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Gerd Kristiansen: Norwegian LO leader
with a backbone

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New tendencies are focusing minds

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Iceland: fewer take paternity leave

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Sweden's government crisis means less
money for working life

Dec 12, 2014

Newsletter from the Nordic Labour Journal 9/2014

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Theme: The sharing economy threatens Nordic trade unions



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New tendencies are focusing minds

The OECD leaves little doubt that the Nordic region has come through the crisis better than most other countries, with low unemployment, high employment and little inequality. But take nothing for granted. New tendencies are focusing minds. Organised labour is under pressure while the sharing economy spreads at an ever faster rate. The Nordic Labour Journal checks out the facts.

EDITORIAL

12.12.2014

BY BERIT KVAM

At the very core of the Nordic model is the cooperation between strong social partners and with the authorities. Norway's Minister of Labour is coming under pressure at home. Trade unions are taking the unusual step of calling for a political strike. The trade union movement says the government's proposed new work environment act will demolish the rights which workers have built up through generations. The leader of Norway's Confederation of Trade Unions tells us what she thinks is at stake in the Portrait.

Workers' rights are being challenged in many other European countries. At the meeting of Nordic labour ministers, where the Nordic model was discussed, the Swedish Minister of Labour warned against the emergence of a precariat, an underclass suffering poor job contracts and working conditions — a tendency already seen in Europe. Working conditions are deteriorating in Sweden too, she said.

At the same time we are witnessing the emergence of a new, online sharing economy. This is our theme in December's issue.

The sharing economy has quickly become a global phenomenon. It started with services and things that could be shared or used together with other people, like cars, houses and bikes, combined with a digital marketplace where providers and customers could meet. Uber, which is a car sharing service, is trying to set up shop in the Nordic countries. It was founded by a couple of young men working from home in San Francisco. Today you find Uber in 250 cities across 50 countries. Perhaps the most successful service is American Airbnb, which offers a place to stay. One year ago their capacity in Finland was equal to a medium sized hotel, the year after it was four hotels. The hotel trade is worried and wants legislation to secure a level playing field.

The phenomenon is spreading. In Sweden a range of digital marketplaces have popped up, offering various kinds of sim-

ple neighbour services. The Nordic region can become a blossoming centre for sharing economy services which can benefit all of society, but the politicians are asleep at the wheel, the Danish politician Charlotte Fischer tells the Nordic Labour Journal. She nevertheless warns against the introduction of a two-tier labour market and slave-like conditions if nothing is done to regulate this new market.

The Nordic region wants to bask in the glory of the Nordic model. But what happens with the model if workers' rights are weakened? Or if working life becomes an disorganised networking meeting place? Something to focus minds?



Breakfast on the terrace of one of the many apartments Airbnb can offer in Rome.

Why own when you can rent? The sharing economy and working life

Uber, Netflix and Airbnb are names associated with the sharing economy — a term which tries to describe the rapid changes in the way we consume goods and services. We rent rather than own, we swap, share, borrow or give away. New technology allows for new kinds of transactions, which in turn influences working life.

THEME

12.12.2014

TEXT AND PHOTO: BJÖRN LINDAHL

So what does the taxi service, the film provider and the accommodation service hiding behind these brand names have in common?

The answer is that they are all using new technology and the Internet in order to pair services or goods to consumers, who in turn share their experiences with each other. One central idea behind the sharing economy is that when information about a product or service is shared, that product or service

will become more valuable for the company, the individual and society.

As is the case for all major change, there are winners and losers here. The sharing economy started out as a consumerist do-it-yourself culture. But it could also be the kind of service which saws off the branch it is sitting on, like when Uber challenges the world's taxi companies. The sharing economy can also change the way a product or service

is being produced. When Netflix offers their customers the streaming of films and TV series with no ad breaks, it allows viewers to watch several episodes back-to-back. There is no longer a need for 'cliff hangers' at the end of every episode. Netflix also uses algorithms to suggest new films, based on what you and other customers have been watching.

Do you own a power drill?

The author Rachel Botsman was amongst the first to study the sharing economy in her book 'What's mine is yours'. When she gives lectures she asks everyone in the audience who owns a power drill to raise their hand. Usually this results in many hands in the air.

"Did you know a power drill is used on average 12 to 13 minutes during its lifespan?" she asks.

"What we need is the hole, not the drill. So why don't you just hire a drill, or better still, why don't you rent out your own drill and make some money from it?"

Perhaps it all started with file-sharing services where young people copied music and films which they had bought. You can have what's on my computer if I get what's on yours. With enough computers linked up there was always someone who had what you were looking for. Consumers who have grown up with the Internet take it for granted that you share knowledge with other people — also as consumers. That's why Trip Advisor beats Lonely Planet as a travel guide. It changes every day as thousands of anonymous hotel and restaurant guests write about their experiences. The traditional travel guides are written by staff and freelancers and are only published once a year.

Publishers like Lonely Planet, which has sold 120 million guide books, has seen sales plummet by 40-46 percent since 2008.

Airbed gave the idea

Or take Airbnb as another example from the travel industry. The company was founded just six years ago by Joe Gebbia and Brian Chesky, two newly graduated designers who had hired an attic in San Francisco and who needed cash to pay the rent. Each year in October, the city hosts a gigantic designer conference which means every hotel room is booked out many months in advance. The two friends bought three airbeds and offered to make breakfast to people who took up their offer. They made \$1000 in a week but they also made another, more valuable discovery. They realised that it wasn't just 20-year-olds who wanted a place to stay, which is what they had imagined. There were people from different backgrounds and of different ages. So they decided to start a company which was initially based on the business idea of offering simple overnight stays during major conferences. They called it Air-bed-and-breakfast, shortened Airbnb. The company quickly grew, however, and today it encompasses everything from the simplest of flats to entire palaces.

It is free to advertise your rental property on Airbnb's homepage. The property owner decides the price and pay a fee to Airbnb. The company will guarantee that the customer pays, but will keep the money for 24 hours in case the customer believes they were not given what was promised in the ad. Both property owners and guests write reviews about each other, which allow them to establish a good reputation. This new technology makes it easier to trust complete strangers.

Back to bartering

"We are living in a global village where everyone can simulate the bonds which used to be made when we met face to face, but on a scale and in ways which have never before been possible. Social networks and new technology take us back to a time when we traded like for like and shared with each other," says Rachel Botsman.

What is strange is that it actually works. Airbnb do have customers who complain that things weren't clean enough, but very few property owners say they have had anything stolen. Meanwhile, there are issues surrounding this business which authorities need to address. How should you tax the property owners? Who is responsible if there is a fire? In October this year the city of San Francisco legalised the service as it saw that there were major environmental advantages and that the city's room capacity increased. During the Football World Cup in Brazil, Airbnb clocked up 100,000 overnight stays.

