.5 IF METALL (THE INDUSTRIAL AND METALWORKERS' UNION)

Metall discusses the issue of OCII at the congresses in 2011, 2014 and 2017, and each time a decision is made not to introduce one. In 2019, however, the board overturns the decision from the 2017 congress, a procedure that is criticized at the 2020 congress but which eventually receives the auditors’ approval, although they remark that: ‘The federal board, due

to the democratic nature of the issue, could have chosen to postpone the question to a future congress’.

At all three congresses (2011, 2014 and 2017) there are motions that argue for OCII due to the low ceiling in public unemployment insurance. A motion from 2011 states that ‘our so-called workers’ government’ (the then, center-right-wing government) has made major deteriorations in unemployment insurance, while three motions from 2014 spin on the same theme and claim, among other things, that a large majority of members are at income levels well above the ceiling of the public unemployment insurance. A motion from 2017 also states that the ‘gap between the public unemployment insurance and wages’ must be reduced through the introduction of OCII.

At all these congresses, the board opposes the motions, and the main argument is that it is the state – not unions and insurance companies – that must ensure that unemployment benefits are adequate. At the congress in 2011, the board’s statement is that OCII would ‘relieve the state of costs that should be spread over a larger collective’, i.e., that when the unions introduce OCII the state no longer have to engage in it. In 2014 and 2017 it is said, in the same spirit, that public unemployment insurance spreads the risks over all employees, which provides ‘better and fairer financing opportunities compared with a situation where different professions and industries are responsible for the financing’.

In polemic with the board, some motions state that the ceiling in the public unemployment insurance will still not be increased, which is why the board’s arguments are not valid in the practical reality. A motion from 2011 claims that it is not possible to sit and wait for a change of government, while a motion from 2014 questions whether any political party – regardless of color – is really prepared to prioritize a sharp increase in the public unemployment insurance. Another motion from 2014 states that the union should ‘prioritize membership benefits before ideological blinders’, i.e. procure a OCII so that ‘a majority of Metall’s members can be covered by an acceptable income security in the event of unemployment’.

However, the Board believes that it will in any case be too expensive for Metall to introduce OCII, and that this would lead to sharply increased membership fees. The board’s statement from 2011 is thus that ‘premiums will be significantly higher when unemployment increases’ and that income insurance is associated with major risks and could have ‘serious consequences for the union’s finances and operations’.

In the statement from 2014, it is described how the finance committee has calculated on a possible introduction of OCII, and that such would entail 'large and unenforceable financial risks for the union'. The board's statement from 2017 also points to the high costs, and emphasizes that:

The higher risk of unemployment to which the union's members are exposed, compared with other industries, means that the cost of income insurance for Metall is higher compared with other unions.

With regard to the costs of OCII, a motion from the Congress in 2011 states that these can be reduced by 'coordinating the negotiations with other LO unions in the first place and then with the TCO unions'. Here, the board objects in its statement that it has already tried joint negotiations, but that it turned out that

The unions had different views on introducing income insurance. Among other things, the unions that had low unemployment and a relatively low wage situation were not interested in joint insurance. For these unions, this would mean greater risks and thus also higher premiums than if they were to take out income insurance on their own.

Another argument for OCII is that the number of members would increase, at the same time as the number of members risks decreasing without one. Some motions also point to the injustice that some unions have insurance and others do not, for example one from 2014 that asks: 'Why should an industrial worker have a worse airbag than a municipal employee or a Unionist (referring to the union Unionen)?'.

An argument against OCII can be found in the board's statement at the 2017 congress, namely that OCII means that low-paid members who do not need the insurance (i.e., the members whose income do not reach the ceiling in the public unemployment insurance) are forced to finance the high-paid members' needs of an income insurance.

As soon as the board overturn the decision from the 2017 congress and decides to introduce OCII, however, the earlier counter-arguments are no longer there. For example, the annual report for 2019 states that OCII increases the members' security in troubled times and that OCII has facilitated the organisation of new members.

A.5.1 Newspapers and union magazines

Articles underline what we saw above: after the decisions to introduce OCII, leading representatives of the union do not discuss ideological problems, see e.g. *Dagens Arbete* (April 17, 2018) and *Arbetet* (January 30, 2019).

A.6 INGENJÖRERNA (THE SWEDISH ASSOCIATION OF GRADUATE ENGINEERS)

At the 2002 congress, the city of Stockholm-Mälardalen is proposing the introduction of OCII. The argument is that SIF and Saco already have an OCII (this was only partly true since, at that time, SIF had made the decision about the OCII but not yet implemented it), and that it has become a recruitment argument for SIF.

