

Portrait

OECD Deputy Secretary-General Mari Kiviniemi: Sticks to facts and fears protectionism

News

Swedish social partners agree to limit right to industrial action

Editorial

New research provides new perspectives on the labour market

News

The OECD wants action now: Opportunities for all is the new measure of success

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Contents

New research provides new perspectives on the labour market	3
“Paternal leave extremely important to reach gender equality”	4
The research project against all odds: Olli Kangas on Finland’s universal basic income	6
The platform giants are profitable – but create few new jobs	9
Will platform companies fit into the Nordic model?	12
OECD Deputy Secretary-General Mari Kiviniemi: Sticks to facts and fears protectionism	14
The OECD wants action now: Opportunities for all is the new measure of success	18
Swedish social partners agree to limit right to industrial action.....	21

New research provides new perspectives on the labour market

Research and investigations provide valuable input to the political debate, to policy development and to the implementation of political measures, said Norway's Minister of Labour and Social Inclusion Anniken Hauglie as she opened The Nordic Work Life Conference 2018 at OsloMet. The Nordic Labour Journal was inspired to focus on new knowledge on equality, the basic income and digitalisation.

EDITORIAL

22.06.2018

BY BERIT KVAM

Gender equality is an important precondition for women's participation in the Nordic labour market. What, then, does the paternal quota mean for equality in work and family life? Professor Anne Lise Ellingsæter has led an investigation into working time regimes and family policies for the Norwegian government. She supported the so far most radical model for the sharing of parental leave in the Nordic region, and believes it is time father and mother share the leave fifty-fifty, with the exception of a few weeks before and after birth. The paternal quota must become law, she thinks, because experience shows that employers might disregard it otherwise. Things did not turn out the way the inquiry suggested, and Norway is still not best in the Nordic region. With the exception of Danish fathers who are sadly lagging behind, things are nevertheless moving in the right direction. And Icelandic fathers are still leading the way.

New technology and digitalisation are issues that are on all the Nordic governments' agendas. Platforms based on algorithms control working tasks, create new types of work and new ways of connecting to the labour market. Technology will create a range of new jobs and challenges as society moves from machines and oil as the main production tools, to algorithms and data, said professors Bo Dahlbom and Ragnar Torvik in their talks on the future labour market.

At the recent conference on the Future of Work in Stockholm, the consensus was that the new labour market demands innovation when it comes to labour law and welfare systems. Will the Nordic model last into the future? Some of the challenges include the fact that employment types other than permanent full-time contracts become more and more common, and that more than half of the new jobs created in the past ten years have been so-called atypical employment relationships. More and more people also need to hold down sever-

al jobs in order to make ends meet, and the number of self-employed people who have to work as if they were employees has risen considerably in both Sweden and Norway. So we ask: Will trade unions and employers' organisations be able to adapt to the new reality? Will we see a shift in the centre of gravity between collective agreements and legislation?

More research and inquiries are needed to find out how to shape new measures and how they work in practice – for instance the universal basic income experiment initiated by Finland's government in 2017. The results will be ready by 2020. But Olli Kangas, the head of research responsible for carrying out the experiment, predicts that Finland will not introduce a universal basic income, partly because the Finnish government has gone the opposite way, by introducing demands for activation for people on unemployment benefit.

Finland's unemployment also worries the country's former Prime Minister Mari Kiviniemi. For the past four years, she has been the OECD's Deputy Secretary-General. Kiviniemi underlines how important research is for knowledge and development within the OECD. In Portrait she explains what her driving force is: Getting governments around the world to take the OECD's message as fact – that trade leads to growth, and that economic growth must be regulated and distributed if the result is to become 'inclusive growth'. So, at the end of this year, she will be throwing her weight behind making Finnish trade prosper.



"Paternal leave extremely important to reach gender equality"

"Today's paternal leave legislation gives employers a lot of room to negotiate with men whether they should take leave or not. We need less flexible solutions," says Anne Lise Ellingsæter, who has led a Nordic inquiry into parental leave. It proposed to reserve 20 weeks' leave for the father.

THEME

22.06.2018

TEXT AND PHOTO: BJÖRN LINDAHL

Anne Lise Ellingsæter was the first keynote speaker at the Nordic Work Life Conference 2018, held at the OsloMet university from 13th to 15th June. The inquiry led by her came up with what is so far the most radical proposal when it comes to the length of paternal leave in the Nordic region:

"The time has come to take the next step towards equal parenting. The inquiry proposes a dual parental leave model. For health reasons, leave should be earmarked the mother for three weeks before and six weeks after birth. Beyond this, the period should be divided into two equal parts. The remaining

40 weeks should be shared equally, so that mother and father get 20 weeks each," the commission proposed.

The inquiry was concluded on 6th June this year. In the end, the Norwegian parliament decided to keep today's three-way leave; 15 weeks are reserved for each parent, 16 weeks can be distributed freely.

Paternal leave has proven to be a pretty accurate measure for how far gender equality in the workplace has come. When authorities shorten the period of leave reserved for the father, men quickly reduce their leave. This happened in Norway in

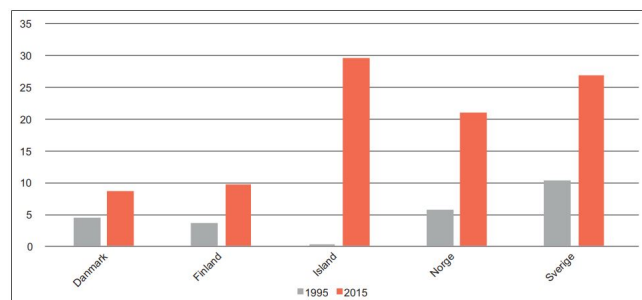
2014, when the government reduced the number of weeks reserved for the father from 14 to 10.

