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Theme: Nordic countries: conflicting views on social dumping



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Editorial: Bad working conditions under pressure

What do you do if your colleague works twice as long at half the pay that you get? There are trades and individuals who gravely exploit cheap labour, and in times of crisis many will accept a lot in order to get a job. What is being done in the Nordic region to make sure labour market rules are being followed? The fight against social dumping is this month's theme in the Nordic Labour Journal.

COMMENTS

16.04.2013

BERIT KVAM

Compared to many other European nations, the Nordic countries enjoy low unemployment and certain trades need more people. Labour from outside has contributed to positive growth, but also to increased pressure on wages and working conditions. Now the fight against social dumping intensifies to make sure the influx of labour does not undermine Nordic labour market rules - although the individual countries have chosen different strategies and use different terms.

Norway sees the universal applicability of collective agreements as an important tool to secure workers' rights and stop social dumping. Recently, in a groundbreaking judgement, the country's Supreme Court ruled against employers and said Norway's practice is not in breach of EEA law.

Denmark's Social Democratic government has made fighting social dumping a central issue and is introducing a range of new measures to stop foreign workers being paid less and offered worse working conditions than their Danish colleagues. The new rules are helping, even though they cannot completely get rid of the problem, claims Søren Kaj Andersen, a researcher in the field.

The Swedish government is being blamed for giving employers the power to decide the need for and therefore control over foreign labour. Some say a Swedish work permit is the easiest way of getting into Schengen. The hotel and restaurant workers' trade union warns against a slide towards slave-like conditions with low wages and long working hours which ruin workers' conditions, the collective agreement and the general conditions in the trade. It wants rules which can stop bad employers.

Cross-border mobility can be a positive thing - Estonians in Finland are a good example of that. They have helped Fin-

land's construction industry to flourish. But at what cost to their home country? A Nordic study aims to find out whether countries are being bled dry of labour.

Nordic labour market models with tri-partite cooperation should in themselves work as buffers against social dumping. Yet it is not that simple. Extra measures are needed to fight the exploitation of individuals and bad working conditions.

Nordic region increases fight against social dumping

335,000 citizens from EU's new member states moved to the Nordic region between 2004 and 2011. A considerable number of workers and service providers from these countries have also been posted there during the same period of time. Foreign labour has represented a positive contribution to the economic growth, but it has also put pressure of wages and working conditions.

THEME

16.04.2013

TEXT: BJÖRN LINDAHL

Social dumping is not a clearly defined term. Out of the Nordic countries, Denmark and Norway use it the most, while in Finland they talk about 'the grey economy'. In Sweden social dumping is a term which is hardly used at all in public speech, according to Kerstin Ahlberg, one of the authors of a new Nordic pilot study about how social dumping is being fought in the Nordic region.

She has been writing about Sweden and Finland, while Line Eldring from the Norwegian research foundation Fafo has been the project's leader and has written about Norway. Klaus Pedersen from the Danish Employment Relations Research Centre, FAOS, has written about Denmark.

Despite all the talk about the Nordic model, with its three-partite cooperation, social safety nets and high degree of organisation, the Nordic countries' ways of dealing with the problem of social dumping vary a lot.

"Norway is an example of the changes that are taking place. From being a country which had no system for universal applicability of collective agreements, which is commonplace in Finland and Iceland, it has now become more common - even though so far it has only happen in four trades," says Line Eldring.

The Norwegian government has defined social dumping as the act of offering foreign workers wages and other conditions which are unacceptably low compared to what Norwegian workers normally get, or when other conditions like working hours, living quarters and working environments don't live up to existing rules or the expected standard.

Denmark and Sweden stand apart not only in a Nordic comparison - they are different from the rest of the EU because they have neither minimum wages or any way of making

collective agreements universally applicable, so that they include hired or posted labour.

In Sweden and Denmark the social partners agree that they should carry the full responsibility for wage moderation. There is great reluctance to state involvement, despite the fact that it is becoming increasingly difficult to safeguard wages and other hiring conditions:

"The calls of isolated voices for Sweden to introduce some kind of universally applicable collective agreements or legally binding minimum wages are falling on deaf ears," Kerstin Ahlberg writes about the situation in Sweden.

"It is my impression that both the trade unions and employers in Denmark are more interested in looking at the Norwegian experience than what people in Sweden are. But they consider introducing universally applicable agreements to be a step back," says Line Eldring.

One explanation to the differences between the Nordic countries' politics on social dumping could be the considerable differences between them in the degree of organisation and in how dominating collective agreements are.

Country	Degree of organisation	Degree of collective agre
Denmark	68	80
Finland	69	90
Iceland	85	99
Norway	52	74

Country	Degree of organisation	Degree of collective agreement cover
Sweden	71	91

2009 numbers, except for Iceland (2011).

Källa: Fafo

Norway has the lowest degree of organisation, while nearly 100 percent of Iceland's labour force are covered by a collective agreement.

There are also differences between the authorities who oversee the labour market. In Finland it is the Occupational Safety and Health Administration and in Norway the Labour Inspection Authority that are responsible for controlling that companies follow wage agreements if they are universally applicable. In Denmark and Sweden these institutions play no such role - wages are the parties' responsibility, nobody else's.

"It is obvious that if authorities have a control function also when it comes to wages, they get a more overarching grip of the issue of social dumping," Line Eldring writes in her conclusion.

There are, however, no simple answers to why Denmark and Sweden, who both leave wage negotiations to the parties, still stand out when it comes to how many people work in the Danish Working Environment Authority and the **Arbetskyddsförvaltningen**. Denmark has 420 inspectors, but in Sweden - with twice the number of citizens - there are only 286.

A common trait, however, is an increased interest in trades that use a lot of foreign labour. This is reflected in the increase in money granted to the Norwegian Labour Inspection Authority and Finland's Occupational Safety and Health Administration.



The employers' lawyer Kurt Weltzien didn't mince his words when the shipbuilder case was debated at Fafo. Defeat - utter defeat was the conclusion.

Norway has its Laval judgement - but this time the union won

On 5 March Norway's Supreme Court passed judgement in what in Norwegian has become known as 'verftsaken', or the shipbuilding case. The judgement has been called the most important win for the Norwegian Confederation of Trade Unions (LO) in recent times. Losing this case could have been as significant for the fight against social dumping as the Laval case in neighbouring Sweden.

THEME

16.04.2013

TEXT AND PHOTO: BJÖRN LINDAHL

The shipbuilding case will probably be called the STX Norway case within European labour law because the South Korean owned shipbuilder was first of a total of nine companies which took the Norwegian state to court in 2009.

"The Supreme Court judgement means all the objections raised against the Norwegian practice of making collective agreements universally applicable have been dismissed once and for all," says the LO's lawyer, Håkon Angell.



