

**News**

Job prize to get more Danish long term unemployed into work

**Comments**

Old people and politics

**Portrait**

Þorsteinn Víglundsson: Legislating for an equal pay standard

**News**

Norway in legal pickle over Posting Directive

Feb 05, 2017

# Theme: The 100-year-wave hits the Nordic labour market



Newsletter from the Nordic Labour Journal 1/2017



**NORDIC LABOUR JOURNAL**

Work Research Institute Oslo and Akershus University College of Applied Sciences, Postboks 4 St. Olavs plass, NO-0130 Oslo

**PUBLISHER**

Work Research Institute, HIOA, commissioned by the Nordic Council of Ministers.

**EDITOR-IN-CHIEF**

Berit Kvam

**EMAIL**

njeditor@gmail.com

**WEB**

www.arbeidslivinorden.org

An email edition of the newsletter can be ordered free of charge from [www.nordiclabourjournal.org](http://www.nordiclabourjournal.org)

ISSN 1504-9019 tildelt: Nordic labour journal (online)



**Contents**

Old people and politics ..... 3

Refugees bring new life to Finnish Punkalaidun, known for its coffins ..... 4

Vappu Berggren: Of course the world has changed in 100 years..... 9

"The welfare model is vulnerable to high levels of immigration of adults with low skills levels." ..... 12

Faroe Islands heading for dream target – 50,000 citizens ..... 15

Municipalities could be saved by newcomers ..... 19

Newcomers one of the solutions to the need for labour ..... 22

Porsteinn Víglundsson: Legislating for an equal pay standard ..... 24

Job prize to get more Danish long term unemployed into work..... 27

Norway in legal pickle over Posting Directive..... 29

# Old people and politics

The Faroe Islands want to tempt women to move back home. There is a female deficit. Like in many more remote areas in the Nordic region, there is a demographic imbalance. Young people are drawn to urban areas, and the older grow older still. Can migrants fill the holes in the labour market as the health and care sectors' responsibilities grow? "The hundred-year-wave hits the Nordic labour market" is this issue's theme.

## COMMENTS

02.02.2017

BY BERIT KVAM

Finland celebrates its centenary in 2017. One month after the birth of the nation, little Vappu was born in Punkalaidun. "Turning 100 is nothing special. It is when you child turns 73 that you realise you are old," she tells our correspondent Bengt Östling. She stopped going to the gym at 97, and now needs a walking frame and home care three times a day.

30 percent of the Punkalaidun residents are over 65, the pensionable age in Finland. The country's average is 20 percent. Politicians in rural areas are now trying to get new residents to settle in the villages. Punkalaidun is one of the small municipalities which struggle to maintain a population of 3,000 people. Refugees have become an invaluable resource both in the labour market and for the local environment.

The Faroe Islands will soon count 50,000 citizens. A longed for milestone. Politicians have poured resources into transport, road and tunnel construction, to make it easier to move between the islands. In this way they have managed to tempt men into jobs in their home country. But other measures are needed to tempt educated urban women to move to remoter parts of the Nordics. The population of Greenland is shrinking. On 20 January Sweden, the most populous of the Nordic countries, passed 10 million citizens after a dramatic population rise. In 13 years the country went from nine to ten million people, while it took 35 years to go from eight to nine million.

The total Nordic population is now 26.5 million people. Urban areas are seeing the largest growth. Which problems does that cause? Our greatest challenge going forward is not the refugees, but how we recruit labour, says the head of integration in Krokombö municipality. Together with neighbouring Åre municipality in Sweden, she is racing to get refugees into work. She is convinced they need to succeed with integrating newcomers in order to meet the future need for labour.

Many immigrants are needed to solve the generation challenge. Migration helps, but it is but one of the solutions to the future labour needs, says Nordregio's Timothy Heleniak, who together with Nordic colleagues recently finished the project 'Demography and welfare'.

The demographic challenges include finding the right balance between genders, young and old, births and deaths, immigration and emigration. These are complex issues which are difficult to measure and to predict. Sweden's rapid population growth only hints at the unpredictability of the estimates, as we show in this month's Theme.

Like the Faroe Islands need women, rural areas like Punkalaidun and Krokombö need to attract new residents. If nothing is done the more remote places will lose the competition for labour.

Timothy Heleniak is onto something. There is a need for a plethora of measures, not least improved methods for how to validate newcomers' skills. There is a need for jobs and a social life, and like the Faroese they need to work to get the women back to the remoter parts of the Nordics.





## Refugees bring new life to Finnish Punkalaidun, known for its coffins

The road to Punkalaidun is beautiful, but treacherously winding and slippery in the wintertime. This is far out into the countryside. The municipality is more than 150 kilometres north-west of Helsinki.