In recent months Uber has set up shop both in Denmark and in Norway. It only took ten hours before the company was reported to Danish police. Just a few days later the same happened in Norway.

"We believe the company breaks the law in two ways. Firstly, you need a license and approval to run a taxi service. They don't have it. Secondly, the driver needs a license, and they don't have that," said Hans Edvardsen, head of the City of Oslo's Department of Transport and Environmental Affairs.

Uber is based on the idea that individuals using their own car can ferry customers at a price. Uber charges a fee for the use of their app which allows customers to find a taxi and to pay for the service.

Uber already worth 40 bn dollars

Uber was founded in 2009 and is now operating in 250 cities across 50 countries. When the company recently raised \$1.2bn from mutual funds and other investors in order to expand further, the company's total share value reached \$40bn.

Uber can also lead to major environmental gains, as the number of cars in the streets fall when private vehicles run taxi services. Uber has no responsibilities as an employer for the taxi drivers, who operate as sole traders. Their income depends on how long they are logged as being in service and how many hours of driving they manage to clock up. Their

working hours are extremely flexible — from five to 65 hours a week for Uber drivers in New York.

People's imagination is the only limit for what kind of businesses we might see emerging in the sharing economy. But according to Rachel Botsman there are four factors which determine success:

- You need a critical mass to make sure you as a provider of a product or a service find customers. The Internet and smartphones make it possible to pair people and services.
- There must be an untapped capacity — empty flats, cars which are parked up 23 hours a day etc.
- You need trust which allows you to trade with strangers. This is helped by technology which makes it possible to build up trust capital. Each transaction is traceable and can be assessed.
- Finally this is also about a paradigm shift where it is no longer important to own something. The CD is not important, but the music is.

Both authorities and trade unions will face challenges from the sharing economy.



Apartment in Helsinki rented out through Airbnb

Hotels threatened by the sharing economy

New digital services which bring sellers and buyers together are making inroads in traditional areas of business. Most successful of them all is American Airbnb which helps people rent out their apartments. The hotel industry in Finland is fighting back.

THEME

12.12.2014

TEXT: CARL-GUSTAV LINDÉN, PHOTO CATA PORTIN

Digital market places have made it easy to share personal services and property, like cars, machines, bikes and houses. It has quickly become a global phenomenon known as the sharing economy. What started out as idealistic projects, for instance spending the night on someone's sofa (Coachsurfing), has become increasingly commercial.

The online service Airbnb, founded in San Francisco in 2008, has made it very easy to be a host or a guest, and as a result it

has become very popular indeed. But it is also controversial. In New York, for instance, it is illegal to hire out an apartment for less than one month at a time, but already more people are staying in private houses than in hotel rooms.



In Helsinki around one thousand properties are offered on Airbnb, but it is not easy to get a Finnish host to talk about how the service operates. One person says the family rents out their apartment in the summers and during weekends when they are away or are staying in the countryside. Another host is willing to talk, but wants to be anonymous.

“The neighbours do talk, and I’m not sure how they feel about this,” a Helsinki woman tells the Nordic Labour Journal. She has just finished her studies and needs some extra cash. A friend told her about the service.

Small income

Since early last summer she and her boyfriend have been renting out their 38 square metres one bedroom apartment with a balcony some 20 times at around €60 per night. That does make for a massive income, and the apartment must be cleaned before and after the rental period. They only accept guests when they are not at home themselves and so far everything has gone well.

“But if I had more money I don’t think I would be renting the apartment.”

They have chosen to trust their guests and do not hide their valuables. Most guests are from St Petersburg in Russia. Now the couple are themselves heading to Australia for a month and have decided to put the apartment on another sharing website instead — ShareTribe, developed in Finland.



The young couple got help from a professional photographer, paid for by Airbnb, but that is the only contact they have had with the company’s Nordic HQs in Copenhagen. According to its homepage the company also covers damages up to €60,000 caused by guests.

“You find all the information you need on their homepage.”

Criticism

Timo Lappi, head of the Finnish Hospitality Association, is not happy about new service providers setting up shop without any regulations at all. One year ago his association carried out a survey which showed that Airbnb’s capacity in Helsinki was equal to that of a medium-sized hotel. One year later the capacity was four hotels.

“The company has expanded enormously and is outside of any legal regulation. We have proposed to the Ministry of Employment and the Economy that everyone should have to play by the same rules,” he says.

So far the ministry’s civil servants have been following developments, but the Hospitality Association wants new services to be regulated and it aims to push the issue forward when Finland’s next government prepares its programme after the general elections next spring. There is another problem which the association wants to address too. Hundreds of restaurants across Finland which lack an alcohol license allow customers to bring their own. This is illegal, but little is being done about it.

“The state stands to lose out on tens of millions in potential tax revenues.”

The Hospitality Association has also been looking at The Restaurant Day, a popular event where everyone can sell food without any regulations, and we see that our members’ revenues fall by ten percent on that particular day. Still it is current policy not to stand up to the hobby food outlets.

Authorities content

Finnish tax authorities are keeping an eye on how the different sharing services are developing, but so far they have no plans to increase their surveillance. They do not agree with the Hospitality Association’s assessment of lost tax revenues.

“This is so small scale to be of no fiscal importance,” say tax expert Mervi Hakkarainen at the Finnish Tax Administration.

She says it is sufficient that landlords declare their rental income after adjusting for expenses.

Airbnb is not the only well-known American sharing service which has popped up in recent years. Just a few weeks ago the online taxi service Uber set up shop in Helsinki, but here the taxi trade is under stricter regulation than in Stockholm, where Uber is now very popular. So far the Uber app does not work.

In Finland there is also competing taxi services like Estonian Taxify, which cooperates with the established taxi firms. Greater Helsinki public transport also has their own app, Kutsuplus. It allows you to book a minibus at a very favourable price, which has made the service very popular.

Picture of Vishal Nanda, one of the three founders of Servicefinder

Vishal Nanda is one of the three founders of Servicefinder

The sharing economy is changing the services market

Mow the neighbours lawn? Quickly get hold of a skilled handyman? More and more digital marketplaces are emerging in order to facilitate the link between those who offer and those who need services. There are many different solutions, and two of the market's players predict that things are only just starting.

THEME

12.12.2014

TEXT AND PHOTO: GUNHILD WALLIN



"We are still relatively small compared to the potential this market has, and we want to become like Blocket (Sweden's largest online trading site), but for services," says Vishal Nanda, head of marketing at the services broker Servicefinder AB in Stockholm.

Servicefinder started up eight years ago, dealing with cleaning and building services. But there is a steady increase in the type of services for which they help establish contact between customers and service providers. Customers who needed help will register what they need on the company's homepage, before receiving a range of offers from relevant craftspeople.