Given the relatively low unemployment among civil engineers, the union should be able to take out OCII that is favorable in comparison with SIF and Saco. This is especially true, the motion claims, if the OCII is made compulsory. The federal board, which takes a positive stance in its response, is instructed by the council to negotiate OCII.

In the same year, OCII is discussed in the so-called member council. An OCII is considered to be a ‘powerful membership benefit argument’, and especially good in relation to young professionals who are most likely to leave the union. The issue of differentiated fees is also raised, but the members’ council concludes that a uniform fee is preferable, mainly because such a fee is less administratively costly.

The insurance was introduced in 2003.

A.6.1 Newspapers and union magazines

Interviewed by *Svenska Dagbladet* (May 12, 2006) a higher manager (*förbundsdirektör*) argues that the union must combine traditional union work with a diversified supply of services. Also, the attitude towards members needs to be changed, ‘to become more of custom relation than a member relation’.

A.7 LIVS (THE FOOD WORKERS’ UNION)

Livs was the first LO union to introduce (compulsory) OCII, in 2007. OCII was not discussed at the congress in 2005, the decision was taken by the board after the congress. At the congress in 2009, the first congress after the OCII was introduced, the federal board declared that the solution was not permanent but would be seen as a way for ‘members to spend the winter’. Of course, the financing of the public unemployment insurance should be

a state matter – jointly funded via the tax system – but ‘it does not help with ideology when the rent or electricity bill is to be paid’.

According to the federal board, the balance of power in the labour market was also an argument for OCII. If the public unemployment insurance is too bad, ‘pressure is created on lower minimum wages in the collective agreements and even exceptions from the collective agreements’. Furthermore, the federal board believed that fewer members opted out of Livs thanks to the OCII (the congress occurred at a time when there was a general decline in participation rates across all LO affiliates, mainly because of political decisions, see below). Furthermore, OCII contributes to macroeconomic stability by sustaining income and consumption in the event of unemployment and potentially sharply declining demand. If consumption falls, the federal board continued, people’s faith in the future will decrease and, in the long run, union membership will be threatened.

In 2013, the federal board states that OCII recruits members. Looking back to 2007, the federal board believes that the public unemployment insurance has become a basic insurance, and that the very purpose of eroding it was to force people to work at any low wages. In that situation, the federal board explained, Livs had no choice but to obtain its own insurance.

At the 2017 congress, there is no overall discussion about OCII. But a new argument emerges among the motions. A club board in Stockholm believes that OCII in its current form is unfair, and demands that the insurance be abolished if the injustice is not rectified. According to the motion, the current system of a uniform membership fee means that relatively low-paid (mainly women) subsidises relatively well-paid (mainly men), as only those with income above the ceiling in the public unemployment insurance have any benefit from OCII. The motion therefore wants income-differentiated membership fees. In its response to the motion, the federal board states several technical aspects of the OCII and explains that Livs has the best one (probably the comparison refers to all LO unions). The argument that low-paid people subsidises high-paid people is not addressed.

A.7.1 Newspapers and union magazines

In *Arbetet* (January 12, 2007) an analyst (and former union chairman) argues that an OCII adds value to the members, but continues: ‘The danger is that an income insurance means that the state takes its hand away from the public unemployment insurance to an even greater extent.’

A.8 LÄKARFÖRBUNDET (THE SWEDISH MEDICAL ASSOCIATION)

In 2002, the central board decides to invest in a limited company formed by Saco to handle OCII, but no discussion about this appears in the minutes.

In 2011, the council approves a bill from the central board to introduce OCII. The bill states that the central board sees an increased risk of unemployment with more private actors in health care and that it is difficult to assess the unemployment level in 10–15 years. Furthermore, it is noted that demand for OCII among members has increased. A concrete event, the closure of Astra Zeneca's operations in Lund, seems to have played a role. According to the central board, OCII constitutes security, especially for those members who are not covered by collectively agreed so-called adjustment agreements.

OCII, it is said, means increased security for members with temporary employment, for those who leave their employment due to illness and for those who have worked abroad. In addition, OCII counteracts lock-in effects, and the fact that doctors dare to change employment can have a positive effect on salary development for the entire medical profession in the long run. The bill also highlights the 'clear membership benefit' for members with high incomes, such as managers. Further, the central board points out that other unions offer OCII. As unemployment is low, the premium for union members will be comparatively favorable.