Defeat - an utter defeat - reads the overhead picture during Kurt Weltzien's presentation.

Until 2008 there Norway had a system where foreign labour was often hired in through a Norwegian daughter company. The daughter company employees only got jobs if they moved to Norway, and were thus regarded as locally employed.

In reality they were working shifts and were expected to commute back and forth between Norway and their home country. They would stay in barracks while they worked at the shipbuilder's. While the collective agreement for the shipbuilding industry in 2008 secured workers at least 120 Norwegian kroner (€16) an hour for unskilled labour and 126 kroner (€16.8) for skilled labour, only 50 kroner would be left after foreign workers paid for travel, food and lodgings. In reality the foreign workers only made between 70 and 76 kroner (€9.30 and €1.13) an hour.

When the state Tariffnemda (the tariff committee) made the collective agreement universally applicable within the shipbuilding industry, employers were forced to pay the costs incurred by the hired workers by getting to the workplace as well as for their food and lodgings.

Nine Norwegian shipbuilders took the state to court in 2009, with support from the employers' unions the Federation of Norwegian Industries and the Confederation of Norwegian Enterprise (NHO). They claimed making the collective agreement universally applicable was in breach of the EEA agreement.



Bergen Group Rosenberg is one of the eight Norwegian shipbuilders who took the state to court. Photo: Bergen Group

The STX Norway case spent four years in Norway's legal system, with input from the EFTA Court.

Similar to the Laval case

"The shipbuilder case is in many ways as important to Norwegian labour law as the Laval case was for the Swedish, although there are major differences. The largest one is to understand that it was the trade union which won in Norway, and not the employers, like in the Laval case," says Line Eldring at the Fafo Institute for Labour and Social Research, who has done a lot of research on social dumping.

In Sweden, a Lithuanian company, Laval, had won a new contract to renovate a school. The Swedish Building Workers' Union demanded that Laval should pay wages according to collective agreements, and called for a blockade of the company. Laval claimed, with support from their Swedish employers, that Lithuanian wage levels and collective agreements covered posted workers.

The Building Workers' Union lost the case, which ended up in the Court of Justice of the European Union. The Swedish Labour Court forced the union to pay 550,000 Swedish kronor (€65,700) in damages and costs of more than two million kronor (€239,000). The judgement is now being criticised by the ILO.

Within EU employment law the Laval case has been interpreted as if the Court of Justice of the European Union came down in favour of the service providers, and that the kind of demands raised by the Swedish Building Workers' Union were in breach with the principle of freedom of movement. Catherine Barnard described the Laval case as opening up a Pandora's box. She wrote what many consider to be the standard tome on European labour law.

"The court seemed to consider the fact that the company was located in a place with lower labour costs as a comparative advantage, and that that advantage should be protected by the principle of freedom of movement," she writes in 'EU Employment Law'.

If the eight Norwegian shipbuilders and the NHO thought the Norwegian Supreme Court would share the EU court's view, they were mistaken. When Fafo organised a seminar about the STX Norway case, the lawyer for the employers, Kurt Weltzien, kicked off by openly declaring:

"It was a defeat - a complete and utter defeat for the employers," he said.

Law and order

The Supreme Court established that it is within each individual country's jurisdiction to defend the existing negotiation model, as this can be interpreted as upholding law and order.

"There are arguments put forward there which probably are of interest for other Nordic countries. This judgement can become a reference, but the Norwegian judgement will not have any direct effect on labour law in other countries," said Line Eldring.

low wages too, the new member countries wouldn't have a chance," said Jon Erik Dølvik.



Jon Erik Dølvik, Fafo; Pål Wennerås, state lawyer; Liv Kristiansen, LO and Kurt Weltzien, NHO's lawyer, in a debate on the judgement in the shipbuilders case.

When Jon Erik Dølvik, head of research at Fafo, summed up the whole thing towards the end of the seminar, he said the employers had wanted people to feel sorry for the foreign workers who were not allowed to work in Norway because of the tariff committee's decision on universal applicability:

"It seems there is something lacking in the employers' understanding of what the internal market is. They saw the whole thing purely from a business economical perspective. The logic seems to be if only we could pay Romanian wages in Norway, it would be the best way.

"But if new member countries competing in the shipbuilding industry are robbed of the advantage of offering lower salaries, how will they ever 'get on top'?

"The established member countries already have the most capital, technology and skills. If they were to compete on

Denmark increases fight against social dumping

More fines for foreign companies and labour clauses in public contracts - these are the newest weapons in Denmark's fight against social dumping. They will have an impact on social dumping but won't eradicate it, thinks expert.

THEME

16.04.2013

TEXT: MARIE PREISLER

Social dumping is still a major problem in Danish workplaces. That is why the government will tighten the control of foreign companies even further.

From 1 July 2013 the Danish Working Environment Agency can fine foreign companies if they are working in Denmark without the necessary documentation. Authorities will also be given better tools to check whether foreign companies are paying tax to Denmark. And public companies will be using more labour clauses in public building and construction contracts to make sure foreign workers get the same pay and working conditions as Danish workers.

These new measures will help fight social dumping, says Søren Kaj Andersen, who as a labour market researcher and head of the Employment Relations Research Centre FAOS studies social dumping.

"There is no doubt this tightening of the rules will help reduce social dumping. Fines, increased control and recruitment clauses are good tools which will have an effect. Especially when combined with the so-called 48 hour meetings," he says.

The 48 hour meetings were introduced in 2010 as part of the labour agreement within the construction industry. When a Danish labour agreement is not fulfilled, the trade union can call a meeting with the employer within 48 hours. This prevents some conflicts and puts pressure on some foreign companies to sign the agreement.

Joint controls

The new measures are part of a recent white paper from the Social Democrat-led Danish government, which has made the fight against social dumping a central policy. The rules have already been tightened once, and in 2012 the government agreed with the Red-Green Alliance, whose support they need in parliament, to spend 100 million Danish kroner (€13.4m) on initiatives against social dumping until 2016.

The coalition partners already outlined their targeted fight against social dumping in their government platform, and soon after taking office the government published its first measure which would secure faster and more efficient control of foreign companies to make sure they followed Danish rules. Police, tax authorities and the Working Environment Agency were given extra resources to carry out joint controls of foreign companies within the construction industry, in the hotel and restaurant trade, in the cleaning industry and in other sectors where there is social dumping.

The controls are carried out like this:

- The Working Environment Agency checks whether working environment conditions are acceptable, and whether the company follows its obligation to report to the so-called RUT register - the Register of Foreign Service Providers. Since 2008 foreign companies which provide services and post workers to Denmark have been obliged to report various information to RUT.
- Tax authorities check whether the company is following the rules on VAT and other taxation.
- The police checks whether the company's foreign workers have valid work and residence permits.