IN FOCUS

02.02.2017

TEXT: BENGT ÖSTLING, PHOTO CATA PORTIN

The road name "Taikayön tie" alludes to magical nights when anything can happen. For hundreds of refugees the dream has already become reality. They have been selected as quota refugees to come to Punkalaidun.

The first Finn they meet is often Maarit Tiittanen. She is the municipality's only employee at a project which is unique in Finland. She meets them at the airstrip, drives them to their new home, helps install them in a completely new world, creates networks which make a new start possible.

For the Burmese, Syrians or Ethiopians, the most common nationalities, most things are new. There are many practical things to learn, in addition to the need for learning to read and write Finnish very quickly, in order to get a job and Finnish nationality.



*Maarit Tiittanen and Shady Almohamed from Syria.*

The municipality also houses a refugee centre, with space for 200 asylum seekers waiting for protection in Finland. The municipality owns the house where the Red Cross is running things. Not many stay there for longer than necessary. Many of those granted asylum want to move to the capital region. Those who are refused asylum are expected to leave the country.

That is a very topical issue in Finland following last year's large stream of refugees. There is also the question of who looks after those who after all will be staying. That can also become a task for Maarit Tiittanen. But her job is already vast, with the nearly 100 quota refugees.

### **Moving away**

Punkalaidun definitively looks like a prosperous agricultural municipality, even in the middle of winter. Large areas of arable land. Milk production. Pig farms. Some sheep farms. Well tended farms. But there are also empty, derelict houses. A lot has happened to the municipality.

Even before Finland joined the EU, the small farms started disappearing and the fields were divided up. There were no jobs in the cities. Sweden attracted labour. Finland devalued its markka currency by 30 percent.

In just one year towards the end of the 1960s more than 40,000 Finns moved to Sweden. They also left Punkalaidun. Only a few returned.

The municipality is now worryingly close to having no more than 3,000 citizens. There has been an annual fall of some 50 people. In this place the dying have for many years outnumbered the newly born.

A few years ago Punkalaidun nearly gave up and was preparing to merge with the neighbouring municipalities. But the municipal council said no. All this might explain why the refugees are so welcome.

### **“The Punkalaidun model”**

Punkalaidun has got several awards for “exemplary promotion of ethnic relations”. The municipality is already in its second EU LEADER programme. First, an integration model was developed through the project 'Immigrants to the countryside;' from 2011, later it continued with 'Immigrants and everyday life in the countryside' which develops integration and service.

For several years now, the municipality has accepted quota refugees and developed its own integration models. These have included creating networks for lectures, the third sector and the municipality, so that the newcomers can get an education, jobs and help to get going.

### **”Made in Finland”**

One of the municipality's largest employers is SHT-Tukku, the company which makes and imports everything that Finland's funeral bureaus need. Flowers, decorations and coffins. The factory employs around 100 carpenters who build a vast array of coffins, but who also make toy furniture and other wooden produce.

Most Finns want cloth covered coffins in cheaper wood, but here they also make many other models. The newest one is a boat model designed by Risto-Matti Ratia, for the last journey.





In the factory the workers' background or belief does not matter. Kyi Kyi Kying is one of the

Burmese quota refugees who has found work here. Her family came from Burma's refugee camps in 2008 and after a few years got an education, their own house, jobs and Finnish citizenship.

She proudly puts the flag logo in place which signifies that the coffin she decorated is of the best Finnish quality. She has represented the Punkalaidun model several times, serving as an example of how successful integration can work in the countryside.

### Everybody needs one

SHT-Tukku are behind a sizeable part of Finnish coffins. There are a few hundred smaller factories and some Chinese cheap imports.

"Here you are proud of your handiwork and rarely think much about the fact that dead people will be put in these coffins," thinks Jari Leminen. Most people need coffins, regardless of their faith.

Around ten of the current employees have foreign backgrounds, a welcome addition to the staff. Jari Leminen chooses his words carefully. He chooses the best skilled people, regardless of nationality or heritage.

He has not heard any of the criticism which sometimes is found in Finland about "foreigners coming to take Finnish people's jobs". It is not true, either. Refugees are considered to be a resource here. That seems to be the common view among businesses. Yet so far the immigrants do not seem to have a place in future municipal plans for business development, neither as innovative businesspeople, multicultural export contacts or consumers.

### Not easy to get into Punkalaidun

Newcomers are more visible in the population structure. It is not easy to integrate immigrants into rural municipalities, says the delegation for ethnic relations at the Ministry of Justice, which recently praised Punkalaidun municipality.

