



Swedish Trade Union Confederation (LO)
proposed measures to financially protect workers
and strengthen Swedish economy

This memo focuses on three time horizons: **acute phase, short-term** and **medium term**.
Immediate action must be taken on all three time horizons.

Our assessment is that Sweden is facing a significant economic downturn which risks becoming even more serious now as national borders are being completely or partially closed.

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Landsorganisationen i Sverige

Acute phase

The Government has implemented several substantial measures. But further measures must be quickly put in place.

Ensure the functioning of the short-term lay-off system

- Full-time lay-offs should be made possible for a short period, with the same allocation of costs as in the current system.
- Companies using the short-term lay-off system should refrain from dividends and bonuses.
- Ensure that the system can be used in procured public transport services.

Maintain basic structure of society

- The State should initiate a temporary suspension of staff reductions in the public sector, in particular health care and social services.
- Ensure that workers who work in close contact with people (not least healthcare, but also social services, transport, retail trade etc.) have access to appropriate protective equipment.
- Increased state financial contribution to health care and social services, the contribution should be permanent, so that municipalities dare to extend their capacity.
- Ensure the effectiveness of state credit and liquidity assistance operations. Be prepared at short notice to modify as needed interest rates for liquidity assistance, to test methods other than Almi and the Swedish Export Credits Guarantee Board (EKN) and to ensure that banks use the facilities made available by the Riksbank and the Financial Supervisory Authority (Finansinspektionen).
- The State should initiate public intervention purchasing/resources (for example purchase of tickets) to maintain the basic internal transport network: air, rail, boat, bus and taxi in community transport.

Protect financially vulnerable workers

For groups without a permanent employment relationship the safety net in Sweden is very weak. It may be difficult to qualify for membership of an unemployment insurance fund and it is not possible to benefit from the work of job transition organisations. This group also needs income protection, both for its own sake and as a general demand-side measure. An effective way to achieve this quickly is the reinforcement of unemployment insurance.

- Drastically increase the unemployment insurance fund minimum level of compensation (currently SEK 365) to about SEK 680. This targets those who have belonged to an unemployment insurance fund for less than 12 months.
- Reduce the unemployment insurance fund work requirement to 40 hours of work per month (now 80 hours) for the six months that are already required and base the benefit on the months in the work requirement.
- Another possibility is to review the unemployment insurance fund membership requirement.
- With rapidly rising unemployment, particularly in some unemployment insurance funds, there is a risk of longer processing periods. A review of what can be done quickly to facilitate processing needs to be carried out in consultation with the unemployment insurance funds. The amount of data that needs to be collected must be reduced, for example by means of a simplified employer's certificate. Case officers at the unemployment insurance funds should be able to use income data from the Swedish Tax Agency for faster processing of benefit.
- Please note that a separate memo on these proposals for the unemployment insurance funds was sent to the Ministry of Employment on 18 March 2020.
- Temporarily remove the 450-day limit for participants in the job and development guarantee without previous membership of an unemployment insurance fund. The current situation in the economy means that labour market policy measures risk being discontinued while at the same time it is more difficult to start new ones. Removing the time limit would, apart from providing greater financial security for individuals, reduce the burden on social services, since this would avoid income support claim reviews.
- Introduce study grants (see below) – as a complement to changes in the unemployment insurance funds' minimum level of compensation and work requirements.

Short term

In the near future large groups will lose their jobs, be given notice of termination or short-term employment. It is of utmost importance, both for the individual worker, the business sector and Sweden's long-term competitiveness that this period is used to improve the human capital and employability of the workforce through training activities. A strong focus on digital studies is necessary to make this possible.

The focus on studies can be vocational, preferably directed at shortage occupations in the welfare sector. It can also be aimed at increasing a person's general skills in Swedish, English and mathematics, as well as IT, which are the skills that are important for becoming established in the Swedish labour market. Driving licence lessons may also be appropriate.

Central to matching individuals to training in this unique situation is that training providers (municipalities, private actors in adult education, higher vocational education, universities and other higher education institutions) provide specific information on the training they have available.