The customer can then read other customers' feedback, knowing that all the craftspeople have been checked out.

When the customer and service provider have been linked up, they will sort out the payment between them. Servicefinder collects a fee from the around 10,000 companies which are registered with them. They have experienced quick growth since the start, and are now making a profit. They now employ nearly 60 people, and so far they have passed on more than 500,000 offers or price estimates to 300,000 members.

The company is now the largest in Sweden's services market. 70 percent of Servicefinder is owned by Schibsted, the rest by the three founders Vishal Nanda, Aleksandar Goga and Jeffrey Singh.

Vishal Nanda welcomes us in the company's airy offices at Garnisonen in Stockholm, a gathering of offices which stretches across a full block in the Östermalm area. Its houses new and growing companies, but also state authorities and further education facilities. Outside the December day is grey, but inside it has competition from Servicefinder's orange branding — inspired by the red-orange hardhats of construction workers.

The question which created a company

It was a seemingly simple question which led to the creation of Servicefinder, and which changed the lives of the three friends Vishal Nanda, Aleksandar Goga and Jeffrey Singhs. Vishal Nanda's father had bought a plot of land and really needed some craftsmen and removal help. He didn't know any, so he asked to son to ask his friends the next day whether they had any ideas. His friends were 19 at the time and attended the Royal Institute of Technology (KTH) and

Stockholm University. None of them had any tips to offer the father, but the question tickled the three friends — why was so hard to find craftsmen?

“This was a Friday and it would have been more normal if the question was ‘where is the party?’ Instead we spent the entire weekend writing down ideas on serviettes and on small pieces of paper looking at how we could create a service which would link customers and good craftsmen. There was no tradition in Sweden for how to find good craftsmen, despite the obvious need. But we identified the business idea,” says Vishal Nanda.

Many things clicked

Back then you had to go to the classifieds in the telephone catalogue, which didn't tell you much more about the craftsman's skills beyond his name and address. The three founders also saw that there was a huge number of people looking for craftsmanship. The timing was also an important factor. In 1993 the so-called ROT allowance was introduced, which gave tax relief for renovation, refurbishment and extensions. In the autumn of 2006 the centre-right government also decided to introduce a so-called RUT allowance for household services. This came into force in January 2007. So technically too, the time was right.

The three friends got going. They hired a basement in Norr Mälärstrand in central Stockholm. It was small and dark but had a good address. They decided to really go for this. They scraped together the money needed to set up a limited company and they left university. Their parents were not happy.

“The main factor behind the decision to really go for this was the fact that we were young. We had no fear and nothing to lose when we put all our effort and money into this untested concept. Later we've understood that the timing was important but we didn't know it at the time. The three first years were very hard on our private lives, however. We all come from homes with safe academic traditions, and our parents hardly spoke to us. We had to find some energy from elsewhere, from mentors and role models,” says Vishal Nanda.

Change in consumer behaviour

The first year they spent developing and building a technical platform and the business idea. It was hard to find money, and they did not take out any wages in the first few years. But after a while a so-called business angels heard about them and provided them with both time and capital. For a while Bonnier was a part owner, and in 2011 Schibsted bought 70% of the company.

Schibsted owns several publishing companies and also the online marketplaces Lendo och Blocket.

“We are a marketplace and we want exposure. That's why a media house is a good owner, and it has helped us reach the next level,” says Vishal Nanda.

Today the company is marketing more and more types of services, including those which are not covered by ROT or RUT, for instance dentists, car mechanics and accountants. The key issues are control, quality and reputation. Each service offered should be safe and it should be simple.

Vishal Nanda describes the company as a kind of craftsmen's agent.

“I don't think our service could have existed without ROT and RUT, but we also noticed a change in customer behaviour. Today people are happy to let others to do the job. In five years time we will have a presence in several countries and we will provide services across more trades,” says Vishal Nanda.

A growing trade

When they started out, they had few competitors — maybe two or three. Today there are more than 40 companies in the trade and their main competitors are the traditional catalogue services like Hitta.se and Eniro. It turns out that it is not easy to map today's services market. Statistics Sweden have yet to establish a category for it in their company registers.

At Almega — the employer and trade organisation for the Swedish service sector — the phenomenon seems so far to be falling between two stools. It does not fit in with IT, the telecommunications trade or temping agencies.

Business publications are the ones that seem to be keeping an eye on the new, growing trade.

“It comes out of the USA, it is called the sharing economy and it is definitely a growing phenomenon. This development is also built on a change in behaviour among customers. People are busy, they do not have time and they want to do fun stuff. What we can help with are the slow burners, the things that take time to get done,” says Robin Szekely who over two months ago established Taskrunner, a provider of small services.

Help to be found close by

Robin Szekely is a trained economist and has been working with large businesses and for the South African Export Council. All this time he has had an idea. Here too a father was involved at the beginning. At their country house he saw how his father and all the neighbours would go to the neighbour who knew about cars to get help when their cars broke down. But there wasn't always the right help to be found, not even for quite simple tasks like taking a dog for walk, mowing the lawn or getting help to carry a heavy load to the loft. Helpers and people who needed help simply needed to find each other, Robin Szekely realised.

“I started taking a closer look at the concept and decided to work on it full-time. The idea is that you should be able to get help from people in everyday life, and that they should be

close by. That's why we are using location technology which shows both where you find those who need help and those who can provide it. The idea is that nobody should need to travel right across the city to help someone carry something into the loft. This way we achieve an efficient allocation of resources," says Robin Szekely.

After spending one and a half years building up the company and the platform, the business went live at the end of September. Recently the state owned venture capital firm Almi came on board, and he has been mentioned in a range of business publications.

Matching is key

Robin Szekely owns most of the company, but he also has a business angel who owns a small part. So far he has no employees, but he gets help from a few colleagues on a consultancy basis. He explains how it works. Those who want help with something write it down and show on a map where the help is needed. Whoever wants to provide help will say they're interested and the potential customer can decide whether it is a good match by reading the description of the person as well as reviews from other users.

If the customer presses the 'hire' button, the money goes into a customer member account. When the task has been performed to the satisfaction of the customer, it is approved and the money is transferred to the person who provided help.

Taskrunner takes a 10 to 15 percent commission for this. Taskrunner provides information about taxation regulations, but the service provided by the company is only the actual matching. No task is too small or of the wrong type. It could be anything from hiring a birthday singer with a funny dialect, a photographer for an event or drilling a hole in a wall. The only limit is your own imagination, says Robin Szekely.

It is mainly young people who work with Taskrunner's missions. It is hard for young people to enter the Swedish labour market, says Robin Szekely, and here they get the chance. After carrying out a number of tasks, they both have a CV detailing what they have been doing, and an assessment of how well they have carried out their tasks.