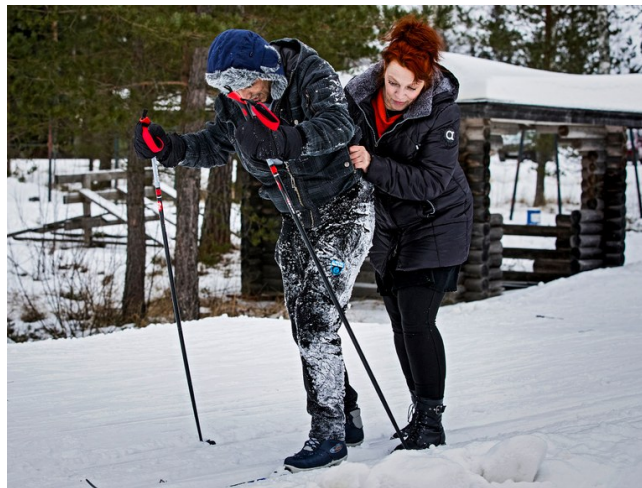
It is not easy to get into Punkalaidun, say many newly arrived citizens. But these are mainly the Finns who have come here, even those arriving from the neighbouring municipality. Maarit Tiittanen agrees, She runs the project to get immigrants to enjoy settling into the municipality.

A lot is clearly about her as a person, the network she has managed to build and the optimism and willingness which seems to be everywhere.

"It's not an eight to four office job, I get phone calls at all hours about the most unexpected problems which might arise," she confides.

### Worse things than icy ski runs

The day we are visiting they are staging an outdoor day. Two families – from Syria and Myanmar – are keeping warm by the bonfire before trying to ski for the first time in their lives. It does not go at all well. Their skis are far too slippery. Shady and Waled Almohamed are the bravest, ignoring the happy laughter from the onlookers. The concept of snow and ice is foreign to the family coming from Syria via the refugee camps of Lebanon.



After a year in Punkalaidun, the Finnish language is still the greatest problem. It is hard. They are getting used to Finnish foods and traditions. The family Almohamed are more surprised over how difficult it is to get contact with Finns in their homes.

Both the parents and the three sons still assure us everything will be fine, and praise Maarit Tiittanen for helping at every junction. An old press cutting still reveals that this family too at first was met with anger from some locals who did not like the newcomers.

Maarit Tiittanen admits there have been problems. But this too seems to work better now.

### Political agreement on everything

In the stylish town hall we meet two Finns Party politicians and one from the Centre Party.



*Head of the city council Outi Uusi-Kouvo from the Center Party, with Ari Prihti who is the head of the municipal board, and Martti Mölsä who is a municipal councillor and a member of the Finnish parliament*

The two parties are the biggest in the municipality, just like they are in the government together with the National Coalition Party, which is the third largest also here. In the latest municipal elections the Social Democrats lost two mandates, half of what they had, and the Left Alliance has one. The Finns Party won large, while the Centre Party is the largest party.

The head of the city council Outi Uusi-Kouvo represents the Centre Party and explains the background:

“Agriculture has changed a lot, and the need for labour has been shrinking since the 1960s when farms started merging. Outi Uusi-Kouvo herself moved here from a neighbouring municipality, married into a farm, but with a job as an accountant on the side.

She understands the challenges of establishing yourself in a foreign place, and if you come from the outside with a different language it is even harder. But the immigrants are welcome.

### **Integration pays**

The Finns Party members, Ari Prihti who is head of the municipal board, and Martti Mölsä who is a municipal councillor and a member of the Finnish parliament, agree too.

“The focus on immigrants has been successful for the municipality. It is not certain this would work everywhere in the country, and it expects a lot from the immigrants.”

The two of them agree that some of their fellow party members are critical to that point of view. As a party, the Finns Party have been called immigration critical, and certain members go much further in their criticism of foreigners coming to Finland.

On a municipal level the politicians agree on most things. Disagreements might emerge a few weeks before and after municipal elections, but afterwards they again work for the best of the municipality. There is no power struggle here, according to these three politicians.

### **Quota refugees putting down roots**

When the municipality first bought the big house which was later rented out to the Red Cross as accommodation for refugees, it created debate in the municipality, says Martti Mölsä.

Now people know that it is an advantage for the municipality to be able to rent the house out. And the school knows what is needed to quickly welcome new pupils from foreign cultures.

Most of the asylum seekers disappear when they are told about the result of their application, but the quota refugees are a different matter.

“They have adapted so incredibly well,” says Outi Uusi-Kouvo, and Ari Prihti agrees.

“After the first examples of successful integration, it has been easier to make decisions.”

### **Everyone’s a winner**

There are no economic calculations showing how receiving refugees influences the municipality. But the three municipal politicians seem to agree that it is beneficial. Education and health services cost money, for sure, but the state compensates for most of the costs. The local service sector of course hopes for more customers and bigger revenues.

According to Martti Mölsä you can see how there is more life and colour along the municipality’s roads. Yet he brings up the fact that some asylum seekers went on stealing sprees in and outside of the municipality. Mölsä also reminds us of the Finns Party slogan: Help people where the problem occurs in their home countries, it is far more expensive to receive refugees in Finland.