New study grants for people without safety nets

- A temporary grant should be introduced for adult workers who declare (under oath) that they have worked in the tourist industry (broadly defined, including for example the entertainment industry and taxi). And are not eligible for membership of an unemployment insurance fund and have not previously received student aid.
- Should be extended to other sectors as necessary.
- The amount of the grant should be slightly lower than the corresponding unemployment insurance fund benefit (but at least on a level with the increased minimum level of compensation as proposed above).
- In return the person would be required to participate in digital studies equivalent to full time. The choice of type of studies should be open, but general adult education studies is probably the simplest.
- Subsequent reporting of which digital studies were completed.
- The initial duration of the grant should be about three months.

Digital studies, in general

- The Public Employment Service labour market training must be significantly increased and made available early in the unemployment period, we welcome the fact that training is now allowed to take place digitally. Directly procure training programmes in shortage occupations vital to society, such as care assistants (must comply with the agreement described at Vård- och omsorgscollege (Health and Social Care College)). It should be possible to ignore procurement rules.
- Increase cooperation between the Swedish Public Employment Service and the folk high schools to rapidly expand the range of digital studies available. Increase the number of people allocated.
- Instruct the appropriate authority to carry out an inventory and produce a list of existing appropriate digital courses that are free of charge.
- The existing digital validation and training modules used by various sectors need to be used and scaled up (giving priority to jointly developed models where these exist) to meet the new requirements. In the longer term, existing non-digital modules need to be digitalised if possible. The public sector needs to do what it can to facilitate scaling up by the various sectors.
- It should be noted that LO is currently taking stock of suitable training programmes and will send a list to the Ministry of Education and Research in week 13 (23-29 March).

Job transition organisations and the Swedish Public Employment Service

- It is currently the rule that the TSL Job Transition Foundation may only offer short training programmes for people under notice of termination (normally three weeks), which is related to the rules on unemployment insurance. The training period and benefit period should be possible to extend.
- Ensure that the Public Employment Service has the necessary resources to cope with a significantly increased workload. Put an end to reforms of the Employment Service and allow it to focus in peace on its mission.

Summer courses at higher education institutions

- Extend the application period for summer courses at higher education institutions (closed on 16 March) and folk high schools
- Expand the dimension of summer courses, particularly digital opportunities.

Medium term

There is a high risk that the management of the Corona outbreak will have major negative economic effects and that the crisis will not be over quickly. The State should already plan for initiatives that can be in place for the summer, the autumn and longer if necessary. It is also important that the State makes a contribution to structural policy measures for the digital transition the economic crisis will accentuate.

Studies in the autumn

- Allow the Public Employment Service to allocate study places in municipal adult education (Komvux), vocational adult education (Yrkesvux), higher vocational education (YH) and universities. Allow the participants to retain labour market policy allowances for one year.
- Increase the number of training places in vocational adult education and higher vocational education with an emphasis on shortage occupations. We would in particular like to extend the possibility of studying to be an assistant nurse or bus driver.
- Enhance study and vocational guidance and make it available to professionally active people as well.
- Higher funding from the Swedish Board for Study Support (CSN) for studies in LO occupations where there is a shortage, particularly welfare occupations.
- Extend the application period for universities and other higher education institutions for at least one month (now 15 April).
- The State should augment the work and ensure long-term financing for validation of professionally active people (with priority for jointly developed models where such exist).

ESF funds for skills development

- Funds from the European Social Fund should be used for skills development. A specific call for proposals, both nationally and regionally, should be launched, where job transition foundations, businesses and civil society may be actors. This requires that the ESF is adjusted and adapted to the current situation.

Financial incentives for job transition

- The economic crisis is likely to accelerate the digital transition permanently. There is a need and opportunity here for state intervention. The State should substantially increase government grants for overhauling and upgrading Swedish infrastructure, particularly electricity and computer traffic.
- Increased resources should also be directed towards rail and other transport infrastructure, as well as energy and climate action.
- Gear up government support to industrial policy and innovation and needs-driven research efforts to maintain industrial development in digitalisation and climate adaptation, for example.

Stronger unemployment insurance funds

- Strengthen the unemployment insurance funds' role as insurance and automatic stabiliser, for example by significantly raising the ceiling for income-related benefit.

Short-term lay-offs/short-term work

- Employers entitled to receive subsidies for short-term lay-offs/short-term work should also be able to receive support for skills measures implemented during the lay-off period, including jointly developed models for industry validation.