“When you have weeks that can be used by both mother and father, the mother usually ends up taking all of it. Old norms and habits still guide how parents think, but workplace conditions do too,” says Anne Lise Ellingsæter.

“In Norway we still hear stories of employers who believe fathers should not use more than their quota. You hear arguments like men having jobs which they cannot be absent from, at least not for prolonged periods of time. Nobody asks the same questions about the mothers.

“That is why flexibility creates a problem for men. They must argue with their employers for why they should stay at home with the child for parts of the flexible period. This creates imbalance.”

There are big differences in paternal leave between the Nordic countries. The number of weeks reserved for fathers vary from zero in Denmark to 15 in Norway. The graph below shows how the real use of paternal leave has changed over the past 20 years.



The graph shows how men have been using parental leave in the Nordic countries. The grey column is 1995 while the orange is 2015. The left axis is the number of weeks. Source: NOU 2017:6

Iceland is not only the country where fathers take the most parental leave – the increase has come from nearly nothing.

“In 2012 Iceland decided to extend parental leave to 12 months. The new system kept the period divided into three, but rather than keeping three months each for mother and father and three months to share equally, it will now be five months each and two months which are flexible,” says Anne Lise Ellingsæter.

Because of the finance crisis that hit the country, the reform has yet to be implemented however.

One difference between Norway and Sweden is that the parental leave period stretches out for much longer in Sweden.

“There, parents are expected to save parts of the leave nearly until the child is ready for school. In Norway we are very clear that the child should have one parent at home full time during its first year.”

In Sweden, parental leave has been changed to prevent immigrant women having prolonged periods of parental leave if they have several children in quick succession, which can prevent them from entering the labour market.

“What is interesting is that once you introduce a system, it becomes the norm for what citizens feel is the correct way of looking after children. Nearly all Norwegian children now attend kindergarten. If you ask mothers, a large majority also believe this is the best solution for the child.”

Anne Lise Ellingsæter is convinced that the rest of Europe will follow the Nordic region and increase parental leave – but perhaps not for the same reasons as Nordic countries, where the idea of gender equality has been prominent. Ironically, Denmark might be forced to reintroduce a period reserved for the father because of a new EU directive.

“There is a gender equality ideology behind our proposal for less flexibility. The aim is to make men and women equal, not only as workers but also as carers. But how do you achieve that?

“The paternal quota has been extremely important, symbolically, in order to change the way we think about the relationship between fathers and children. There is potential here to take this one step further by giving fathers a more equal distribution of parental leave,” concludes Anne Lise Ellingsæter.



The research project against all odds: Olli Kangas on Finland's universal basic income

Does Finland's experiment with a universal basic income prove that this could be a solution for the future? We will not know until 2020. But in one way, the research project has already been a success – the fact that it was possible to carry it out at all.

THEME

22.06.2018

TEXT AND PHOTO: BJÖRN LINDAHL

Olli Kangas, head of research at Kela, the Social Insurance Institution of Finland, was given a project which took both light summer nights and long, dark winter days to carry out.

“We were given 20 million euro to do this experiment, and we were extremely pressed for time. We only had one year in which to plan the experiment, decide which selection of people we should use, and to design the platform which would pay out the benefit. The whole thing was a nightmare to execute,” he says.

Olli Kangas fought Finnish bureaucrats who wanted to close the research project down, convinced sceptical government

ministers and played tug of war with an EU that was worried about the consequences for other countries.

“It would have been easier to introduce universal basic income in Norway or in Iceland,” Olli Kangas told the Nordic Work Life Conference 2018 in Oslo.

The universal basic income has supporters and opponents, but they do not fit the usual political patterns. Among supporters you find for instance both parties to the right, who see it as a scaling back of the welfare state, and parties to the left, who see it as an expansion.

The idea behind the universal basic income is that all citizens in a country should have the right to receive a certain minimum income, unconditionally. The proponents of the idea point to the fact that today's benefit systems are complicated and that it is easy to end up being lost in all the red tape. Since many benefits are means tested, those who receive them risk losing their benefits by accepting a new job.

"Although the contribution a person gets is low, it is permanent and secure," said Olli Kangas.

The opponents of the universal basic income argue it is too expensive, that it reduces the incentive to work and that it could impact negatively on gender equality since it could influence women to stay at home rather than go out and work.

Overrun by refugees?

Juha Sipilä's centre-right coalition launched the idea of carrying out a universal basic income experiment in 2015. The government comprises three political parties. The Finns Party was the most sceptical, arguing such an experiment would lead to Finland getting a reputation for being a haven for refugees.



"There was one government minister in particular who was worried that Finland would be overrun by refugees who believed they would receive manna from heaven if they came here. She also insisted that we study what the EU says about which social benefits are transferable between member states."

In March 2016, the research group proposed to make the experiment a national one. A representative selection of people would be divided into different groups with different levels of benefits, and different tax levels, in order to better study the effects.

"We quickly realised that the level we initially had envisaged for the universal basic income, around 1,000 euro a month, was far too high, since this would mean the marginal tax rate on revenue outside of the benefit would be 70 to 80 percent."

As a result, the level was set to 560 euro a month. This also meant they would not go beyond one important limit in relation to the EU.

Wrote new laws

"In order to carry out the experiment we were forced to write new legislation to cover the universal basic income's impact on other types of benefit. But the finance minister did not want taxes to be part of any experiment."