Further tightening of rules necessary

The new joint control visits to workplaces have demonstrated that foreign companies make many mistakes: rules on working environment and taxation are being broken, there are mistakes in the companies' reporting to the RUT register and some foreign workers are in Denmark without valid work and residence permits.

That's why continued controls are necessary, thinks the Minister of Employment, Mette Frederiksen (Social Democrats):

"In the fight against social dumping it is necessary to get to the bottom of the problem. This is about working environments and about the correct registering of companies. But

it is also about making sure no tax evasion is taking place. That's why we must cooperate across different authorities," the Minister has said.

Faster fines

The new white paper, which is expected to be published before the summer recess, suggests a further tightening of the control of foreign companies. Already foreign companies providing services in Denmark must report a range of details to the RUT register. If they fail to do this, the police can issue fines. But this is a slow process, and often companies have left Denmark before the fine has come through the system.

That is why the Working Environment Agency is now being given a mandate to issue on the spot fines - so-called administrative fines. This has long been desired by the social partners. They welcome administrative fines as an important element in the fight against social dumping.

Tax authorities will be given more resources to control the finances of foreign companies which operate in Denmark for shorter periods of time. Some foreign companies are not correctly registered in Denmark nor in their home country, and are actively seeking to circumvent the rules in order to avoid paying VAT, tax and social contributions.

More use of labour clauses

The government is also tightening the rules on public tenders to make sure the public sector does not contribute to social dumping. Metroselskapet, which is building Copenhagen's metro, has come under severe criticism for using sub-contractors employing foreign workers on very low wages. The government wants to prevent such practices by including labour clauses in contracts to make sure the winning company is obliged to offer its workers wages and working conditions which are in line with collective agreements.

Labour clauses are already a prerequisite for contracts covering state construction work worth more than 37.5m Danish kroner (€5m), and regions and municipalities are being encouraged to do the same. This summer the spending limit disappears. Labour clauses must then be used by all state authorities which are not in competition, e.g. A/S Storebælt, Femern A/S, Energinet.dk, Metroselskabet I/S, DSB and Banedanmark.

More measures yet social dumping remains

The fight against social dumping does not stop here. The government also wants to see whether the control of labour clauses can be strengthened and it will push for a politically binding agreement with municipalities for an increase in the use of labour clauses.

The government has also established a working group to look into whether people who work on building sites can be made to carry ID cards - a solution used in Norway. It is also investigating whether the social partners can be given access to a new EU information system which links the countries com-

pany registers. This system would help trade unions find out where a company is really based.

However, Søren Kaj Andersen warns against believing social dumping can be eradicated.

"Social dumping will remain a challenge and a theme for many years to come. It is a fundamentally attractive proposition for people in many of our neighbouring countries to come here and work, and for employers here to get work done by cheap foreign labour - so any loophole will be exploited," says Søren Kaj Andersen.

Denmark and Sweden worst hit

He considers Denmark and Sweden to be particularly vulnerable to social dumping, because both EU countries lack a legal minimum wage or similar protection. This means social dumping is not illegal, and it makes it extra difficult to fight.

FAOS has published a range of surveys detailing the use of foreign labour in Denmark and social dumping, and the surveys do not leave any doubt about the fact that social dumping is taking place within many different trades. Yet there is no precise definition of social dumping, and it is not clear whether it is on the increase. Most foreign workers in Denmark enjoy the same conditions and earn wages not dissimilar to those of Danish workers, says Søren Kaj Andersen.

New ways of hiring

Social dumping has always existed. What's new is that low paid labour now comes to Denmark from countries which are further away. Earlier Polish, German and Baltic workers typically drove or traveled by ferry to Denmark to work as berry pickers and in breweries. Today cheap air fares mean people from the easternmost regions of the EU can travel relatively easily to Denmark to work.

The way in which foreign workers are hired is also new. Foreign workers used to work for Danish employers. Today an increasing number of foreign workers are posted workers employed by a foreign company, as temporary staff or as sole traders. These ways of hiring might mean social dumping, but not always, says Søren Kaj Andersen.

Sweden: "More social dumping" after easing of labour immigration laws

In December 2008 the law for labour immigration into Sweden for people from outside the EU and EEA was changed. The labour market test was abandoned and today individual employers decide whether there is a shortage of labour. Critics say this means many employees no longer are protected by the law.

THEME

16.04.2013

TEXT: GUNHILD WALLIN

Proponents of freer labour immigration often talk about highly educated computer specialists or other experts who are needed to fill companies' needs for special skills. But since employers have been given the right to define when there is a shortage of labour, in reality far more people than those with special skills are coming to Sweden. Many third-country workers are hired for jobs in the hotel and restaurant trade, in construction and in cleaning jobs. They are often promised conditions which do not materialise.

Slave-like conditions with long working hours, low wages and people being afraid of complaining - this is part of the reality witnessed in many workplaces by the Hotel and Restaurant Union, HRF. It is worried about the level of exploitation it sees, but also about the fact that conditions within the trade are pushed down and that the collective agreement is being undermined.

"It is very good that people come here to get a better life. They help develop our trade and we see an enormous cultural development mostly in the restaurant trade. The problem is that there are powers in Sweden that exploit people who want to come here, and allow them to work in slave-like conditions. We meet employers who don't care about people, only money," says Per Persson, ombudsman at HRF's Stockholm office.

Unannounced visits uncover breaches

Since 2008 the HRF has seen a strong increase in the number of work permit applications from third-country workers, and in 2011 the HRF's eight local offices dealt with over 5,700 work permits approved by the Swedish Migration Board. The union checks that each applicant fulfils the demands on working time, wages and other conditions. Whether that information matches reality is a different story. HRF carries out regular unannounced visits to restaurants to check on the

conditions of third-country workers. In the long term this is to make sure existing collective agreements are not being undermined. In its report 'At any price?', built on visits to 64 restaurants during 2011 and 2012, the HRF document that all the restaurants were in breach of collective agreements because of mispayments of salaries - which were often non-existent or very low. 61 in 64 restaurants were in breach of the agreement's rules on employee protection, working hours and more. HRF describes the fates they encountered and the conditions they want to change.

"We have met people who work 12 hour days, seven days a week with no chance for rest. We have met people who scrape by on 3-4,000 kronor (€360-€480) a month. If they protest they loose their right to stay in Sweden.

"We meet people who have paid vast amounts of money to get here, and once they're here many of them are hardly paid at all. If they complain they risk loosing their job and will then only have three months to find another. This means only a few of them find their way to us, and if they do it is often when they are on their way back home. Only then, perhaps, do they want and dare to talk," says Per Persson.