### **A sprinkling of humanity**

Ari Prihti, himself a sheep farmer and businessman, points to the benefits the immigrants bring.

“We need labour. Punkalaidun has the region’s lowest unemployment. The Myanmar refugees are particularly good employees, there are children arriving who fill up the schools, there are many good things,” says Ari Prihti.

Outi Uusi-Kouvo is hoping for a win-win situation which benefits both the municipality and the immigrants. Yet whether the municipality does this for economic benefit or out of humanity is a difficult question to answer.

“It really doesn’t hurt feeling like a good person,” as Outi Uusi-Kouvo puts it.

### **Punkalaidun luxury after ten years in refugee camps**

Many other refugees have left the municipality after a few years, but those from Myanmar have stayed. It is also not the case that all refugees from big cities prefer to come to Finland’s big cities. If you have been living in primitive refugee camps, Punkalaidun is also a luxurious place, points out politicians and refugees both.

The Finns Party in particular have been criticising fortune seekers who, according to common belief only expect benefits and getting everything served on a plate.

### **Finns also want better living standards**

“Much depends on your expectations and the information you already have. Many asylum seekers have very high expect-

tations,” says Martti Mölsä. People smugglers have given them the wrong information and taken them to the wrong countries. But quota refugees know where they are going and what is expected from them.

Neither Prihti nor Mölsä likes the comparison with the tens of thousands of Finns who moved to Sweden in the 60s and 70s. Many moved to Turku and Helsinki too. People have always moved across borders from one country to another, in the hunt for a better life. But they were not welfare refugees. They went to Sweden to work, not to sign on, says Prihti and Mölsä.

### **Everyone wants immigrant candidates**

In April Finland holds municipal elections. Ari Prihti proudly shows one of the candidates for the Finns Party. It is Sun May Htoo, who has lived in the municipality for seven years and is now a Finnish citizen.



She is meant to garner the immigrant vote.

“It is good here. We arrived as quota refugees fleeing war and political persecution. Nearly everyone who comes here from Myanmar likes living in smaller cities.”

Sun May Htoo has the same experiences as most other newcomers.

“The Finnish language is hard, and it can be difficult to understand all the paperwork.”

She praises the municipality’s focus on the refugee project and Maarit Tiittanen’s efforts.

If Sun May has experienced anything unpleasant in Punkalaidun, there is nothing she wants to tell us about. She is now working as a personal assistant and manages well in Finnish. Why she chose the Finns Party remains unanswered, however.





## Vappu Berggren: Of course the world has changed in 100 years

Ståhlberg, Relander, Svinhufvud, Kallio, Ryti, Mannerheim, Paasikivi, Kekkonen, Koivisto, Ahtisaari, Halonen and Niinistö!

THEME

02.02.2017

TEXT: BENGT ÖSTLING, PHOTO: CATA PORTIN

Vappu Berggren recites all the presidents since Finland's independence without a hitch. She is only one month younger than her native Finland. On 6 December 1917 the Diet of Finland – the legislative assembly – recognised a declaration of independence, and Finland gained its independence from Russia. One month later Vappu was born. Before all this, Finland was a Grand Duchy in the Russian Empire for over 100 years (1809 – 1917), and before that a part of Sweden.

### **It started with a war**

Vappu Berggren was born in January 1918, the year the Finnish civil war began. The White Guard supported by the

political right, clashed with the socialist Red Guard, resulting in a war and many dead, especially among the loosing Reds.

Vappu's life has been simple, with no great drama according to herself. Soon turning 100 is nothing special, an being as old as Finland is what it is.

### **“You are old when your child is 73”**

When we meet Vappu Berggren in her home, she is being visited by her children, the support troupes.

“That’s when you realise you are old, when the oldest child is 73, and the others are all retired. It doesn’t feel right,” jokes Vappu Berggren.



She lives alone in her own home, a large wooden building just outside the centre of Punkalaidun municipality.

### Work

This is where she started working at a café aged 17. She was promised a cow if she worked for ten years. But after six years she got a husband instead, and left her job. The café closed during the war in the 1940s, as there were no goods to sell. The rationing of groceries and luxury products was tough. Later the house came up for sale, and she moved in with her husband.

And she has stayed here ever since.

The house has been modernised, but old wood burners and such remain.

“It doesn’t feel so strange to live in your old workplace, you feel at home here,” says Vappu Berggren. She does not want to move.

### There used to be children

In 2016 more people died than were born in Finland. There are two exemptions in history. Both during the war in 1918 and in the war years 1939 – 1945 more died than were born.

After the war came the babyboom, as a result of the joy and newfound safe knowledge of better times to come after the war against the Soviet Union. The majority of that generation have retired already, the rest dream about doing the same.

Finland is ageing, that is something which has changed. Earlier there were many children in the municipality. Vappu gave birth to five children herself. She has since had ten grandchildren and 17 great grandchildren. There is much life and action when they come visiting, says Vappu Berggren.