When the research group was appointed and met the prime minister, he proposed that the project could be financed by redistributing parts of the annual 15 million euro total benefit budget, since the idea with the universal basic income was to reduce other, means tested benefits.

"This made us feel like 'masters of the universe', planning an experiment with 100,000 participants. But we soon came back down to earth, since the bureaucrats turned out to be stronger than the politicians," said Olli Kangas.

In the end, the experiment was far more modest. 2,000 unemployment beneficiaries aged 25 to 58 were chosen. They received 560 euro a month with no strings attached for two years, in 2017 and 2018. There was also an equally sized control group where no one received universal basic income. The budget was 20 million euro in the end.

"We chose not to carry out local experiments in a few selected municipalities. Experiences from similar experiments in the USA show the chosen municipalities were influenced in a way that changed the local labour market, leading the entire experiment to fail."

The constitution nearly torpedoed the project

The aim of this experiment was to see what happens when the participants no longer needed to spend time applying for financial support. Would the recaptured time be used for other activities, or for finding jobs?

The Finnish constitution proved to be an obstacle, since it bans the unequal treatment of citizens. Olli Kangas' research group wanted the experiment to be obligatory, so that the chosen ones got the universal basic income whether they wanted to or not. This is a type of 'human experiment' which has not been done previously in Finland. As a result, they ditched the plan for different levels of universal basic income.

"The legal team involved in this gave us the thumbs up only at the end of December 2016, two weeks before the experiment was due to start."

When Olli Kangas himself tries to answer whether the experiment was a success or not, he almost sounds like the artist Christo, who is known for wrapping up bridges and buildings in fabric. The artwork is as much about overcoming bureaucratic obstacles as the wrapping itself.

“We managed to overcome the constitutional obstacles to the execution of such an experiment, and I could talk for hours about the political process and what happened backstage. We now know far more about what can be done, and how it should be done.”

Better than a Canadian research project?

“You could compare our experiment with the Canadian experiment with a basic income model, which has been running in parallel to ours. It varies more when it comes to which groups are part of the project, then pay out a larger sum of money – around 800 euro – and it is a three year long project. But they have a big disadvantage in that they only have voluntary participants. They have had major problems getting people to sign up.”

The research experiment will be evaluated.

“But it has been extremely difficult to secure funding for this. Politicians were willing to provide 20 million euro for the experiment, but just 700,000 euro to evaluate it.”

Thanks to Finnish registries it will be possible to follow up what happens with the group that received universal basic pay for many years to come. But register data lags behind with one year, so data from 2017 will not be available until the end of 2018.

“That’s why we won’t be presenting our end results until the end of 2020,” says Olli Kangas, who doesn’t believe a universal basic income will be introduced in Finland.

“The experiment will be ended one year earlier than planned for starters, and the government has gone the opposite way by introducing demands for activation. If a universal basic pay were to be introduced, it would be through the back door – by merging and simplifying some types of benefit.”



The platform giants are profitable – but create few new jobs

The digital revolution will transform the work force in the 21st Century, just as the industrial revolution. But technology will create a host of new type of jobs and challenges as society moves from muscle and brainpower to data power, according to professors Bo Dahlbom and Ragnar Torvik.

THEME

22.06.2018

TEXT: VALERIA CRISCIONE

The world is standing at the beginning of a social revolution called the digital revolution. The big five dominating the scene are US technology companies Google (Alphabet), Facebook, Amazon, Microsoft and Apple. They are the largest companies in market value, outpacing the big oil companies and carmakers.

The “big five” have experienced explosive growth partly because of their networks’ two-sided platforms and ability to extract data to sell, as well as their extremely lucrative capital position, according to Torvik, economics professor at the Norwegian University of Science and Technology in Trond-

heim. They can afford to buy the competition to retain their dominance. Three of the five companies hold about 25 per cent of the cash in all of the S&P 500 listed companies.

Data is the New Oil

This is all symptomatic of the power shift in the digital revolution, says Dahlbom, an IT professor at the University of Gothenburg and advisor to the Swedish government on the implications of digitalization for society. Data has become the fuel for the new digital economy in the same way as oil was for the industrial revolution.



“We enter the 21st Century with data, algorithms, platforms and services,” said Dahlbom, speaking at The Nordic Work Life Conference 2018 plenary session on the Future of Work last week at OsloMet. “So the algorithms are the machines of this century.... That data is as valuable or more than oil. Tell that to a Norwegian.”

The two biggest powerbrokers back in the early 1900s were oil magnate John D. Rockefeller and US carmaker founder Henry Ford. Both had a large role in shaping 20th Century industrial society based on an abundant resource of oil and effective production lines. Today, the leaders are technology billionaires like Amazon CEO Jeff Bezos, the richest man in the world according to Forbes, and Alphabet CEO Larry Page. The other big three dominating are US technology firms Apple, Facebook and Tesla.

“What connects these five companies is not systems but platforms,” said Dahlbom. “They are all digital platform companies.”

Less Labour

So what does this all mean for the future of the labour force?

One theory is that technology will “eat labour.” Just as machines in the factories replaced the craftsmen in the workshops, so will data take over for man. Uber car drivers will be replaced by driverless cars. A 2013 report by Oxford University academics called The Future of Employment predicted that half of all work tasks could be replaced by automation within 2034.

“If the digital revolution is as strong and powerful as the industrial revolution, it will just crush the labour system that we built in the 20th Century and replace it with something very different,” said Dahlbom.

There are historical parallels that can be seen in the dwindling horse population in Norway. Back in 1946, when agriculture was its height in Norway at 20 per cent share of labour and the largest private sector employer, there were 238,000 horses. By 1975, at the beginning of the technology revolution, there were only 20,000. Today the share of

labour in agriculture is 2 per cent, the same fraction as horses.