"We are the perfect link between the young people and working life. They get to meet people and tests different kinds of tasks. Our business gives young people a track record and acts as a stepping stone into the job market," says Robin Szekely, who is happy to take part in the debate on youth unemployment.



Charlotte Fischer

“Make the Nordic region a growth centre for the sharing economy”

The Nordic region can become a centre for the sharing economy, which would benefit all of society. But politicians are asleep at the wheel, thinks Charlotte Fischer from the Danish Social Liberal Party. She sits on the Business Council for Sustainable Development, the Congestion Commission and is a member of the regional council of The Capital Region of Denmark.

THEME

12.12.2014

TEXT: MARIE PREISLER

The sharing economy helps provide a range of new sustainable solutions to many of the largest social problems facing the Nordic countries. But for that to happen politicians must act now in order to stop the new sharing economy business

models being strangled by red tape before they even get off the ground. Politicians must also make sure that the new economy does not instigate a two-tier labour market, with people working slave-like contracts.

This is what Charlotte Fischer thinks, a politician herself and a member of the Danish government coalition member the Social Liberal Party.

"The Nordic region offers perfect conditions to allow the sharing economy to blossom and benefit society. But sadly politicians are sat passively watching while the sharing economy is accelerating. This means we stand to lose out on its huge potential, and we also risk a development within the labour market which will benefit no one," she says.

She is convinced that many of the new sharing economy business models, which are popping up everywhere these days, can deliver new and sustainable answers to a range of the most pressing problems which are currently facing society — for instance congestion and traffic problems, uncertainty, crime and loneliness.

"The sharing economy benefits both individuals and society as a whole, not least when it comes to the environment because it reduces the pressure on resources. We can save more than 3,000 tonnes of CO₂ every year by pooling our car journeys, and it would also ease congestion," Charlotte Fischer points out.

She highlights a service called Gomore, which in just a few years has grown to be able to offer more than 1,000 people a lift every day.

Remove red tape

Sharing economy services can also help reduce insecurity and crime, predicts Charlotte Fischer. There are for instance several new neighbourhood help schemes which both lead to a greater feeling of safety and prevents crime. These can be alternatives to CCTV. Many of the new services, such as those offering joint cooking sessions and mutual help, make it easier for lonely elderly people and others who lack a larger personal network to break out of their isolation, she reckons.

People in the Nordic countries are incredibly trusting, which means that the sharing economy finds very fertile ground here, says Charlotte Fischer. Trust is the main prerequisite for daring to use any of the services. Nordic citizens are also ahead when it comes to Internet usage, which the sharing economy is based on.

She wants to encourage politicians to pass legislation as quickly as possible which would both stimulate and regulate the sharing economy. There is an urgent need to remove red tape and to create rules for the taxation and insurance of sharing economy businesses, she thinks.

"The sharing economy needs a good, clear framework so that the users know how much they can drive or rent out without having to pay taxes. They also need to know what their rights are and what protection they might be entitled to if things suddenly disappear or are broken, or if they themselves get hurt."

Avoiding a two-tiers labour market

However, politicians must not drown the sharing services with demands for safety, accessibility and consumer protection. Because the sharing services should not become professional alternatives to hotels and taxis, she thinks. But there is a need to establish minimum demands for wages and working conditions. If not, things can go really wrong:

"Politicians and the social partners must remain super focused on how to prevent the sharing economy from undermining the labour market which we have today. We must be careful not to introduce through the backdoor a two-tier labour market with slave-like conditions for the workers in the new sharing economy businesses."

The Danish Transport Authority has reported the taxi sharing service Haxi to the police in order to find out whether it is in breach of legislation covering taxi operations. But Charlotte Fischer thinks much more needs to be done in order to investigate the need for new frameworks which would include the new economy.

She recognises the fact that the sharing economy will cost jobs and money in some sectors. On the other hand the sharing economy represents enormous innovation in the shape of new business models with massive potential.

Create an offensive plan of action

She recommends Nordic politicians to allow themselves to be inspired by the British Prime Minister David Cameron, who has commissioned a thorough investigation of the phenomenon. This will form the basis for his offensive plan of action for turning Great Britain into a mecca for the sharing economy, to be presented next spring.

The Nordic region needs to think as progressively and make national strategies for the sharing economy, Charlotte Fischer underlines.

"Rather than joining the choir of the worried, we should do like Portland, Amsterdam and now very soon Great Britain and welcome the sharing economy. We will give it a clear, strong framework which will allow its innovators and users to thrive and blossom. In some areas we should give the sharing economy the right of way, for instance when it comes to traffic. To do that we need sharp visionary politicians who dare to confront established interests."

The sharing economy is not yet of universal interest in Denmark. Just three percent of the population have taken an active part in the sharing economy either as providers or recipients over the past six months according to a new survey carried out by TNS Gallup on behalf of Nordea. One in four Brits are using online sharing services.



Gerd Kristiansen: Norwegian LO leader with a backbone

There is tension in the air. The leader for Norway's largest labour organisation is incensed with the government's labour policies and its lack of cooperation on the proposed new work environment act which would grant employers more powers to hire people on temporary contracts. Her determination can be felt across the room.

PORTRAIT

12.12.2014

TEXT AND PHOTO: BERIT KVAM

"This is a central issue for Norwegian workers. What is being presented to us makes me incredibly agitated," Gerd Kristiansen tells the Nordic Labour Journal.

Two days later she and the Norwegian Confederation of Trade Unions (LO) announce a political strike. This has not happened since 2003, when one was held as a protest against the budget of the then centre-right government. This time it

is about the present centre-right government's proposed new work environment act.

The opposition is already evident when we visit Folkets Hus (the People's House), LO's headquarters in the middle Oslo. The LO leader's office offers views over the Youngstorget city square where demonstrators traditionally gather for all kinds of events — including Workers' Day on 1 May and the Inter-

national Women's Day on 8 March. A political strike like the one which has now been announced is very rare. It is the very thing the Norwegian model is supposed to prevent.

Right opposite Folkets Hus sits the headquarters of Norway's leading social democratic party, the Labour Party; a reminder of the long-running cooperation between the Labour party and LO.

"I can be part of a tripartite cooperation on isolated issues no matter who holds the political power, but the cooperation between LO and the Labour Party is something no government can take away from us. It is as rock steady as it was in the 1800s when both the LO and the Labour Party were founded in order to promote the rights of workers all the way into the corridors of power."

The view from here ought to be splendid, but Gerd Kristiansen has blocked both the sun and the view out.

"I come from Northern Norway. It's the Arctic night there now. I don't like sunshine at this time of year. I like the Arctic night, it is so beautiful."