She now needs a walking frame to move around the house, which has been adapted to her needs. She gets help from the municipal home care service three times a day.

### The recipe: a simple life?

She keeps returning to the fact that there is very little she can tell us. Life has been simple. She has mainly stayed true to her home municipality, and travelled little. Sweden is the only foreign country she has visited. She has been on a plane once, on the domestic flight between Helsinki and Joensuu.

“These days even babies are taken abroad. I was 13 when I was allowed to visit a train station for the first time, to see a train. Just to look at the train, we weren’t going anywhere, life was simpler then.”

To Vappu this is a fun and exciting memory.

### Migration waves are nothing new

A lot of people arrived in Sweden to find work in the 1970s, also from Punkalaidun, but it was not on the cards for Vappu and her husband.

During the war in the 1940s, many war children were sent to Sweden, there was a lack of everything in Finland. Later the first great immigration wave arrived in Punkalaidun too – people from the province of Karelia which Finland had to cede to the Soviet Union.

Vappu remembers the war as a dark time. Many men died, the number of heroes’ graves grew. One of Vappu’s brothers also died in the war. Her husband was spared going to the front to fight Russia, and worked on the home front instead.

### “Would have lived the same life over again”

Older people in Finland are often described as being content, something Vappu can confirm.

“Of course I am happy with my life, very happy. I don’t regret a thing, and would have lived the same life over again.

Finland’s centenary celebrations are nothing special to her.

“It is being celebrated by others. But of course, the world has changed a lot in 100 years. People have it better than before. They were poorer then, but people were happy with what they had. There was work for everyone. Everything was done by hand and with horsepower during long working days.”

### **Easier work, important machines**

Work seems easier today with so much technology and machines helping us out. It is hard to say which machine helps Vappu's life the most. Perhaps the mobile telephone for her contacts. Cars, rather than having to walk long distances or maybe go by horse. The refrigerator to keep food fresh. Or electricity – there wasn't any in her own childhood home. Or perhaps the television, which still isn't that important.

“Entertainment programmes are made for much younger people, there is nothing on the TV for us older people,” complains Vappu Berggren.

### **Longer working life difficult for many**

When Vappu retired she had been working as a seamstress for 15 years. She left that job with no great regret at 65. But you get the impression that she, like most women in the countryside, has always had work to do in the home. If nothing else there has been sewing, handiwork and growing crops on the farm.

Vappu Berggren is relatively healthy for her age. Yet at 97 she had to stop going to the gym. She now needs a walking frame and must look after her diabetes. She gets health visitors three times a day, her children come at other times. If not it would hardly have been possible for her to stay at home.

### **More and more centenarians**

Around 30 percent of the Punkalaidun population have turned 65, the Finnish pensionable age. The number for the rest of Finland is below 20 percent. You can understand why municipal politicians feel the need to look for new residents, preferably larger families with children.

Vappu is not entirely sure that she will make her own hundredth birthday. But the venue and the catering has been ordered, and there will be a big party.

People talk about genes, healthy living and working in the garden as causes for living to a ripe old age. Vappu Berggren has no further advice. But more and more people do as she has done.

When Vappu Berggren was born there were fewer than ten centenarians in the whole of Finland. Now, as it is time for Vappu to celebrate one hundred, the number has risen to nearly 800!





## "The welfare model is vulnerable to high levels of immigration of adults with low skills levels."

There was great concern in the Nordic countries a few years ago that they would be hit by an age shock. The fear was an increasing lack of labour as a result of falling numbers of young and middle aged people. But out of the four main demographic drivers, only one developed as expected: Populations are ageing.

THEME

02.02.2017

TEXT: BJÖRN LINDAHL, PHOTO: THE NORWEGIAN MINISTRY OF JUSTICE AND PUBLIC SECURITY

The newest study on demography and the large influx of refugees combined with labour immigration in later years, is the one presented on 1 February called Brochmann II. It is the second major study on refugees led by Grete Brochmann. It concludes that high levels of immigration of people with little chance of supporting themselves will represent a further challenge which will increase pressure on public finances:

"High levels of immigration by people with few opportunities for self support will represent an added challenge and increase pressure on public finances. The Norwegian welfare model is both a resource and a problem when it comes to the integration of immigrants and their children.

"The model is vulnerable to high levels of immigration of adults with low skills levels. At the same time, small economic differences and solid educational systems ensure a high level of mobility for the children of immigrants."

The difference between different immigrant groups is large, however, for instance that between people from Europe and people from the African continent. This will not start to even out until 2070.

The report looks at possible developments all the way until 2146.