“We lost 9 out of 10 horses,” said Torvik, during his presentation at the Future of Work session called New Technology – income losers and income winners. “We have lost 9 out of 10 jobs in agriculture.”

During this time there was an increase in value creation. But there is no proof that it created unemployment in the long run, he says. The development led to a shift in the types of jobs, from coachmen to truck drivers. It also led to a strong increase in wages – albeit over several decades. Plus, the productivity of the workers went up.

“It is good news that these jobs were lost because it made it possible to transform people into more productive jobs, increasing their income,” said Torvik.

“It was not the case that technology crowded labour out. It crowded labour in. The key explanation for this is that technology and labour, in the past at least, they were complementary. When it got technology, then labour also became more productive. This was not a threat for the labour force. It gave them increased opportunity. It gave them increased income. It gave them over time increased welfare.”

New Jobs

Today technology and labour are no longer complementary, but alternative factors because machines and data can be used instead of humans, he says. Man is the horse that is out-competed because now there are driverless cars. Those with skills that are complementary to technology will be “in-competed.”

Part of the problem is that companies are more profit intensive than labour intensive. The “big five” are not dominant when it comes to employment. Alphabet, Facebook, Amazon, Microsoft and Apple employ about 400,000 people. Half of them are drivers for Amazon that will soon be gone away, according to Torvik. These firms are worth more than 100 times than General Motors in 1979, but they still employ less people.

Algorithms will kill some types of jobs and create new ones. A new middle class comprised of change agents, lobbyists, politicians, therapists, stylists and mentors will emerge, according to Dahlbom. In the past, there was a focus on brain-power: lawyers, doctors, teachers, and researchers. Old jobs will be killed with platforms and algorithms will ruin the lives of doctors and teachers.

Not only will there be less jobs, but worse ones, such as former department store workers now delivering packages for Amazon with no breaks who will have to pee in a Coca Cola bottle. There will also be the risk of lower wages.

“Robot caretaker will be a very important work task in the future,” he said. “And they will be very badly paid because there will be so many to pick and chose from because technology has taken over so much.

“But then there will be another part of the workforce, namely those building the platforms working for the big companies who are working in all the start-up companies who will be bought out by the big four companies. They will be the elite work force, the technologists.”

Political Paradox

The paradox is that the same country responsible for creating these successful companies in the new economy – i.e. the US – is also the ones clinging most to the old economy. Under President Donald Trump’s administration, the country has gone against globalization, cancelled trade deals, and introduced protectionist tariffs.

In an effort to support its steel workers, the US recently introduced 25 per cent steel tariffs and 10 percent on aluminium from the EU, Mexico and Canada. The US has also threatened tariffs on \$50 billion worth of Chinese imports. The trade counterparts have warned that they will retaliate with tariffs of their own against the US. This could threaten the pace of the new economy and digitalisation, warns Torvik.

“The timing is as bad as it could be because the US has so much to gain from free trade and China will be less and less dependent on trade,” he said in an interview. “Moving as Trump does now backwards is bad in itself, but the timing is extraordinary bad.”

“Free trade is crucial for innovation,” he adds. “The protectionism that Trump does now moves labour from high productivity work to low productivity work. But in addition to that he hinders the growth of productivity.... The probability that new technology companies will be created in China rather than the US will be increased by his policy.”

Will platform companies fit into the Nordic model?

Does the Uber driver have an employer? Is the ‘self-employed’ actually an employee? And what will the zero hours worker live from if he or she does not get to work enough hours? These are not new questions, but they become increasingly important as digitalisation accelerates and new forms of employment become ever more common. The future of work demands innovation also when it comes to labour law and social insurance models.

ANALYSIS

22.06.2018

TEXT: KERSTIN AHLBERG, EDITOR EU&ARBETSRÄTT

It is a fact that other employment forms than open-ended full-time contracts have become increasingly frequent. According to the European Commission, more than half of the new jobs that have emerged in the past decade have been so-called atypical or non-standard employment relationships, i.e. part-time work, on-demand work, fixed-term employment and so on.

The number of ‘dependent self-employed workers’ increases too, pointed out Mark Keese from the OECD during the recent conference on the Future of Work in Stockholm. These are people who are said to be self-employed, but who really are employees because they are working under the same conditions as regular employees. The OECD’s numbers show a sharp increase from 2010 to 2015, including in Sweden and Norway, albeit from low starting points.

Another tendency is the increasing number of people who multitask. They might be hired by more than one employer, or combine employment with running their own company or add to their income on digital platforms like Uber, Foodora and Hilfr. For some of them, multitasking is necessary in order to make ends meet.

The tendencies are set to continue

These tendencies look set to continue. The platform economy is expected to contribute to a continuing increase in the number of self-employed people and temporary work. The point of engaging someone who is self-employed rather than employing a worker is that the commissioning party does not have to worry about the duties that come with being an employer. Self-employed people are not covered by collective agreements, have no employment protection and are not covered by working hours or working environment regulations, to mention but a few examples.

It is therefore not so surprising that those commissioning work would love to classify those who will be carrying out the work as self-employed, and that for instance Uber in no way wants to admit that the company is the drivers’ employer.

Technology also drives the development towards on-demand work/zero hours contracts among ordinary employers, Samuel Engblom, Policy Director at the Swedish Confederation of Professional Employees TCO, told the conference. It makes it easier to calculate when, during the week/24 hour period/day, the demand for a company’s services will peak, and then call in the exact number of people that you need at any one time at very short notice.