When the Nordic Labour Journal meets the LO leader, she is smiling and full of energy and she opens the blinds as soon as we ask.

The cooperation between the social partners, the employers and the workers, and the tripartite cooperation with the authorities are central to the Norwegian and Nordic labour model.

"The tripartite cooperation, salary development and you could also say social development, because we really are part of that through the wage formation," the LO leader quickly adds.

It is this cooperation between the parties she now feels is under threat from the centre-right government.

The relationship between you and the Minister of Labour Robert Eriksson is very frosty, the tabloid VG wrote the other day — is that the way you see it?

"Well, yes it is, but this is about the issues, it is not personal. I represent 900,000 workers. I have a plan of action to relate to which looks after the workers' interests, and this is what I am working to achieve when the relationship between me and the Minister of Labour Robert Eriksson turns frosty. I don't sit here being obstinate."

Do you think he is being obstinate?

"Yes I do. Let's just use temporary employment in the proposed new work environment act as an example. All the main labour organisations, except the Federation of Norwegian Professional Associations, are against temporary employ-

ment. This is not about me as a person. This is something LO's members have passed resolutions on.

"I also feel incredibly angry when I hear the Minister of Labour says he wants to move power away from me here in Youngstorget to the individual workers in the workplaces. But LO as an organisation does not want to return to the time when individual workers had to go to their employers' office, hat in hand, and speak for themselves, we don't want to go there again."

Gerd Kristiansen was voted in as LO's leader during the confederation's annual congress in May 2013. By then she had been the deputy leader since 2009. At nearly 60, she can look back on a long career as a union representative on all levels.

You've had to face a few fights?

"Yes, I've obviously had to take a few hits over the years. When running for a position, my challengers have mainly been men and I have won those fights. It hasn't always been easy. I guess it goes to prove that as a woman you need quite a strong backbone to advance within a system."

A strong backbone

"There is plenty of women who choose not to take on those fights."

She commutes between Oslo and Harstad in the Arctic north of Norway, where the midnight sun shines in summer and the Arctic night rules in winter, like right now — and that is great.

The centre-right government now wants to change the work environment act to make the labour market more flexible. By allowing employers to hire people on temporary contracts up to one year in length, the government hopes to make the entrance into the labour market easier.

"I don't believe this will create any more jobs," says the LO leader.

Are the changes to the rules for hiring on a temporary basis the worst part of the proposed new work environment act?

"Definitely yes, because you will end up with far more short term workers. It has a great impact on the individual worker and his or her rights, but it is also not good for individual businesses not having a stable workforce, and it means a lot for society as a whole. If you are loosely connected to working life, you lose many of your rights. You lose the chance to develop within your job, you lose the right to get a mortgage. It means a lot to the individual person, the business loses its skilled labour with temporary staff and it does something to your work environment.

"Today's work environment act has permanent positions at its very core, but the Minister of Labour's new proposals undermine this. You open up for temporary employment, and

we don't believe this is doing the individual worker any good, nor is it good for individual businesses or for society."

The Confederation of Norwegian Enterprise, NHO, wants these changes?

"Yes, and it is my firm belief that this is about businesses that see the short term gains and not the long term company development, which should be their focus, and which LO definitely is focused on in order to develop Norwegian businesses. I think many will wake up and see that this was not such a smart move.

"It angers me, of course it does. Rather than supporting Norwegian businesses and Norwegian society you begin by demolishing something which took centuries to build, and that is infuriating for an LO leader."

She wants more cooperation with the Minister of Labour and Social Affairs Robert Eriksson. I can feel the tension in the air as she goes on.

"We see no reason why we should sit at the Minister's table and simply be informed [of what he intends to do]. We feel the tripartite cooperation is close to being non-existent today. He says he wants to revitalise the Labour and Pension Policy Council as a forum. Right now I see it as nothing but an information channel where we can sit and inform each other about where we stand, and then the Minister of Labour returns to his office and makes a decision based on a program he agreed with government partner the Conservatives just over a year ago. This is what counts now, not what the social partners think.

"We want to help influence the future Norwegian labour market. This is part of the Norwegian model which we like to talk about when we travel abroad. That's what cooperation is. The alternative is being dictated to.

"You no longer have a Nordic model if you don't have a trade union which is actively involved in the development of our society. The wage formation is part of that development. We have played our part and taken responsibility for this during good economic times and bad. So the Norwegian government will always need us if it wants to keep society's wheels turning. This was one of the things I talked about to most of the government ministers as they took up their positions. I felt it was important to tell them about our role in society. We only have to look at countries which lack a strong trade union movement like the one we have in Norway."

I am fascinated by her busily gesticulating hands, and her nails in white, French manicure. She does not look like the tough trade union leader at all.

Norway's two largest trade unions have female leaders, and women also lead the two largest employee organisations. The country's three main think tanks are led by women, we have

a female prime minister and finance minister and half of the government is made up of women — a fact which we now take for granted. What do you think about this?

"I think women have been fighting for a long time to gain the positions they have today. But nobody must think that the fight for gender equality in Norwegian society is over. We cannot sit back and declare that yes! we have now achieved this because we see so many women in leading positions. I believe that gender equality must remain on our agenda for a very long time to come. It takes a very long time to change gender roles. It is after all something we have inherited. My generation at least has been breastfed how gender roles should function both at home and at work. So we need to keep gender roles very high on our agenda for a long time to come."

What is the most pressing gender equality issue today?

"The most important gender equality issue today is that it should be natural to have full-time positions for women and that when they need to they should be able to reduce their hours. Yet today the trend is the opposite. I find it quite horrendous that women are being offered 10 to 20 percent positions in Norwegian working life in 2014."

Recently, the leaders of the Nordic social democratic parties and trade union confederations met in SAMAK, the Joint Committee of the Nordic Social Democratic Labour Movement. This is where NORMOD was presented, a joint Nordic research project looking at the Nordic model's challenges in the years leading up to 2030.

"We have now documented that the Nordic model is doing well," says Gerd Kristiansen.

What are the challenges leading up to 2030 as you see it?

"The greatest challenge is to maintain union membership in Norwegian society, both among employers and employees. Current membership stands at more than 50 percent, but in certain sectors of working life numbers are far lower. This is a challenge for us. Because if we cannot maintain union membership, the entire Nordic model will be weakened."

The Minister of Labour doesn't listen, you say? Can that be the reason?

"He is the best membership recruitment officer we have these days. We are gaining more members than we have been doing in a long time. I believe this is because of the proposed changes to the labour environment act. This, I feel, is also a very strong signal.

"So when the day comes that we are no longer representative, he can go out and listen to individual workers in the unorganised working life, but as long as we are the ones who represents Norwegian working life, it is us he should be listening to."