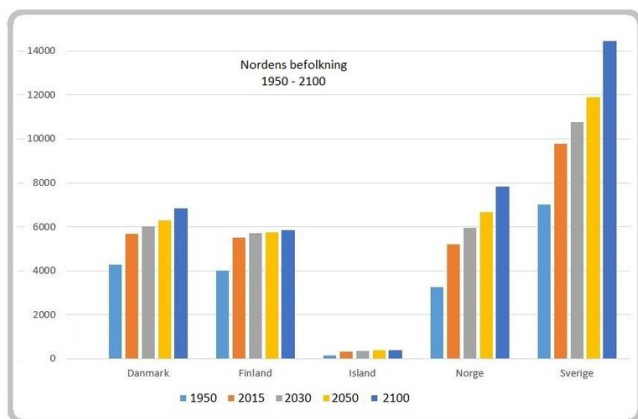
"By that time we will have had the internet for more than 150 years," comments Aftenposten's Andreas Slettholm and warns that there is much uncertainty in this.

It might seem easy to create predictions for demographic developments. All you need to do is look at how many are born, how many move to and away from the country plus how many die. How hard can it be?

Yet if you compare what Statistics Sweden believed at the start of the millennium with today's reality, they made a serious miscalculation. The Swedish Migration Studies Delegation, Delmi, compared prognosis from the year 2000 with numbers for 2015:

"Rather than the prognosticated net annual immigration of 15,000 people, the real net annual immigration between 2000 and 2015 was around 50,000. Rather than a total net immigration of 240,000 in those 15 years, the net immigration has risen to 750,000 people in total," write researchers Bo Malmberg, Thomas Wimark, Jani Turunen and Linn Axelsson.

The fact that immigration became more than three times larger than expected, shows how inaccurate prognosis can be. If that much can happen in 15 years, how much faith can we have in the UN's world population prospects towards the year 2100? It says the demographic balance will shift dramatically in the Nordic by the year 2100:



Source: World Population Prospects 2015, UN

Norway, which in 2015 was smaller than both Denmark and Finland, will bypass both these countries in the number of immigrants according to the UN prognosis. Sweden, which had 4.2 million more citizens than Finland in 2015, will have 8.6 million more citizens than Finland by 2100. Finland will only increase its share by 250,000 citizens over the same period of time. Iceland will be the first Nordic country to see its population start to shrink.

If immigration can vary by 300 percent, how uncertain are the other factors that influence population growth? In the

Nordic region, birth rates vary a lot. 1,000 women aged 15 to 49 give birth to 1,650 children in Finland and 1,849 children in Sweden, according to 2015 statistics. The difference might not seem that big, but in order to keep the number of citizens stable, 1,000 women need to give birth to 2,100 children, because she must also reproduce the child's father, some women do not have babies, and some children never reach their reproductive age.

In Finland there is serious concern that birth rates for 2016 will be the lowest in 100 years. Between January and November last year, 48,810 children were born. That is 2,382 fewer than for the same period in 2015. Denmark was in a similar situation a few years ago. Their 2013 birth rate was the lowest for 27 years. But thanks to various measures and campaigns, they managed to turn the trend:



A growing population is considered to be an advantage, at least compared to a shrinking population. This year the Faroe Islands will celebrate becoming 50,000 inhabitants in March, and in Sweden the population passed the 10 million mark on 20 January. Statistics Sweden had a population clock on their website which showed that a new Swede is born on average once every four minutes:

Sveriges befolkning tickar på mot 10 miljoner



"The model contains some uncertainty, and Statistics Sweden will only know after the fact when Sweden's population reached the 10 million mark. Also, we will not know the identity of the person responsible for helping Sweden reach the 10 million mark – it may be a newborn child, a person who

receives a residence permit or someone who re-immigrates to Sweden after a few years abroad," writes Statistics Sweden.

For a country's welfare the most important figure, however, is the dependency burden; the ratio of dependent young and old to the population of working age. In Sweden things are looking better than what they did a few years ago, because of the large number of refugees who have arrived to the country:

"For the main part they have been young people aged 15 to 39. That means immigration has changed the Swedish age structure. The large 1940s generation is still visible in the age group 65 to 74. But as a result of immigration and high birth rates in the late 1980s and early 1990s, there is now a large group of 20 to 40 year olds. Sweden is therefore not the ageing society we envisaged at the change of the millennium," write the Delmi researchers.

Norway has seen a similar increase in labour immigration, while the situation in Denmark, Iceland and particularly in Finland looks bleaker.

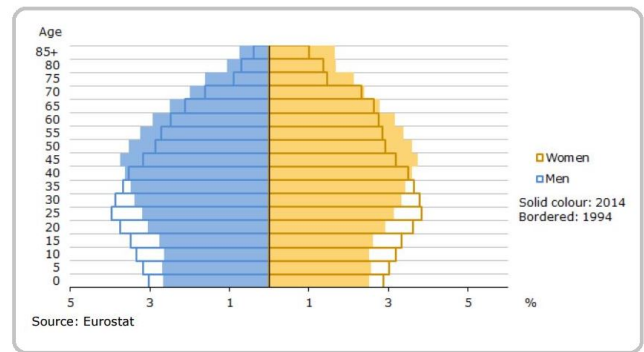
A high level of immigration does not automatically bring an increase in welfare, however. The problem is that the work which immigrants carry out does not necessarily help pay for the existing population's welfare, since immigrants must also pay for their own welfare.