According to Mark Keese, four policy objectives are particularly important in order to adapt labour law to the new labour market:

- Providing better guidance for how to classify workers;
- Reducing incentives to take up new types of work;
- Reaching a better balance in the burden of proof between employee and employer when determining whether someone is an employee or not
- Ensuring fair pay for work.

Insufficient social security protection

The development also means that more people do not have adequate social security protection. This especially concerns employees with atypical employment and people who are self-employed. Social security schemes have primarily been made for employees on open-ended full-time contracts, and have not been revised to match the development towards different forms of employment. One typical example is the self-employed who are often not allowed to take out occupation-

al injury insurance or unemployment insurance. Others, for instance people in non-standard employment, are formally covered by the social security schemes, but in reality they struggle to fulfil the criteria which would allow them to benefit from the insurance.

The problem has caught the attention of the European Commission. Recently, it proposed that the Council of Ministers should adopt a recommendation on how member states should modernise their schemes for unemployment benefits, sickness and health care benefits, maternity and paternity benefits, invalidity benefits, old-age benefits and benefits in respect of accidents at work and occupational diseases, so that they offer ‘adequate’ protection. This means, according to the Commission, that it should be provided sufficient and timely to uphold the standard of living, to provide adequate compensation for lost income and to prevent the insured party from ending up in poverty.

Will ‘the Nordic model’ prevail?

One question which indirectly relates both to labour law and social insurance is whether the social partners can play the same role in the regulation of the labour market in the future as they do in the Nordic countries today. Will trade unions and employers’ organisations be able to adapt to the new reality? Will there be a shift in the centre of gravity between collective agreements and legislation? Will ‘the Nordic model’ as we know it prevail?

Right now, some 30 researchers at the Fafo Institute for Labour and Social Research working on the research project ‘The future of work: Opportunities and challenges for the Nordic models’ are studying these issues, as well as the challenges the development brings to labour legislation in the Nordic countries. The project is funded by the Nordic Council of Ministers, and is due to finish in 2020. The researchers hope to be able to present ideas for how legislation can be developed and reformed, and for how to revitalise the Nordic model’s ability to reconcile growth, efficiency and equity in working life.

The first collective agreement with platform companies

It seems too early to be discarding the Nordic model in any case. In April this year, the cleaning platform Hilfr entered into a collective agreement with the Danish trade union 3F, the first in its kind to cover a platform company.

As part of the agreement, Hilfr takes on employer responsibilities, and cleaners become employees after 100 hours of work via the platform – unless they themselves choose to continue as ‘freelancers’. They will be paid at least 141,21 Danish kroner (€19) an hour, and have the right to sick pay, holiday pay and a pension. The agreement also includes rules for how long notice Hilfr or the cleaner have to give in case they want to end the employment.

The collective agreement has been praised as proof that the Danish model for labour market relations will be usable also in the future labour market. But it has also faced criticism from representatives of the agency work business, who argue that it goes against both the law and the Danish model, leaving the cleaners in a judicial no man’s land. According to labour legislation you cannot decide for yourself whether you should be treated as an employee or as being freelance – if you fulfil certain criteria you *are* an employee, whether you want to or not.

3F stresses that the collective agreement for now remains a pilot agreement running from 1st August 2018, and that it will be assessed by the social partners after twelve months.

Perhaps the platform companies are slowly beginning to face up to the demands that they be responsible for the working conditions within their businesses. Uber’s spokesperson in Denmark, Kristian Agerbo, recently said that Uber, which has been absent from the Danish market for one year, wants to ‘regain Denmark’s trust’.

“We have acknowledged that in order to return, we also need to take a new approach to our activities and find solutions to the questions surrounding taxes and working conditions for the drivers who use our services,” Agerbo wrote to the Danish web magazine Altinget on 17th May.

It remains to be seen how that will happen.



OECD Deputy Secretary-General Mari Kiviniemi: Sticks to facts and fears protectionism

Former Prime Minister Mari Kiviniemi has spent nearly a lifetime in Finnish politics. As OECD Deputy Secretary-General she has spent most of her time advising the world's governments on development and growth. At year's end it is over. Now she wants to help Finland prosper as leader for the Finnish Commerce Federation.

PORTRAIT

22.06.2018

TEXT: BERIT KVAM, PHOTO:

Mari Kiviniemi has a lot to say about Finnish politics, the need for structural change, new jobs and the fear of growing populism – not only in Finland but across the Nordic region, in Europe and the rest of the world. She is worried about how facts sometimes are no longer taken seriously. She believes policies must be evidence-based, evidence combined

with knowledge from practice and dialogue with those it concerns.

The fact is that trade leads to growth, and that economic growth must be regulated and distributed in order to be sus-

tainable. She talks about ‘inclusive growth’, as it is now called in OECD lingo.

“I think that this is the Nordic model. This is what we are doing all of the time.”

She warns against increasing inequalities, how the world’s richest get richer on the back of the middle classes and the poor.

“We see this gap widening in the Nordic region too, not least in Sweden, but also in the other Nordic countries. We must be particularly careful to include refugees and immigrants into society.”

She is passionate about being able to use her knowledge in a way that can help develop Finland.

“It is not only as a politician that you have influence,” she smiles.

Many others can influence political decision making, as she knows from experience. Even in government it is not always easy to execute the politics you want to promote. During her time in government, impenetrable layers and silo mentality were obstacles to structural changes. She mentions transport as an example. This is no longer the case, which makes change easier to achieve.