Women could determine the Nordic model's future

A high employment rate for women is crucial to the future of the Nordic model. This was the main message from the OECD's Mark Pearson as the report 'The Nordic Model – challenged but capable of reform', was being discussed at the meeting of Nordic labour ministers.

INSIGHT

12.12.2014

TEXT AND PHOTO: BERIT KVAM

The research report was launched in Iceland in May to coincide with the 60 year anniversary of a common Nordic Labour market, and has been debated in various fora over the past six months. It also received a lot of attention during the meeting of the Council of Ministers for Labour in Copenhagen on 20 November.

"Let's be clear. The analyses show that the Nordic model has managed to face the challenges in the wake of the economic crisis better than any other model," said Mark Pearson.

The OECD's Deputy-Director for Employment, Labour and Social Affairs was among the many guests who contributed to the debate on the future of the Nordic model at the Council of Ministers. The social partners were also present, represented by Chief Economist Helle Stensbak from The Norwegian Confederation of Vocational Unions (YS) and Deputy Director Erik Simonsen from The Confederation of Danish Employers (DA).



The ministers heard three speeches with three different angles. Mark Pearson said women were the most important reason for why the Nordic model is doing as well as it is.

"I believe the most important element for preserving a dynamic economy is to maintain a high female labour force participation rate. If you loose out here I cannot see how the Nordic model can survive," he said.

Helle Stensbak said wage formation plays a key role in the Nordic model, where cooperation between strong social partners has led to an equitable salary system.

"It has given us small wage differences, and that is a feat. Not many countries have managed that," said Helle Stensbak.

Erik Simonsen highlighted the need for reforms, and also questioned whether it was right to talk about the Nordic model.

"We tend to talk about the Nordic model as if it was one single entity. There are many similarities but also many differences between the Nordic countries. This is seen as positive, and means we have a great potential for learning," said Erik Simonsen from DA, who felt the differences had increased over the past decade.

"This is evident when you look at the different welfare systems," he pointed out, referring to the ETLA report 'The Nordic Model – challenged but capable of reform', which also questions whether the Nordic Model is in fact a model.

The report, which is financed by the Nordic Council of Ministers on commission from Nordic employer organisations, has been written by a group of Nordic economists under the leadership of the Research Institute of the Finnish Economy, ETLA.

A need for reforms

The economic crisis has also had a different impact on different Nordic countries, said Erik Simonsen.

"Sweden and Norway have been less affected than Iceland, Finland and Denmark, so the challenges vary a lot. I believe this will remain the case in the time to come. Norway is a special case, so Danish employers are most interested in looking to Sweden and what they have achieved there," he said, and argued there was a need for reforms.

"The ETLA report demonstrates that the Nordic economies are under more pressure than many other developed economies, partly because of a large public sector. In Denmark, for instance, public finances will be facing a considerable deficit in ten years time. In 20 years time the deficit will represent 2.5 percent of GDP, which is far beyond limits stipulated by Denmark as well as the EU. So these are big challenges for a country like Denmark. I think this applies to the other Nordic countries," Erik Simonsen said, adding that the reforms should be introduced immediately.

"The ETLA report underlines the need for reforms to make the Nordic welfare models more economically sustainable for the future. I believe this to be a very important conclusion,

underpinned by the example of Denmark's public finances. The report also points out that the Nordic countries have managed to carry out necessary reforms in the past. This will hopefully also be the case in the future, said Erik Simonsen from The Confederation of Danish Employers.

A key role for wage formation

"Even though there are some differences between the Nordic models, we have managed to establish small salary differences, high welfare levels and high productivity. These three economic markers represent the core of the Nordic model," said workers' representative Helle Stensbak, and argued for this:

"The fact that these three are all present is not a coincident. One of these markers, small differences in income, support the other two, high welfare and high productivity.

"Small differences in income means the productivity gain is shared more evenly among the population, and this increases the overall economic welfare level. Small differences in income also means those on the lowest pay still enjoy relatively high wages. This attracts investment and increases productivity, and high productivity promotes high welfare, as long as we keep employment rates up.

In this setting wage formation plays a key role.

"In the Nordic region important parts of the wage formation has been taking place on a nationally coordinated level with strong social partners. It is necessary to have strong parties representing both employees and employers to achieve a nationally coordinated wage formation, because this allows you to take into account both real wage growth and employment levels.

"The ETLA a report expresses concerns that high wage levels can have a negative impact on employment levels, but in the Nordic region we have managed to achieve high employment and a compact wage structure, and we have managed to do this better than most of the countries we can compare ourselves to."

This is why it is also important to include immigrants into the organised labour market, in 'the legal, white market'.

"The increase in access to labour which follows immigration must not reduce local wage levels to the extent that we see a new class of poor workers. That's exactly what we managed to avoid with the Nordic model," said Helle Stensbak, and called for the effective implementation and follow-up of measures aimed at fighting social dumping.



Female employment crucial

The report takes female employment for granted, yet this is an element which is essential for why the Nordic model has been so successful, argued the OECD's Mark Pearson, who called the ETLA report "wonderful".

"The fact that it even exists is very unusual. This would not have happened in many other countries. After the crisis most countries have not been willing to look at the challenges they are facing, and tend to be more concerned with PR.

"You also have some wonderful economists who talk about political issues based on real life experiences, which I'm afraid is not very common either in other countries.

"What really has surprised us at the OECD is how little focus there is on gender in this report, especially female employment levels. Looking at the Nordic model from the outside, trying to identify something which could explain why you have a dynamic economy and a high degree of equality, we feel female employment is at the very core of this. That's why we are surprised that there is not more of a debate around this issue in the report.

"Another pressing question going forward will be how to maintain a high level of employment among women and increase the pensionable age while you also need to relate to the fact that many will want to look after their elderly relatives."

Mads Pearson believes it is necessary to maintain continuous focus on this issue in order to secure political support for female employment.

"Only in the Nordic region do you see such a high employment rate among women. This is not a God-given fact."

He also feels that high levels of female employment could hide the fact that Nordic countries are actually not doing equally well in other areas.

"The employment rate is not extraordinary when it comes to men, or for people over 65, with Iceland being the ex-

ception. The same goes for employment rates among immigrants. Yet the weakest link is the rate at which people with physical handicaps are included in working life," said the OECD's Mark Pearson, whose conclusion was that in order to maintain a dynamic economy you need a high level of female participation in the labour market.

"If you loose out here I cannot see how the Nordic model can survive.

He also subscribed to Helle Stenbek's view on the importance of equal wage distribution in society and added:

"Centralised wage formation means you are better prepared to deal with shocks. The model is doing better than others because of high levels of employment and a high level of women in work."

Nordic countries are adapting

"The fact that so many women are participating in the labour market is an important part of the Nordic welfare model," said the Danish Minister for Labour Henrik Dam Kristensen.