A.8.1 Newspapers and union magazines

In the union magazine *Läkartidningen* (12 November 2019), the chairman of the Swedish Medical Association writes that the members now 'have to pay double to get a reasonable level of protection: first via tax and social security contributions, then via an OCII paid for via the union fee'. She further believes that OCII is a symptom of that the public systems are not working properly. In the long run, it will 'erode confidence in the system and damage the Swedish model that has served us so well'. She believes that it is important to remedy the causes, which she considers to be the shortcomings in the public security systems. A prerequisite for citizens to have confidence in the public systems and the solidaristic financing is that 'the systems give enough back'.

A.9 SIF (THE SWEDISH UNION OF CLERICAL AND TECHNICAL EMPLOYEES IN INDUSTRY)

SIF was the first Swedish trade union to introduce OCII. An inquiry was appointed in 1999 and a decision was made at an extra congress in 2001. The insurance was introduced in 2003.

At the Congress in 2000, three motions emphasise the deteriorating public unemployment insurance as a reason for OCII. Two of the motions also mention competition: at the time, Saco had far-reaching plans for OCII. Since SIF has many academics among its members, the ‘battle for academics’ would be lost to Saco if OCII is not introduced. The federal board did not raise any objections to the motions but referred to the fact that an investigation was underway.

In the documents for the extra Congress in 2001, a unique argument for OCII emerges among the unions: OCII increases the pressure on the government to strengthen the public unemployment insurance. It is said that:

If SIF introduces the insurance discussed here, the pressure on the government to raise the ceiling will increase. It will also mean that LO, which does not have the conditions to introduce a similar insurance, will put increased pressure on the government. /... / In the event of a possible launch of a supplementary insurance, SIF may be criticised for not pursuing the issue of raising the income ceiling in the public unemployment insurance. However, there is much to suggest that the launch of a SIF insurance increases the pressure on the government to raise the ceiling further.

No principled arguments for the state to be responsible for unemployment insurance can be found in the material. However, it appears that SIF disapproves of the effect – reduced income for members – of deteriorating public unemployment insurance. Arguments against OCII are not found in the material.

A.9.1 Newspapers and union magazines

The union magazine *Kollega* already in 2002 reported that SIF's (TCO) market research on OCII caused irritation among the LO union Seko (The Swedish Union for Service and Communications Employees). Seko believed that SIF was trying to recruit its members by introducing OCII and a lower membership fee.

The same union magazine reported (February 1, 2006) that SIF was satisfied with the Tax Law Board's decision that OCII should be tax-free. SIF's insurance manager believed that OCII would have become more expensive for SIF's members if the insurance had been taxable, as recommended by the Swedish Tax Agency.

A.10 UNIONEN

At the congress in 2011, the east regional board voted that Unionen should work politically to strengthen the public unemployment insurance, among other things on the grounds that it has become more similar to a basic insurance. The federal board answers that Unionen works with the issue politically.

When the federal board four years later, in 2015, comments on the state increase of the public unemployment insurance to SEK 25,000 a month, it is with two very different angles. On the one hand, the increase is said to be positive for the members of Unionen, and that it is an issue that Unionen has worked hard for. On the other hand, concerns are expressed that the increased unemployment benefit ceiling will lead to Unionen losing members: ‘80,000 people will have no or less benefit from the income insurance’.

Further, at a board meeting in 2015, certain facts are problematised in the recruitment attempts of new members via OCII: ‘We recruit members by saying that they can get income insurance and they do not get to know that it takes one year of membership to qualify for it.’

A decision guidance document for the federal board in 2012 states that ‘income insurance is by far one of the most important services in Unionen’s membership, both in terms of recruiting new members and retaining existing ones’. OCII is also a means of competition, and the decision guidance document presents the proposal for a ‘best in test stamp’, which, when used correctly in marketing, is judged to increase the recruitment potential significantly.

Furthermore, the document notes that Unionen has made a number of improvements in the OCII in recent years – but so have competitors. The authors write that

The intention is to make income insurance so strong that an independent institute can make a comparison between the unions’ different income insurances and that the result can be used in Unionen’s marketing.

The following year, 2013, however, the federal board is forced to state that no survey company wanted to take on the task.

There are also recurring discussions about moral hazard in the OCII, for example in the federal board in 2014. Here, attention is drawn to ‘the tendency for people to choose to join the insurance with the knowledge that they will become unemployed’.

Arguments against OCII are not visible in the material.

A.10.1 Newspapers and union magazines

Hamark & Lapidus: Unions, insurance and changing welfare states...

The union magazine *Kollega* reports (March 7, 2014) that Unionen is very critical of a proposal to limit OCII, presented in a report commissioned by the Social Democrats. The 2nd Vice-President of Unionen believes that it is unacceptable from a political point of view to prevent unions from offering their members this type of security solution.

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