HRF also witnesses the kind of money that can be made on this trade. Middle-men get paid to help employers fix the practicalities around work permits, and people pay to obtain one. Persson mentions one middle-man who has sent in more than 1,000 work permit applications.

"It costs at least 25,000 [kronor] (€3,000) per application, so we're talking incredible amounts of money. And middle-men don't care about individual destinies," says Per Persson.

OECD's most liberal legislation

Today's law on labour immigration came into force in December 2008. From the start there were many warnings

about the consequences of removing the labour market test which the Swedish Public Employment Service had used to carry out. It meant the employment service would assess the need for labour before employers were allowed to recruit from third countries. The new rules allowed each individual employer to determine whether there was a need for imported labour for his or her particular company or trade. They would then hand in an application to the Migration Board detailing salary, working hours and other conditions. One rule said no-one could earn less than 13,000 kronor (€1,560) a month, because anyone who were granted a work permit should be able to support him or herself. Unions had a say, but had no veto right. Another condition obliged employers to advertise the job for ten days on the European job mobility portal Eures.

This was a change to the legislation which the Confederation of Swedish Enterprise had worked towards for a long time. The organisation's lobbyist was even named lobbyist of the year in 2003 for the work on this issue. The centre-right government coalition also wanted to use the legislation to strengthen the rights of employers to freely define the need for labour, and it voted the proposal through with the support of the Green Party.

Trade unions warned that the new legislation could lead to a trade in work permits and that foreign workers would become far too dependent on an employer, which could lead to labour exploitation. Other organisations too were sceptical about ditching the labour market test. The Institute for Evaluation of Labour Market and Education Policy, IFAU, wanted a clear definition of the term labour shortage, and also warned that workers could become far too dependent on their employer.

A difficult debate

Thord Ingesson, an expert on migration politics at the Swedish Confederation of Trade Unions (LO) specialising in labour immigration, has followed the development before and after the 2008 change to the legislation. He is very critical both to the way in which the law was introduced and to the way it works today. The debate has also been a difficult one. Critics have had to face allegations of being protectionist and anti-immigration, while those in favour of the liberal legislation have had the freedom argument on their side, allowing them to argue that it should be easy to come to Sweden to work and study.

"You couldn't talk about this becoming a problem. Now things have changed," says Thord Ingesson.

He defines the law as a 'complete fiasco' and it has been controversial since the start. Many newspaper articles, TV and radio programmes have detailed the law's effects in the light of the exploitation of third-country workers. As late as mid February this year labour immigration was the subject of a parliamentary debate. From January 2012 there has also been a tightening of regulations within certain trades. In

the hotel and restaurant business employers must be able to guarantee workers' wages for at least three months, and show that they are on top of tax payments.

"The problem is that labour is being imported to areas where there is no shortage, for instance in the hotel, restaurant, cleaning and construction industries. It should be possible to fill LO jobs with some of the EU's 25 million unemployed, and the question then is why should employers have to recruit from third countries? Our impression is that cheap labour is tempting," says Thord Ingesson.

Some say a Swedish work permit is the easiest way to get into Schengen. This has meant the emergence of a business in work permits, and Thord Ingesson says he has seen hundreds of cases where money is involved in the work permit process. He has also heard similar stories from the Swedish church and other aid organisations.

Meanwhile the Migration Board lacks both the opportunity and authority to look closer into the applications which come their way. So far no employer or middle man has been prosecuted for doing business with work permits.

Just like Per Persson at the HRF, Thord Ingesson points out that they are not opposed to regulations which make it easier for people from third countries to come to work in Sweden. They just want to change and improve the rules for how this happens, in order to stop less than serious companies. The job offer must be binding and the employee must also be given the chance to stay in the country for the duration of his or her work permit, even if he or she leaves a job with bad conditions. Trade unions also want sanctions for employers who break the agreement, and the Migration Board must be given a mandate to follow up the decisions it makes.

"The worst thing now are the people who are being exploited and who are struggling to get compensation," says Thord Ingesson.



Veikko Strelnikov and Hanno Kask feel safe working in Finland and have no plans to return to Estonia

Emigration threatens the Baltics

Emigration from the Baltic countries threatens to undermine their entire social structure. Now the Nordic Council of Ministers wants to map the migration and its consequences. NLJ has met two Estonian construction workers who explain why they moved to Finland - and why they don't plan to return.

THEME

16.04.2013

TEXT: CARL-GUSTAV LINDÉN, PHOTO CATA PORTIN

A bright yet cold sun shines over the building site where a house is fast taking shape. The wind from the ice-covered sea is cold. Jätkäsaari is Helsinki's new district where some 15,000 people are expected to move in over the next ten to fifteen years.

For Estonian construction workers Hanno Kask (42) and Veikko Strelnikov (44) there will be jobs to be had for years to come.



Both moved to Finland because Estonia's labour market has remained sluggish, despite the country's high economic growth. There are jobs, but the mix of low wages and prices on par with the rest of Europe doesn't add up.

"I worked for customer relations at a Tallinn casino and made just over €500 a month, but they cut my salary by 25 percent," says Veikko Strelnikov. The money was not enough. He caught a ferry across the Gulf of Finland, a journey of less than two hours, and today he and his family live in the city of Vantaa.

His children are in school and his wife is learning Finnish to prepare for working life. Estonian is related to Finnish, yet they are two different languages.

Hanno Kask, whose adult son lives and studies in Estonia, experienced the same thing when living and working in Tartu, Estonia's second city. The salary of 2,000 Estonian kronor - around €130 - was nothing to shout about. Friends told him there was work to be had in Finland.

No going back

Neither plans to move back to Estonia as they don't believe things will improve anytime soon. It is commonly believed that the income level will meet costs within 10 to 15 years, but the financial crisis which started in 2008 seems to have made the gap even bigger.

Nearly a fifth of the population live in poverty on less than €300 a month, and 23 percent just manage to break through the poverty line with the help of social benefits.

But prices are steadily rising.

"Only spirits and tobacco are cheaper in Estonia, and rent, but minimum wages are around €300-400," says Veikko Strelnikov.

Equal conditions

Their Finnish employer has a contract with construction firm NCC. The hourly wage is around €12, which means their monthly salary is six to seven times higher. The salary is linked to the collective agreement and the benefits are the same as for their Finnish colleagues. But both workers say their job security is higher because the employers value hard-working Estonians.

"They see that Estonians work a bit harder because they don't want to lose their job," says Hanno Kask.

"The Finns take it a bit more easy," adds Veikko Strelnikov.

"And if you're a good worker you get more work and are allowed to work overtime too."