"This has been an important aim for us, so we have made sure we build enough nurseries and provide sufficient child-care.

"Our great challenge right now is the number of immigrants and refugees coming to Denmark. So we have initiated reforms in order to better include immigrants into working life," he commented, and pointed to the irony that the Nordic model is predicted to die a certain death every time the region faces a crisis.

"The truth is that every time we have faced that crisis the Nordic welfare model emerges even stronger. I don't think any of the countries that we can compare ourselves to have emerged from an economic crisis which has been unlike anything we've seen for 30 years with unemployment figures as low as the ones we have the Nordic countries. And there aren't many countries either which have emerged from this crisis with their welfare society pretty much intact."

Henrik Dam Kristensen therefore concluded that the Nordic welfare model in practice has proven to be strong and sustainable.

Iceland's Minister Eyglo Hardardóttir has headed the Presidency of the Nordic cooperation in 2014. She said that even though Iceland's economy still did not have a very high rating, there had been broad agreement throughout the crisis to protect the welfare society and the Nordic model.

One of Finland's challenges is a far too low employment rate.

"Although there are many unemployed and many jobs, businesses aren't able to find the skilled workers they need. The youth guarantee is also an education guarantee, but not enough people know about it and it is necessary to do more

to educate people from all age groups. The ETLA report does not highlight this well enough,” said Finland’s representative, State Secretary Tuire Santamäki-Vuori.

Norway’s Minister of Labour Robert Ericsson said Norway faces a major challenge including immigrants into working life. He also said that more women who work part time involuntarily in many female-dominated workplaces should be offered full time employment.

Sweden's minister Ylva Johansson picked up the lead from the OECD and said that care for the elderly is the great challenge going forward, and she underlined the need for more people.

“One reason we have such a high employment rate amongst women is the expansion of childcare in the 1970s.

“The challenge now is care for the elderly. Some 100,000 women have cut their working hours because they say they need to look after older relatives. This is a challenge we need to face in order to keep women working.

“We need skills and people, and we need to invest right now. The challenge is to figure out how The Nordic region can continue being in the lead while dealing with new challenges.”

She felt that in Sweden there had been no downward trend when it came to wages, but working conditions had been deteriorating.

“There is less job security now,” said Ylva Johansson and warned against the kind of precariat which is emerging in the European labour market.

Sweden's government crisis means less money for working life

On Wednesday 3 December Sweden's Prime Minister Stefan Löfven announced snap elections will be held on 22 March 2015. His centre-left minority government's budget was voted down in parliament, which also means the promised increase in spending for the Public Employment Service and the Work Environment Authority will not materialise.

NEWS

08.12.2014

TEXT: GUNHILD WALLIN

"This means we cannot expand our inspections like we probably could have done with more money. But we will continue to do our job, since our mission remains unchanged," Director General at Swedish Work Environment Authority Erna Zelmin-Ekenhem told Swedish Radio.

As a result of the government's budget defeat and the voting through of the centre-right opposition budget proposal, there will be less money for labour market and working life measures. The Swedish Public Employment Service loses out on more than 500 million kronor (€53.8m) in administrative support. There will be no money for various work creation measures either. The Swedish Work Environment Authority is losing out on funding worth 100 million kronor (€10.7m). The Authority has seen cuts to its funding in the past few years, which has led to fewer work environment inspections. This fact got a lot of attention recently, after two construction workers died while working on a project in Stockholm.

Pensioners hit

Other work place investments which will now not be implemented include higher unemployment benefits and new investments in working life research, as promised in the government programme. Retired people on lower pensions will also not be seeing a promised tax relief, and there will be no increase in sick pay.

Special investments in geriatric care and education, including a planned increase in teachers' wages, will also fall by the wayside. However, tax relief for certain domestic work, the so-called RUT relief, will remain in its current form. The government had announced they would cut the tax relief for homework help, but this will now remain, along with a 50 percent cut to the payroll tax for young employees.

The budget has been hanging like a dark cloud over the centre-left government since it came to power after September

elections. It was immediately clear that the parliamentary make-up would be problematic, as Stefan Löfven's Social Democrats were tasked with forming a government. None of the traditional political blocks secured a parliamentary majority, and the Sweden Democrats (SD) held the balance of power.

For a long time they did not say how they would vote on the budget, but during a live press conference the day before the vote the SD leadership announced that the opposition's budget proposal would get their vote. The party spokesman Mattias Karlsson also made it clear that they would vote down any future budget from any government which did not want to cut immigration.

"A serious situation"

That same evening Stefan Löfven asked the four parties on the centre-right to join talks to try to solve the difficult situation, but no agreement was reached. The following day, on 3 December, the Swedish parliament voted through the opposition's budget. Later that day, a clearly disappointed Stefan Löfven told a press conference that he would announce snap elections.

"Sweden is in a serious situation. On 29 December the government will call new elections. And we do this to allow voters to make a decision on the new political landscape which has emerged," said Prime Minister Stefan Löfven.

Iceland: fewer take paternity leave

When Iceland introduced paid paternity leave in 2000 it was a huge success. New fathers welcomed the opportunity to stay at home with their children. But the trend has not continued, and fathers' income opportunities have worsened. Families can no longer afford the cut in earnings.

NEWS

08.12.2014

TEXT: GUÐRÚN HELGA SIGURÐARDÓTTIR

Iceland introduced paid paternity leave in order to improve fathers' chance to look after their children on their own terms, but also to strengthen mothers' position in the labour market. Mothers and fathers were given three months parental leave each, and a further three months to share between them.

Fathers on paternity leave received 80 percent of their normal wages, limited to a ceiling set by the government. That ceiling has now been lowered several times. It means fathers can no longer stay at home as much as they used to. They are now only stepping in to help the mother.

The law had the intended effect

A team of researchers led by Associate Professor at the University of Iceland, Ingólfur V. Gíslason, have looked at paternity leave and parents' activity in Iceland's labour market. Gíslason presented some of the study's results during the Nordic Council of Ministers' gender equality conference in Reykjavik in November.

Their study looks at parents with children born in 1997, 2003 and 2009. The results show that the law had the intended effect. The norm used to be women staying at home looking after the children. But when the law came into effect, fathers started taking a bigger share in child care, while mothers became more active in the labour market. When the government lowered the ceiling for income support, the fathers reacted immediately.

"Fathers will spread paternal leave over a longer period of time, and they do not take the same number of days off every time," explains Ingólfur Gíslason, who thinks this goes against the spirit of the law.

The father remains the mother's assistant

The Associate Professor says the limits put on fathers' paternity leave income is nothing short of a catastrophe. As a result, fathers have to a much greater extent become assistants

to the mothers, rather than staying at home with the children on their own, over a longer period of time.