The OECD’s nicest office

We are sat in a plush corner office with a lot of natural light and a view of the garden, one of the nicest offices at the OECD according to the secretaries assisting her. This is what she will be leaving when the leaves have fallen from the trees of Paris’ posh neighbourhoods. She lives two kilometres from her job, and walks to work. She loves moving about, running and doing house work. She has a husband who likes living in Paris, and children who are old enough to be independent from her. She will miss Paris, she admits, when the time comes.

“I have to say that my job is to be as much outside of Paris as in the office. I arrived back from Beijing in China this morning, and I am travelling to Italy at the end of the week. This is part of my job, being able to spread information and launch reports. And as an OECD representative I meet high level representatives and participate in high level seminars and conferences. But of course, parts of the job must be done from here too. Sometimes I spend all week here,” she says, smiles and adds that many people at the OECD travel a lot.

“The experts who work on particular countries must travel a lot too. Often you have to go to a country to be able to analyse its situation. You must discuss issues with everyone, and you cannot do that only over Skype.”

Not long ago she was in Norway to present the OECD’s country report, which highlighted housing costs and infrastructure investments, the focus points for this analysis.

“But it is clear that Norway too has challenges when it comes to inequality, only not to the same extent as in many other countries.”

“We will miss her,” they say in her antechamber. “Everybody likes Mari.” Perhaps not surprisingly, with such a long career as a representative for her country and now a travelling advisor for other governments, she is a person with social antennae and an open mind.

Growth and well-being

She must also identify with the job as an ambassador and spokesperson for the OECD?

“It is easy to agree with the information we provide, because it is evidence-based.

“Not everything is based on evidence, of course – we analyse all the information we gather. Our policy recommendations are partly based on evidence, on best practice, on what works and on dialogue with country representatives. So the recommendations are well founded and trustworthy.”

Four years at the OECD is a long time when you think about how fast society is changing. Which changes has she been observing during her time here?

“I think we have managed to keep our reputation as a neutral organisation. When it comes to governments, politicians and senior employees who we meet, I have a feeling that our relationship is the same as when I first started, but that the general atmosphere is much more challenging, due to increased populism.

“We need to spread our message in a more efficient way, because obvious truths are based on evidence – like the fact that free trade is the source of growth, and that innovations that are spread globally increase productivity.

“But perhaps we have not been mindful enough when it comes to focusing on our policy recommendations in order to make growth more inclusive. Free trade is not the only advice we give. A level playing field and international regulations are also needed, and there is a need for policy development recommendations on a national level.”

Is inclusive growth a sign of a new policy from the OECD?

“I see what you mean, but for many years we have said that national policies must include education and labour market measures. Yet is it right to say that there is a greater need to look at several dimensions beyond economic growth. We have developed methods to measure well-being more broadly than simply looking at economic growth, because we have seen that growth has not been equally distributed in a way that has benefitted everyone.

“My feeling is that inclusive growth is a very Nordic story. This is the policy which the Nordic region has carried out. We

have also shown that rich countries can have high growth levels, while remaining inclusive. My feeling is that the story of inclusiveness is simply giving a new name to the Nordic model.”

She is less clear-cut when it comes to the role of the social partners, but believes the partners must play an important role in the organisation of the labour market. But there are different models – in some places the state can have a stronger role, in other places the partners play a considerable role in the shaping of labour market politics.

50 years and a new agenda

Has the experience of being a Finnish Prime Minister opened doors in her present job?

“Of course. My experiences as Prime Minister and various government ministerial posts have helped me when meeting other countries’ governments. It has given me credibility. I know how hard it can be to implement the politics that we recommend. It is easy to insert something into a government programme, but something else altogether to execute the policy while keeping all stakeholders onboard even when the measures can prove to be unpopular.

“You don’t have everyone cheering you on. Removing state support from a company in order to improve competition, for instance, can lead to bankruptcy and unemployment. But in the long run it might be the best solution. New companies emerge and new jobs are created.”

She has a long and rich political life story. She was only 26 when she became one of Finland’s youngest MPs in 1995, representing the Centre Party. She was politically active until she stepped down as party leader in 2012, following low voter support in the 2011 election. She retired from parliament in 2014. She spent 19 years in politics. That is enough, she does not want to return.

“I would like to use my expertise in other areas. I will turn 50 this year. I feel like I have done my bit. I am not saying ‘never again’, but I have no passion for politics any longer.”

She needs passion for what she does, and to use all of her expertise.

“I am flexible when it comes to the choice of jobs, but I would like to follow up on the OECD’s agenda of free competition, free trade – but there is more than this. It is support for politics, I want to help build the Finnish society.

“The Finnish economy is growing, but still faces major challenges. Finland needs structural reforms, so I would love to be part of the debates about which reforms are needed.”

Hard to reach out with facts

What does she think about Finland’s growing populism? The Finns Party who were part of the government, have split in two. The darkest blue part are now outside of the govern-

ment, while the blue-blue remain in a coalition with the Centre Party.

“It is not only in Finland, look at the Swedish Democrats in Sweden, it looks like this is a universal trend. But of course I am a bit worried.

“Politics have become much more turbulent than it used to be, which makes it more difficult to reach political decisions. Finland used to always have two major parties which could agree on which direction to head in. It meant stable governments, and this is no longer the case.

“From the OECD’s point of view, it is also much more challenging to give clear messages about our positions. When we for instance hear someone say protectionism is good, we know it is not good. And not only for the OECD, but in all countries it has become difficult to get the facts across.”

Growing populism is a trend pointing towards less multilateralism, as we see in the USA, with Brexit, in Italy. What does she, as a representative for a multinational organisation, think about that?

“The USA is the worst example. What we can do is to carry on with our work and get better at presenting our arguments not only to governments and politicians, but to the general public, that what is needed is international regulations. This makes things easier for all parties. And we must use examples to illustrate the advantages of multilateral cooperation in daily life.