According to a calculation model often used in Denmark, called DREAM, refugees must reach a 65 percent employment rate in order to achieve that goal. That is somewhat lower than what native Danes must reach, 76 percent, in order for not to be a net burden on public finances over a lifetime. The difference can be explained in that refugees are on average 28 years of age when they arrive, and therefore do not need any education as children.

For Sweden to maintain today's dependency burden levels until 2030, you need nearly 600,000 more people in work compared to today, despite immigration, according to Statistics Sweden.

While migration means people crossing physical borders often under dramatic circumstances, it is less dramatic when working people turn pensioners – or less dramatic still when they live longer than previous generations.

This development is seen across all of Europe. What used to be called a population pyramid now looks more like a soufflé:



The chart shows the size of different age groups relative to the total population. Source: Eurostat

In the end the large top will disappear and the shape will look more like a silo. But until that time, most European countries, including the Nordics, will have to struggle with a shrinking working population who must look after an increasing number of older people.





## Faroe Islands heading for dream target – 50,000 citizens

For several months – in fact for many years – the Faroese have been waiting for the magical number 50,000. And it is about to arrive! The latest official update says 49,820, the real figure is even closer to 50,000 and it is now only a matter of weeks.

IN FOCUS

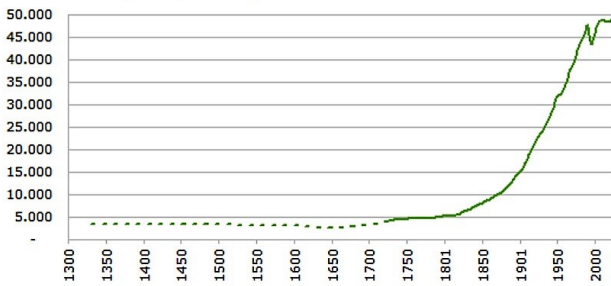
02.02.2017

TEXT: INGI SAMUELSEN, FOTO: BJÖRN LINDAHL

We are talking about the Faroe Island's population figure. They experienced a population explosion in the economic boom years of the 70s and 80s, but never reached the magical number – 50,000 – before an economic crisis hit in 1992.

Nearly 10 years ago the Faroese again got close to that figure, but then the latest financial crisis put a temporary halt to the growth.

Fólkatal 1330, 1600, 1650 og 1720-2016



Kelda: Degn, Guttesen, í Garði, Fólkataltingar og Hagstova Føroya

But this is it. In late February or early March 2017 Faroese number 50,000 will be born, or registered as an immigrant. That is a promise from Hagstova, Statistics Faroe Islands. It's a "check" for the Faroese authorities against a goal which has been top of the political wish list for many years.

### Moving in the right direction

Henrik Old sits in his government minister's office in one of the tiny historical buildings in Tinganes, Tórshavn, considering the issue. He is the Minister of Transport, Infrastructure and Labour, representing the Social Democratic Party.

"We are moving in the right direction, there is no doubt about it. We have managed to tempt highly skilled Faroese to return home after getting an education abroad, and that was one of the most important aims we set ourselves back then."

Henrik Old refers to the government's 2013 action plan for immigration and population growth.



Henrik Old, Social Democrat Minister of Transport, Infrastructure and Labour, here from the Nordic Council. Photo: Magnus Fröderberg/Norden.org

The problem at that time was that even though the population was slowly growing, the number of people of childbearing age was falling.

The alarm was sounded, resulting in amongst other things the plan of action with its 37 recommendations.

One of the problems with the Faroese demographics is the gender imbalance. There are nearly 2,000 more men than women in the Faroe Islands. Figures have levelled out somewhat in later years, however. In 2007 the number of women were up by 2%, taking into account all age groups, and today that number is 1.7%.

### Tunnels linking the labour market

Henrik Old is also responsible for transport and infrastructure in the Faroe Islands. Right now his focus is on a subsea tunnel linking Tórshavn to Skálafjord on the island of Eysturoy. The Norwegian tunnelling machines which will do the job have been put in place to drill the more than 11 kilometres which will cut driving times between Klaksvík and Tórshavn with half an hour.

"The tunnels are linking the Faroese labour market, allowing 90 percent of the population to get to work without being dependent on ferries. With the tunnels and improved transport links to the outside world, the Faroe Islands have taken some giant steps into the future, and it is also one of the reasons why the Faroese and others are now showing a greater interest in coming to live in the Faroe Islands," thinks Henrik Old.