Ingólfur Gíslason says that rather than strengthening their role as fathers, strengthening their relationship to the children and gaining child care experience, they are now only mothers' assistants or perhaps some kind of handy-men who tinker with the roof.

"There is still a gender-based salary gap within families. They cannot afford a sudden drop in the father's income. The father will take time off when the family needs his input or when it suits his workplace.

"He remains the mother's assistant," says Ingólfur V. Gíslason.



Kim Kielsen, who headed the Social Democratic Party through the general elections, after Aleqa Hammond had to step down after a scandal

Arch rivals form coalition government in Greenland

The Siumut party secured a narrow victory in Greenland's general elections and has formed a government with the two centre-right parties Atassut and the Democrats. The latter was a particular surprise choice.

NEWS

05.12.2014

TEXT: MADS DOLLERUP-SCHEIBEL, PHOTO: JOHANNES JANSSON/NORDEN.ORG

It turned the heads of many voters when Greenland's new government coalition was presented after the 28 November elections.

The social democrat Siumut party secured a narrow win with 34.3 percent of the votes, which was only 326 more votes than the leftist Inuit Ataqatigiit party (IA).

The two big parties had 11 seats in parliament each, out of a total of 31. So the social democrats had to seek backing from

either IA or two smaller parties in order to secure a parliamentary majority.

Not surprisingly, Siumut leaned towards the centre-right Atassut party. But at the same time the other centre-right party, the Democrats, made history by entering into a coalition led by the social democratic party. This would have been unthinkable during the elections in March 2013.

Yet since then there has been a generation shift within several parties, and the new party leaders have signalled a will to cooperate.

The coalition agreement is called “Community, Security and Development” and contains 29 points. One important issue on which all the parties agree is to allow the country’s mining industry to extract uranium. That was also the issue which prevented Inuit Ataqatigiit from agreeing to join the government.

Businesses can also expect tax cuts and investments in the air travel industry should make it easier to transport more tourists to the world’s largest island. The coalition also wants to focus more power in Greenland for businesses owned by the Greenlandic Self-rule Government. That means a majority of board members should be from Greenland, and the parties will also consider a privatisation of the companies.

Economic crisis

Yet as the new coalition get down to work, dark clouds are gathering over the Greenlandic economy. New figures from the autonomous government released just before the elections showed the treasury deficit had grown to nearly 250 million Danish kroner (€33.6m). That is considerably more than the budgeted deficit for the whole of 2014; a mere 51 million kroner.

So anyone who gains a seat around Greenland’s new government table in the wake of the 28 November parliamentary elections, faces a major challenge getting Greenland’s economy back in shape.

There are several reasons why things have gone wrong. A large, unscheduled 174 million kroner (€23.4m) contribution to fight unemployment saw the deficit balloon earlier this year. But the most important cause is smaller than expected state revenue.

Greenlanders smoke and drink less than predicted, which means a reduction in tax revenues. The country’s shrinking economy also means people make less money — and pay less in tax. Finally, Greenland’s government has been putting too much hope on an experimental mackerel quota which was meant to bring in money in the form of levies. The fishing companies did not manage to fill the quotas, and suddenly the state coffers were 20 million kroner short.

Lower income levels also make it even more challenging for politicians to come up with sustainable economic policies. Beyond the current state deficit, everything points to smaller than expected revenues both in 2015 and beyond. This in turn makes it even harder for politicians to fulfil the many promises they gave voters during the election campaign.

New party leaders

Both the governing Social Democrat Siumut Party and the opposition Inuit Ataqatigiit (IA) went to the polls fronted by new leaders. The experienced politician and ex-policeman Kim Kielsen led the Social Democrats through the campaign, after Aleqa Hammond had to step down following a scandal. He gained a seat in Greenland’s parliament (Landsting) in 2005, has served as a government minister for several periods and has proven worthy of his leadership during the election campaign.

The challenger, Sara Olsvig, is a trained anthropologist with a shorter political career. She was elected to the Danish parliament (Folketing) in 2011 and became a member of Greenland’s parliament in 2013.

Sara Olsvig took over as party leader last summer, after Kuupik Kleist — who in 2009 became the first Prime Minister to end Siumut’s monopoly on government power.

The Laval judgement: Swedish government wants more power to unions

The Swedish government says the EU adjustment went too far when Swedish legislation was changed as a result of the EU Court of Justice's judgement in the Laval case. A government-appointed commission has now been asked to come up with proposals for how to make it easier for trade unions to monitor the working conditions for posted workers. But the Confederation of Swedish Enterprise says the government's ambitions are incompatible with EU law.

NEWS

04.12.2014

TEXT: KERSTIN AHLBERG, EDITOR EU & ARBETSRÄTT

The Laval judgement centred on a blockade carried out by two trade unions with the aim of making a Latvian company sign a standard Swedish collective agreement. When the Court of Justice of the European Union had had its say, Sweden was forced to limit trade unions' right to take industrial action against companies employing posted workers. But now Sweden's new centre-left government says the restrictions introduced in the so-called lex Laval went further than necessary.

The premise for lex Laval is indeed that foreign employers should pay their workers and grant them other terms of employment according to the minimum conditions set out in Swedish collective agreements. However, if the companies will not voluntarily sign an agreement with the trade union agreeing to this, the union cannot force them to do it. The previous government had argued it would be in breach of EU law if trade unions were allowed to take industrial action against employers who in some way were able to "demonstrate" that their employees already were employed under similar terms. The problem is that without an agreement with the employer, the trade unions cannot monitor whether the workers really do get the right wages and other terms they are entitled to.

Protecting collective agreements

This should now change. The government has said that lex Laval does not adequately uphold the position of collective agreements. There is a risk of unfair competition as a result of wage dumping and other social dumping issues. Therefore the law on the posting of workers will be tightened within the limits of what EU law allows. And unlike the former government, the new one thinks it is possible to demand from foreign companies that they sign so-called confirmation agreements without being on a collision-course with the EU. Such

an agreement gives a trade union written proof of what the employer has promised, which could be used in a court of law if necessary.

The government has also asked for a white paper on subcontracting liability in the construction industry. The commission has been asked to consider whether this should be a chain liability (as in Norway) or whether each company should be liable only for its own sub-contractors. It will also look at whether so-called strict liability should be the norm, or whether contractors that have undertaken due diligence obligations should not be held accountable for their sub-contractors' mistakes. The commission will also consider whether subcontracting liability should be extended to include more sectors besides the construction industry.

In breach of EU law?

Trade unions are positive to the new deal, although the commission's instructions are not as radical as might have been expected after election promises of "tearing up" lex Laval. The Confederation of Swedish Enterprise, on the other hand, still believes that demanding "confirmation agreements" would be in breach of EU law.