We talk about social dumping, but it doesn't seem to be a talking point among Estonian construction workers. Last December Estonia's Supreme Court decided those employed

by Estonian companies while working in Finland have the right to salaries and conditions in line with Finnish collective agreements, which is completely in line with EU rules.

"They made only eight euro when they really should have been paid around twelve according to the agreement," says Hanno Kask, shaking his head.

"It was absolutely correct," he says about the judgement.

Active union

The Finnish Construction Trade Union has also been very active and conducted raids at hundreds of workplaces in recent years to investigate whether salaries and conditions are in line with the collective agreement. It has been a fruitful fight even though abuse is still uncovered.

The building site is next to the terminal where ferries from Estonia land. As we bid farewell - "nägemist" in Estonian - a boat from Estonia's Tallink shipping company has just offloaded its cargo of Estonians on their way to Finland. Many of them are looking for work - and a better life - just like Hanno Kask and Veikko Strelnikov. Immigration to Finland is increasing, especially after the 2006 introduction of the free movement of labour. Officially some 30,000 Estonians live in Finland, but in reality there are many more, as many are weekly commuters.

On the other side of the gulf there is great concern that the country is about to be emptied of its employable population as Estonians are moving to Finland, Sweden, Norway and Germany - countries where there are jobs.

Nordic project

Now the Nordic Council of Ministers has initiated a project to map how large migration from Estonia, Latvia and Lithuania is, and what its consequences are. The risk is a demographic depletion which could lead to long-term social and economic instability. A rapidly ageing population, widespread poverty, brain drain and a euro crisis is not a good combination. It is estimated Estonia needs 140,000 new workers by 2019, but right now migration is going in only one direction.

"First we aim to sort out existing information, facts and migration figures for the Baltic countries," says Berth Sundström, head of the Council of Ministers' Estonian office.

"Based on that the decision makers can make the necessary decisions."

"What must Estonia, for instance, do to tackle its pretty dire demographic data? The freedom of movement is good, but there's a flip-side to the coin."

Sundström doesn't rule out that Finnish experts will move to Estonia instead, where there is a great need for IT engineers, while Nokia fires thousands in Finland.

How do you make Estonia interesting?

One problem is that the country has made it very difficult for immigrants to settle.

The project started in early March with a seminar for researchers and decision makers in Tallinn. This also marked the beginning of Sweden's Presidency. Seminars will also be held in Lithuania and Latvia.

Everyone's a winner

Berth Sundström says social dumping was not on the agenda during the first meeting of experts.

“This is more a problem for the Finnish trade unions, but not for Estonians. They work here for a week to ten days and spend their money in Estonia. They take their purchasing power home with them.”

Berth Sundström thinks the Finnish gulf commute should be compared to that of the Öresund region of Sweden and Denmark: it is a win-win situation where both parties are winners in principle.

ILO critical of Sweden's handling of the Laval case

Sweden's Labour Court and "lex Laval" comes under severe criticism from the International Labour Organisation, giving the Swedish government plenty of food for thought.

NEWS

16.04.2013

TEXT: KERSTIN AHLBERG, EDITOR EU & ARBETSRÄTT

The government must also decide whether to accept the European Commission's criticism of Swedish rules on fixed-term work, or risk being taken to the Court of Justice of the European Union.

The ILO's Committee of Experts each year investigates member countries' reports on how they implement the ILO's conventions, in this case convention 87 on the freedom of association and protection of the right to organise. The criticism aimed at Sweden partly covers changes made in the legislation on the posting of workers since the EU Court of Justice concluded the Swedish Building Workers' Union and the Swedish Electricians' Union were in breach of EU law when they blocked the Lithuanian construction firm Laval from a site in Sweden. It is also aimed at the Swedish Labour Court's final ruling in the Laval case.

Big fines

The Labour Court sentenced the two trade unions to pay 550,000 Swedish kronor (€65,700) in so-called general damages plus interest and legal costs to Laval's bankruptcy estate. The Committee of Experts says this constituted a severe breach of the freedom of association, and it recommends the government compensates the Swedish Building Workers' Union and the Swedish Electricians' Union for what they were forced to pay. The industrial action was fully legal according to Swedish law when it was taken, and at the beginning of the conflict even the Labour Court gave the unions a green light to continue their blockade.

The committee also has concerns over lex Laval, i.e. the limitations put on the right to strike which was introduced in the law on posted workers in the wake of the EU Court of Justice's judgement in the Laval case. This allows foreign companies to send workers to Sweden without entering into any binding agreements whatsoever on wages or other employment conditions. All they have to do is 'show' that they broadly offer their employees the same conditions as the minimum conditions agreed in Swedish collective agreements.

Even in cases where the posted workers are members of Swedish trade unions, which is increasingly common, the union cannot demand that the employer signs a collective agreement for the workers. However, the expert committee writes, foreign workers shall enjoy the right to be represented by the trade union of their choosing in order to safeguard their interests, and the trade union they choose shall have the right to defend their members' interests, which in the end includes the right to take industrial action. The committee therefore encourages the Swedish government to review the changes to the law on posted workers to make sure trade unions representing foreign workers are not restricted in their rights simply because of the company's nationality.

Different interpretations

The question is what happens now. The recommendations from the Committee of Experts are not binding per se, but are usually regarded as a guide. This has also long been accepted by governments, trade unions and employers' organisations. But in the mid 1990s the first signs of disagreement on what the committee can and cannot do emerged. The disagreement came to a head in the summer of 2012.

Employers now claim that the committee has no right at all to an opinion on the right to strike, because ILO rules do not include the right to take industrial action. Therefore the committee is interpreting issues which are not covered by its mandate. The ink on this year's expert committee report was barely dry before the Confederation of Swedish Enterprise published an article making that argument. The employers' conclude that the government does not have to take the committee's opinions on the right to strike into account.

Yet despite all this, it is no doubt problematic for a government which wants to protect trade unions' freedoms to be criticised by the ILO's Committee of Experts.

And while the government is considering all this, it has also been dealt a final warning from the European Commission

to change the rules on fixed-term work in Sweden's employment protection legislation. The Commission argues Swedish employers can hire people on temporary contracts in perpetuity without ever offering workers permanent positions. This would be in breach of the EU's fixed-term work directive.

Government position unclear

The government's position has been vague, to say the least. In its answer to the Commission the government claims the Commission is wrong. Nevertheless, in 2011 the Ministry of Employment presented a proposed change to the legislation. This was met with fierce criticism and later withdrawn. In the summer of 2012 the Ministry presented a new proposal. It was admitted in that memorandum that there was a risk of misuse, but this has not led to any changes either. In January this year the Minister for Employment, Hillevi Engström, said in an interview that the government had decided not to propose any changes, as this might deteriorate the situation in the labour market.