Regional differences a challenge

“On a national level, governments must also focus more on bridging gaps and reducing inequalities. It is of course a greater need for this in countries where we see extreme levels of inequality.”

But populism grows from more than inequalities between peoples and countries – including differences between regions, thinks Mari Kiviniemi.

“In Finland you find big differences between regions in the south and in the east. We often see that major regional differences are easy to miss when you compare average figures between countries. Some might fall outside, and this fuels nationalism. In Finland there is some support for populism, but mostly people don’t care. So we must build the country so that everybody can and wants to participate.”

The OECD has now developed a framework for policy action on inclusive growth called ‘Opportunities for all’. She says this is an attempt at helping member states prepare the ground for more inclusive politics.

A Nordic digital ID card

She is also focused on digitalisation in general and in Sweden in particular right now, where she will help launch several reports on behalf of the OECD, including on e-government. But

there are exciting things happening on a Nordic level too. The OECD is supporting attempts to develop a digital personal number which can be used across borders in the Nordic region.

“I think we might see a result towards the end of the year,” says an optimistic Mari Kiviniemi.



The OECD wants action now: Opportunities for all is the new measure of success

Inequalities are growing. We have plenty of data telling us that – now is the time for action, says the OECD’s Gabriela Ramos. In the report ‘Opportunities for all’, the OECD challenges member countries to fight inequality. “Growth is good, but welfare for all is the true measure of success.” The ETUC’s Luca Visentini will not be happy until he sees a better distribution of wealth being created through collective agreements.

NEWS

22.06.2018

TEXT: BERIT KVAM, PHOTO: OECD

The global economy has bounced back to approximately where it was at before the 2007-2008 crisis. But even though growth is back at the same level as ten years ago, inequality is higher in many countries than they have been for 30 years, according to the OECD. And although unemployment levels match those before the crisis, the increase in productivity has

not necessarily led to higher incomes for the middle classes. Trickle-down economics have turned out not to deliver.

This trend towards increased inequality forms the backdrop when the OECD and Chief of Staff Gabriela Ramos launches a new framework for inclusive growth. A framework with a

toolbox of measures aimed at achieving a fairer distribution of wealth in the member countries.

“It is time to move away from the narrative of growth first, then distribution. Equity must be incorporated into policy-making as a driver of growth and productivity. There is an urgent need for joint efforts from governments in order to push towards a more inclusive, sustainable economic growth which can benefit society as a whole.”

The report ‘Opportunities for All; A Framework for Policy Action on Inclusive Growth’ launches a dashboard of indicators to help member countries develop different national strategies for inclusive growth.

“With the new framework we expand the term growth beyond simply talking about GDP, and include several indicators which should bring equal opportunities for all,” says Gabriela Ramos.

The 24 inclusive growth indicators are divided into four categories:

- Growth and ensuring equitable sharing of benefits from growth. These indicators help to track whether the economy is growing and living standards are increasing for different population groups, defined in terms of income, age and region of residence.
- Inclusive and well-functioning markets, where you look at indicators like gender wage gaps, involuntary part-time work and access to digital development.
- Equal opportunities and foundations of future prosperity. This category looks at the distribution of non-economic well-being components, such as quality health and education from early childhood through school age and beyond, with special focus on the opportunities for children from poor families.
- Governance; to monitor whether governments manage to take efficient and responsible decisions that result in increased equality.

“The framework includes a dashboard of indicators which should give the countries the opportunity to measure themselves against and learn from each other,” says Ramos.

“We want to make sure that the lowest 40 percent of the population, nearly half of the population in the OECD, get the chance to reach their potential.

“That is why we have proposed to invest in people and places that are left behind, by supporting dynamic businesses and an inclusive labour market. This will benefit all of society.

“This is a rethink of the growth model. It has forced us to come up with a new framework for how you measure growth.

This framework will serve as a mirror which allows countries to compare themselves to other countries.”

What are your expectations for what can be achieved, and where do you go from here?

“This is a document which we have developed in cooperation with the country representatives in various committees. I consider it a success that this is now being recognised by the countries,” Gabriela Ramos tells the Nordic Labour Journal.

“It is also a very powerful message in itself to the member countries that we must do things differently and that we need these kinds of tools in order to improve and accept that what we have achieved until now is not particularly good. If you look at yourself in the mirror based on these indicators, you might not like what you see.

“We must also make sure the governments not only pass this, but that they implement it. We cannot demand member countries to do something, but we recommend that the countries use this range of tools. We will look at the countries’ development in the light of these indicators.

“This could for instance be the level of increase in the number of children from poor families who get quality childcare. We have a reality, we take a snapshot and monitor whether there is a development,” says Gabriela Ramos, and lists a number of countries, like Canada, Germany and Mexico that already have been giving positive signals about following up.

Good goals, but do they stand the light of day?

The OECD delivers good analysis of the development, and their recommendations for action are good, but when it comes to the tools needed things are not good enough, Luca Visentini, General Secretary of the European Trade Union Confederation, ETUC, tells the Nordic Labour Journal.

He is sceptical to any development that does not include collective bargaining.

“The growth we have been witnessing is a growth without jobs, and there has been no improvements in working environments. This is the responsibilities of the member countries, but the multilateral institutions also carry their own responsibility. If you don’t push to get member states to introduce collective bargaining all over, it is difficult to address inequalities.”

Visentini warns against fighting technological development, but technology must be used for the benefit of the people. Collective rights must also cover precarious work, and social rights must cover the precariat.