The European Commission is now tired of waiting and has told the government to present an answer by 22 April: is or is it not considering changing the Swedish employment protection legislation? If not, the next step could see Sweden facing the European Court of Justice.



"I hope this conference will give a strong message of determination and a recognition of the extreme gravity of the crisis, it is an extremely grave crisis. We have to be up to the challenge," says Guy Ryder, ILO Director General

ILO: Europe's youth must get jobs and regain their confidence

The ILO will help put the youth guarantee into practice and make sure €6bn granted by the EU will be used to get Europe's youth into work. The ILO will play a stronger role in helping crisis-hit European countries to improve the economic, social and political consequences of the crisis and to reestablish trust in the countries.

INSIGHT

16.04.2013

TEXT: BERIT KVAM, PHOTO: BJÖRN LINDAHL

Youth unemployment was the key issue during the informal meeting of labour ministers at the ILO's 9th European re-

gional meeting in Oslo from 8 to 11 April. The consequences of Europe's crisis was highlighted under the title 'Jobs,

growth and social justice'. The Oslo meeting concluded that the ILO should be given a stronger role in helping countries overcome the crisis, in accordance with the ILO's own expectations.

More than ten million Europeans have lost their jobs since the crisis struck in 2008. The number of unemployed Europeans is now 26 million. Worst hit are young people and people with low education. On average nearly one in four youths in the EU are unemployed. In some places youth unemployment is nearly 60 percent. This means it is more common not to have a job than to have one.

"I hope this conference will give a strong message of determination and a recognition of the extreme gravity of the crisis - it is an extremely grave crisis. We have to be up to the challenge, not just the ILO but our constituency; governments, employers and employees," the ILO's Director General Guy Ryder tells the Nordic Labour Journal on the conference's penultimate day.

Youth unemployment in Europe was a central area of debate during the informal meeting of labour ministers. EU countries came to a political agreement earlier this year to introduce a youth guarantee. Measures designed to fight youth unemployment has also been discussed by the EU Commissioner for Employment, Social Affairs and Inclusion, Lázló Andor, and the ILO's Guy Ryder, who thinks this is an example of an area where the ILO can contribute more:

"The challenge today is to implement [the youth guarantee] at a national level to turn the money and the intention to get young people into work into concrete practical efficient schemes. That was something that was discussed in the informal meeting on Monday evening.

"The ILO can help link expertise on a European level to national experiences. Together with the EU and the member countries, Europe's governments, employers and employees, the ILO can contribute with concrete and efficient solutions on a national plan," says Guy Ryder.

No-one in denial about the crisis

More than half way through the conference he says the Oslo meeting's debates have drawn in many participants, the room has been full. The meeting has been of an informal character, participants have spoken very honestly, very straight and with great engagement. 34 ministers of labour or vice-ministers along with trade union and employers' representatives have been participating.

"It is also worth noting that not one of those addressing the conference has been in denial about the crisis," says the ILO's Director General, Guy Ryder.

In the six months since he took on the ILO leadership he has underlined that the crisis demands ILO to take on a new and active role in labour market politics. He now wants mem-

bers, both governments and employers' and workers' organisations, to clearly say in which way they want the ILO to contribute in the face of the crisis. Without wanting to pre-empt the conference's conclusions, he presents a few ideas:

"I think the ILO needs to be much more involved at a national level in addressing labour market challenges, I think we have a role to play," he says, and gives an example:

"When the troika went to Greece and helped with all of the labour market reforms there, I think that if the ILO had been involved a better job would have been done. And that is logical, because we are the organisation that knows about labour markets. The troika doesn't have the same expertise."



The EU Commissioner for Employment, Social Affairs and Inclusion, Lázló Andor, tells the Nordic Labour Journal he does not quite agree that the ILO is not being involved. Guy Ryder also confirms that the ILO will take part in a seminar on the social dialogue in Greece along with the EU Commission.

"It's to try to have governments, employers and workers to sit together and talk about the challenges ahead. We've been to Ireland, we are going to Portugal, we are going to Spain and we are going to Greece."

The ILO's new role

Tri-partite cooperation and social dialogue is core to what the ILO is doing. Social dialogue should help the partners find solutions together. Here the ILO's Director General thinks his organisation can intervene and get involved on a national level.

"One of the victims of our crisis in Europe has been social dialogue, but talking together is always better than forcing solutions on people," says Guy Ryder and holds up Greece as a good example.

"In Greece the social dialogue system is broken, quite simply, so when we go to Greece in June with the European Commis-

sion our job is to start to put the process of social dialogue back together. I could say the same in Spain. Spain has very strong traditions of social dialogue, but they don't operate very well today, not at all. I could say the same about Portugal. In Ireland, there is social dialogue. It is a changed system of social dialogue, it is simply reorganised because of the crisis, but it is still there."

Guy Ryder's ambitions for the ILO's new role is to get closer to members on a national level, but also to deepen partnerships on a regional level. The ILO wants to help set the political agenda on labour issues, and to talk to institutions which have a lot of influence on what is happening in Europe, like the IMF. The conference speakers have not been invited by coincident. They are the EU Commissioner for Employment, Social Affairs and Inclusion, Lázló Andor, the European Commission Vice President, Olli Rehn, Deputy Managing Director of the IMF, Min Zhu, Secretary General of the OECD, Angel Gurría, Secretary General of the European Trade Union Confederation (ETUC), Bernadette Segol and of course senior members of Europe's employers' organisations and heads of government like Norway's Prime Minister Jens Stoltenberg, who represents the host.

"So we need to work at two levels: the regional with international organisations, but also with direct nation intervention, with social dialogue as a method."

Social dialogue promotes trust

Countries with a successful social dialogue have clearly been the ones that have been able to best withstand the crisis in Europe: look at Austria, the Nordic countries, not least Sweden has done well when it comes to minimising the effects of the crisis. Now more countries are negotiating new labour market reforms based on social dialogue. France yesterday, the Netherlands is going through it right now.

So a lot is happening, he maintains. An impending strike in Norway the following week also became an talking point among those who arrived on the Sunday evening:

"But they talked to each other. Sure enough the next day it was done. It was a solution. I thought it was an important reflexion of the way this Nordic model works. People look for solutions together. Institutions exist, the trust exist, and it seems to work very well."



Guy Ryder, ILO, Prime Minister Jens Stoltenberg and Angel Gurría, OECD

Prime Minister Jens Stoltenberg underlined in his speech on the Monday, as did the leader of the Norwegian Confederation of Trade Unions, Roar Flåthen, that despite what many believe Norway does have a flexible labour market, albeit within a well developed welfare system. This balance between flexibility and safety, or the lack of balance, has coloured this conference, says Guy Ryder.