“When it comes to the labour market, there is a lot of rhetoric about economic reforms, but there is always a focus on the need to maintain flexibility. If we fail to introduce collective negotiations on a sector level, we will not see any increase in wages. For now, this is not in place. That is why we say that

the analysis are good, but the tools do not stand up to scrutiny. Despite the economic growth, we are still stuck with the same problems.

“The only place we have seen wage increases has been in the Nordic countries, where collective bargaining enjoy a strong position. The only exception here is Finland, where the economy has been severely hit and where trade unions were forced to accept wage cuts. I believe this was a mistake, but Finland’s situation was very unusual. In certain Eastern European countries the state has also increased the minimum wage, but ETUC pushes for collective negotiations in these countries too. The Nordic model should be made a benchmark in the EU,” he proposes.

[Read more about the OECD initiative](#)

[Learn more about collective bargaining](#)

Swedish social partners agree to limit right to industrial action

Employers who have signed a collective agreement should be able to trust that the peace obligation still stands. So argue the Confederation of Swedish Enterprise and the trade union confederations LO, TCO and Saco.

NEWS

22.06.2018

TEXT: KERSTIN AHLBERG, EDITOR EU & ARBETSRÄTT

On 5th June they presented the Swedish Minister for Employment with their joint agreement on how they want to limit the right to take industrial action. This is how the social partners want to prevent future conflicts like the one at the port of Gothenburg in 2016 and 2017.

It is not common for trade unions and employers to agree to limit the right to take industrial action. But what has now happened does follow a pattern in the Swedish labour market: When the government 'threatens' to legislate on issues that are central to the autonomy of the social partners, they tend to come to terms on a solution at the last moment.

And one year ago, the Minister for Employment Ylva Johansson launched an inquiry into the legislation covering the right to take industrial action. She said the conflict at the port of Gothenburg demonstrated that the Swedish model does not work as it should, because the social partners themselves could not solve the issue of which organisation should be signing a collective agreement there.

On 20th June this year, the inquiry should have finalised its work, but a few days earlier the Confederation of Swedish Enterprise and the union confederations LO, TCO and Saco announced a press conference and presented their own proposed legislation. Leaks about the inquiry's progress had made them take matters into their own hands. Ylva Johansson has later said that she wants to use the parties' agreement, rather than the outcome of the inquiry, as a basis for legislation.

Competing trade unions

The conflict at the port of Gothenburg stems from the fact that there are two trade unions competing for members among the port workers, the Swedish Transport Workers' Union (Transport), a member of LO, and the Dockworkers' Union, which broke away from Transport in the 1970s and is not a member of any trade union confederation.

On a national level, Transport organises more workers than the Dockworkers' Union. But in Gothenburg the latter has considerably more members, and the union therefore wants to represent these in collective agreement negotiations there.

However, as a member of the employers organisation Ports of Sweden, the employer ATM Terminals is bound by the national collective agreement with Transport. As a result, ATM must adhere to the terms in the agreement for all its port workers, and cannot enter into a new collective agreement with different terms for the same work. The only thing the employer can offer the Dockworkers' Union is an agreement mirroring the one Transport has, but the union has declined this.

Since the Dockworkers' Union does not have a collective agreement with ATM, members are free to take industrial action – a freedom they have used. To get what they want, during 2016 and 2017 they carried out selective strike actions, blockades and complete stoppages which saw the port's capacity severely reduced. The employer responded with a lockout.

"Do not want a collective agreement"

So far, the parties concerned on the whole agree on the description of reality. But when it comes to the aim of the actions of the Dockworkers' Union, the Confederation of Swedish Enterprise and LO, TCO and Saco believe the union does not really want a collective agreement, but is happy with the current situation. With no collective agreement, it can put pressure on the employer over all kinds of issues, by threatening strike action – not least in so-called disputes of rights (*rättstvister*).

These are disputes that concern individual trade union members, where the union disagrees with the employer over the application of the member's employment contract or some

employment legislation. Transport and other organisations with collective agreements cannot use strike action to apply pressure during such disputes. They will have to take the issue to the Swedish Labour Court.

The four confederations believe this is an abuse of the right to take industrial action. According to the Swedish model, the parties are responsible for keeping the peace and order in the labour market. The objective of the freedom to take industrial action is to enable them to reach a collective agreement as quickly as possible, with a peace obligation lasting for the duration of the agreement. Any party taking industrial action for other purposes, will be acting in breach of the fundamental principles of the Swedish labour market model, and does not deserve legal protection, the organisations write.

The objective is the deciding factor

Consequently, the organisations' proposed legislation would make it illegal to take industrial action against an employer which is already bound by a collective agreement, if the action's objective is not to achieve a collective agreement involving a peace obligation. The trade union must also have negotiated all the demands it has put forward with the employer, before it can call for industrial action. Demands that the future collective agreement should be applied rather than the one which the employer is already bound by will not at all be allowed. In addition, organisations without collective agreements will not be allowed to use industrial action as leverage during disputes of rights.

The Labour Court will have the difficult task of determining whether the trade union really does want to arrive at a collective agreement, and in their agreement, the confederations describe what circumstances the court should consider when judging what objective the organisation has for its industrial action.

In summary, the proposal means that the Dockworkers' Union should still be able to enter into a collective agreement with ATM – but in reality this could only be an agreement identical to the one Transport already has (unless Transport accepts something else). Thus, the union would not be able to influence its members' salaries or other employment conditions. However, it would gain a range of special rights which, according to labour legislation, only apply to trade unions with collective agreements: The right to information and consultation, the right to paid time off to do trade union work and extended rights to participate in the employer's working environment management. As such, the Dockworkers' Union would still be able to take care of its members' interests to some extent.