Flexibility and safety

"Sometimes it is this dichotomy, it's either austerity or it is jobs and growth, it's either flexibility or it is security. I think we are struggling for ways at a European level to reconcile and combine these different objectives. It is legitimate to want public finances in balance, and it is legitimate to want people in jobs and to get economic growth back. We have to find ways that bring us to objectives together, and I think the Nordic Model gives important signposts, because you have combined flexibility in the labour market with security and good working conditions - so these don't have to be opposites."

This is also a question of trust?

"Yes, like Mr. Gurría, Secretary General from the OECD, said: trust is a very important commodity. And I think he is right. I think the crisis has reduced levels of trust in our society and that has to be rebuilt."

According to the OECD investments in active labour market measures have fallen by 21 percent during the crisis. What do you make of that?

"It's worrying. We understand that savings have to be made. But we have to be smart about the way we invest money and a good way to invest public money is in the type of active labour market policies which can put people back to work. It is not a cost, it's an investment."

After two and a half days of conference, are you any closer to a solution to the crisis in Europe?

“I don’t think the European crisis will be solved in Oslo in three days, but I think this meeting has moved us forward, although we have an awful lot more work to do. There are controversies. What is the right balance between structural reform on the labour market? You hear the employers say we need to do much more, you hear workers [say] some of the reforms that have been introduced have undermined workers’ fundamental rights. As Norway’s Minister of Finance Sigbjørn Johnsen said: This is not God’s work. Human decisions were behind the crisis, and they can be changed. The ILO wants to contribute to that change.”



Greenland's new government wants to focus on reconciliation and forgiveness with its old colonial power Denmark

Greenland's new leader inspired by Mandela

Greenland politics is literally on the move after the 12 March elections. Boxes, lever arch files and personal belongings are strewn around corridors of the devolved government in the centre of Nuuk, while newly elected members move into their new offices, and meeting rooms are changing owners.

PORTRAIT

16.04.2013

TEXT: MADS DOLLERUP-SCHEIBEL, PHOTO: JACOB EHRBAHN NTB SCANPIX

Because of the temporary mess leading up to the inaugural meeting of Greenland's parliament Inatsisartut on Friday 5 April it takes a bit of time to find the country's first lady, Aleqa Hammond, in the hallway.

She has no office at the moment, but we manage to find a spare sofa so we can carry out the interview in relative peace.

Aleqa Hammond has written herself into Greenland's history in several ways. She got a record 6,818 personal votes, and she is Greenland's first female Prime Minister.

These days she is about to get used to this new reality.

"Voters are expecting a lot from me, and that makes me very humble. And I know a lot of responsibility comes with the backing I have got," says Aleqa Hammond, who is also aware of the significance of being Greenland's first female head of government.

"Female members of parliament have become commonplace. And we are not fighting to achieve political equality with men. We have got it. And now a woman has also got the

highest political position. The people have spoken: we are ready for a female leader. For that I am honoured," says Aleqa Hammond.

More equality

The new government coalition, which in addition to Aleqa Hammond's social democrat Siumut party comprises the centre right Atassut and the new, nationalist Partii Inuit (the people's party), was ready just before Easter.

The main political issues right now are the classical social democratic virtues of the Nordic welfare state: creating more jobs, not least in smaller communities. Trade unions must be given the right to negotiate when major raw material projects are being developed. And Greenlanders must not be shut out from jobs in future big industry projects, even though they mainly speak in their own native tongue.

Reconciliation

On a more principled level the South African freedom hero Nelson Mandela has indirectly left his fingerprints on the coalition agreement 'Unified country - Unified people'. The coalition has made reconciliation with and forgiveness for the old colonial power Denmark central to its political programme.

This is directly inspired by the South African process which started in 1994 as the much hated Apartheid rule was disbanded.

Aleqa Hammond has been inspired by Nelson Mandela's book 'Conversations with myself' from 2010, which she has just finished reading.

"The book made me aware of how important it is to put a people's mental liberation process into words and action. And you need a government behind this process which understands why it is important," explains Aleqa Hammond, who underlines the main point of this process.

"This is not about a war between two countries or a liberation. It is about reconciliation, understanding and respect for the desires we have as a people. And it on this Mandela's book has touched me deeply and given me inspiration for how we can do it," says the Prime Minister.

Independence

She points out that a process of forgiveness and reconciliation is important when Greenland is about to tear away from Denmark and in the long run become a completely independent nation state. Over time Greenland has gradually moved towards a more equal relationship with Denmark. First came home rule in 1979, in 2009 came autonomy. And when Greenland is ready, a range of government processes can be transferred from Denmark.

But concrete changes which have been agreed are one thing. Something altogether different is the mental process.

"Much of our thinking and many of our actions in many ways mirror colonial times and their aftereffects. I have experienced this myself with my mother. She would never contemplate to contradict a Danish person, because it was they who decided everything. I grew up during home rule. The mental difference means I have no problem contradicting a Dane and to contradict the Danish government," says Aleqa Hammond and points to the next step in the mental process.

"We are talking about building a nation on a mental level. We will stand up as a people and demand what is rightfully ours. We will take responsibility for ourselves and for our families. And as politicians we will take responsibility for our country," says Greenland's political first lady.

The forced relocation

What should Denmark be forgiven for?

"There are many things. We share a history with Denmark which is not necessarily rosy. Take the forced relocation of the Thule population in 1953. That was demeaning and it sits deep in us. But many cannot put this into words. It is still tabu. Yet we shall dare to put words to it - also politically to Denmark. We have a shared history which puts commitments on both parties, and we shall be able to forgive each other for the negative actions," says Aleqa Hammond, who also dismisses those who say the Thule issue has been properly dealt with - even though it was heard by Denmark's Supreme Court 10 years ago, and the locals ended up with a small compensation.

"The issue was raised by an NGO, and not by the government. In this context it is important to have a government which acknowledges that there are certain questions which are important to raise," says the Siumut politician.

What must Denmark do in this process of reconciliation and forgiveness?

"We can strengthen the ties between Greenland and Denmark in a new way. Politically we need understanding and respect for our desire for increased autonomy and to use our own language. We could also have debates on Greenland's and Denmark's roles in The Danish Realm. We can do more to create trade agreements, cultural agreements and joint educational initiatives, for instance by using scholarships, just like we can strengthen cultural links with musical and cultural events, simply down to earth events where reconciliation can blossom and where we can strengthen our common understanding," says Aleqa Hammond.



It's the female employees in the banks with direct contact with the customers who feel worst after the Icelandic bank crisis.
Photo: Landsbanki

Iceland: Banking staff face health problems after crash

The health of banking staff has deteriorated since the 2008 Icelandic banking crash. Those who lost their jobs and found new ones are doing better than those who stayed in their original jobs. The number of bank workers visiting health clinics doubled between 2008 and 2012.

NEWS

16.04.2013

TEXT: GUÐRÚN HELGA SIGURÐARDÓTTIR

Banking staff who witnessed colleagues losing their jobs while keeping their own are doing less well than those who were made redundant and later found new jobs. Those who have been forced to go through major changes in the workplace are also doing very badly. They are anxious, feel serious concern and suffer from lack of sleep and depression.

These are the results from doctoral student Ásta Snorradóttir's research into Icelandic bank workers' health in 2008 and 2011.



A large majority of the banking staff are women who have face-to-face contact with customers. The women are on average older and have a lower education compared to male staff. Staff with a higher education are mainly men.

Banking staff with university degrees felt insecure at the beginning of the crisis because most of those being made redundant had a university education. Those with a higher education now feel less insecure because the banking sector has regained a certain balance. But people with a lower education are concerned and still worried about losing their jobs.

Men have suffered less than women. Ásta Snorraddóttir says her study shows female banking staff have been doing badly both in 2008 and 2011. She says more men than women got new jobs quickly.

Friðbert Traustason is the chairman of The Confederation of Icelandic Bank and Finance Employees, SSF. His figures show banking staff's health has deteriorated in recent years.

The number of bank workers who have visited health clinics has doubled between 2008 and 2012. The number of SSF members who have received psychological treatment has increased by 50 percent in the same period. The number of members who have seen a physiotherapist has also increased by around 50 percent. Performance targets have increased. Banks now expect staff to finish their work tasks during normal working hours - they are not allowed to work overtime.

Friðbert Traustason says there are fewer banking staff today than in 1992-1993, while the workload has increased considerably. This leads to extra stress for those who are left when colleagues lose their jobs.

"They ask themselves: who not me? And that creates stress and a feeling of guilt which can be hard to handle," says Traustason.

Friðbert Traustason is critical of the government which talks about protecting women's jobs. He says these are primarily jobs in the health and education sectors, not finance.

"The government is not defending women's jobs in the financial sector. This is strange since banking staff after all have slightly better wages than women working in the health sector and in schools," says Friðbert Traustason.

There have also been cuts in municipal budgets. Doctoral student Hjördís Friðbertsdóttir at the University of Iceland has looked at the health among municipal workers and says they too are doing less well than before.

"Sick leave has increased since the crash, but the conscientious turn up to work even when they are ill. They don't want to increase the pressure on colleagues," says Hjördís Friðbertsdóttir.

Swedish Pension reform

Working environment one important key to get Swedes to work for longer

On 9 April the Swedish pension group presented its final report 'Measures for a longer working life'. As we live longer we need to work for longer, and the review recommends establishing a flexible 'a recommended retirement age' for pensions, linked to life expectancy.

NEWS

16.04.2013

TEXT: GUNHILD WALLIN

"This is truly one of our time's most important public reviews," said the Minister for Social Security, Ulf Kristersson (the Moderate Party) when he presented the over 500 pages long public review alongside rapporteur Ingemar Eriksson.

It is exactly one hundred years since Sweden's first pension reform was presented. Back then life expectancy was 59 years and the retirement age 67. Today Swedes' life expectancy is more than 81 years, which puts pressure on the pension system. Pensioners are increasing in numbers and the relation between the number of people in work and people drawing pensions has shifted. There were several major pension reforms in Sweden in the 1900s. In 1959 came the ATP reform which stated the 15 best working years out of 30 would count towards people's pension. In 1976 the retirement age was lowered.

"This was part of the 1900s great project - to reduce the part of life which is spent working. I believe that is a bygone era," said Ulf Kristersson.

Success story changes requirements

The suggested changes are, according to the Minister for Social Security, really the results of a success story, a consequence of the successful welfare policies of the 1900s which created the historically unique situation where the number of people living past 100 years has surpassed the number of deaths in young children. But if we live longer we must also work for longer.

"If not our pension levels fall short, the burden of supporting pensioners becomes unreasonable and the financing of welfare comes under threat", says the review. So the gist of the conclusion from the pension review is that we need to find

different ways of making it easier for older people to work for longer, and the report suggests some 50 ways of doing this.

The review introduces a new term; 'a recommended retirement age' to be used instead of the traditional retirement age. The recommended retirement age is linked to life expectancy. It should be a no-choice alternative for those who want to achieve an acceptable pension level. Age limits will therefore be increased for various types of pension pay and other benefits. Today people have a legal right to work until they turn 67. That will rise to 69. It is also possible to draw occupational and private pensions after the age of 55. From 2017 this will rise to 62. The previous limit for the earliest possible drawing of old age pensions will also increase from 61 to 62 in 2015, and to 63 from 2019. The age limit for the so-called guaranteed pension rises from 63 to 65, and the same applies to sick benefits and more.

65 has long been the benchmark for retirement and it is indeed the age at which 80 percent of Swedes stop working. But society has an outdated view on old age, the review claims.

"Age is not a good measurement of employability and health. We cannot have rules which remove people who are healthy. Our task is therefore to change the way retirement works," said rapporteur Ingemar Eriksson.

A plethora of proposals

Getting people to work past 65 is about more than economic incentives. There are other obstacles preventing people from staying in work into older age, the review notes. So how do you change a well established behavioural pattern? How can people manage to stay in work for longer?

One idea is to improve work environments. The Work Environment Authority should be given more resources to work

with measures which help older people manage to stay in work, but also to inform and spread knowledge about what older people can do in the labour market. There is also a plan to do more research on which factors push some older workers out and what makes others stay. Strengthened legislation will continue to protect against age discrimination, and older people will be given more opportunities to improve their skills for longer into their careers. This could allow them to change jobs or develop their existing career.

One proposal is to grant people aged between 55 and 57 a 40 weeks student loan. Older students should also be given so-called economic enhancement grants. Yrkesvux (an adult vocational training programme) and Komvux (adult education run by municipalities) should create courses for older people, and job centres should also be giving career advice for older people. Another proposal includes using tri-partite negotiations to explore the possibilities for creating more flexible working hours.

Pragmatic history

The review is now under consideration and politicians and different parties will have their say. Ulf Kristersson hopes the review, which has been carried out within the framework of existing pension agreements, will lead to exciting and constructive debates. Pension agreements in Sweden are usually arrived at in relative calm, and this has been noticed internationally, says the Minister for Social Security.

“In the spirit of Swedish pragmatism we have managed to arrive at a large pension reform with broad political support without any general strike, disruptive demonstrations or overturned trucks. Our hope now is that the review will lead to a long debate and become the platform for good reform work,” says Ulf Kristersson.