### The tunnel between Streymoy and Skálafjord

There are currently two subsea tunnels linking the Faroe Islands. The one between Streymoy and Vágur is 4.9 kilometres long and opened in 2002. The tunnel between Eysturoy and Klaksvík on Borðoy is 6.2 kilometers long and opened in 2006. The tunnel between Streymoy and Skálafjord on Eysturoy will be 11.2 kilometers long. Work has started and is expected to be completed in 2019 – 20. The tunnel between Streymoy og Sandoy will be 9.5 kilometers long. Work is expected to start in 2018 and be finished in 2023.

### An adaptable population

The Faroese have experienced several economic crisis over the years. They have always proved to be very adaptable when it comes to the labour market. In times of low yielding fish stocks in the seas surrounding the islands, Faroese men travelled abroad to fish.





Tórshavn harbour

Working away from home has always been a natural thing for a large part of the labour force.

According to the latest census from 11.11.2011, 461 people worked outside of the Faroe Islands (mainly in the Nordic countries) – 1.2 percent of the total labour force.

Henrik Old has made it his goal to make use of this adaptability in the future.

“When you live in a small society, it is necessary to be able to adapt to changing needs in the labour market. That is why I want us to introduce an adult education programme which would allow us to constantly improve or change the skills of the employable population to reflect the labour market’s needs at any one time,” says Henrik Old.

Change is according to Henrik Old not just a challenge facing the existing and to some extent non-skilled part of the labour force. It is also a challenge for young people who move back home after finishing their higher education.



*It is important that women with higher educations also choose to stay in the Faroe Islands*

“I want the Faroese society and labour market to be ready to receive all of those who come to us and want to be part of

helping the Faroe Islands get ready to face the challenges of the future.

“This of course involves both Faroese and others who wish to come to us. This can be refugees, even though the refugee policy is part of Danish jurisdiction, which means we do not have much influence,” says Henrik Old.

2.8 percent of the Faroese population have other citizenships than Danish. 169 come from Iceland, 149 from the Philippines, 108 from Thailand and 105 from Norway. 36 have Swedish citizenship and 16 are Finnish. 87 different nationalities are registered in the Faroe Islands.

In recent years the Faroe Islands have introduced more targeted measures in order to integrate foreigners into Faroese society – first and foremost by introducing them to the language and the culture. Klaksvík municipality was the first to introduce a proper integration policy in 2015 with an integration committee and integration coordinator.

### **Pension system on hold**

The age imbalance has been in focus for many years in the Faroe Islands. A pension reform has therefore been a political aim for a long time. Yet no concrete plan has been presented for politicians to consider yet. The main issue has been the pensionable age.

“We might well have to start considering changing the pensionable age at some stage. It is obvious that we are facing an ageing population and that people to a much larger degree will have to help contribute to the GDP also after the age of 67.

“I am not too keen on changing the pensionable age, however. After a long life at sea, I know many people who are physically exhausted when they reach the pensionable age of 67, and they are not capable of carrying on in the labour market.

“On the other hand, I also see how people are ‘expelled’ from the good society only because at a certain age they no longer fit into the system. This is unfair. We should find a flexible solution which gives older people the opportunity to contribute to society if they so want – working part time, for instance. In that respect our systems have been far too rigid,” thinks Henrik Old.

In the past decade the number of people over 67 (the pensionable age) in the Faroe Islands has increased from 5,750 in 2007 to 7,235 in 2016. In 2007 11.9 percent of the population was over 67. Today they make up 14.7 percent.

In 2016 11 Faroese turned 100, bringing the total of centenarians to 15. That is a record.







## Municipalities could be saved by newcomers

By 2030 Sweden's countryside could have lost one third of its employable population compared to the year 2000, resulting in lost tax revenues, increased healthcare needs and a lack of labour. Many municipalities now put their hopes in the successful integration of newcomers. Krokoms municipality is one of them.

IN FOCUS

02.02.2017

TEXT: GUNHILD WALLIN

“The most common question we get from people in our municipality is ‘What are you doing to make sure the refugees stay?’ Our biggest challenge going forward is not the refugees, but how we will find labour,” says Elisabeth Wickzell, head of integration in Krokoms municipality.

It is one of ten best municipalities in Sweden when it comes to integrating newcomers, according to fresh figures from the Swedish Public Employment Agency. After two years, 56 percent of the refugees who have arrived in the municipality have found some form of work, compared to the national average of 27 percent.

“We have several parallel measures and people show great engagement and creativity when it comes to employing newcomers,” she says.

### **The Åre-Krokom model**

The neighbouring municipality of Åre also scores high – 53 percent of newcomers have found work after two years there. Both municipalities talk about the Åre-Krokom model, and enjoy an ongoing exchange of ideas and tips for how to carry their work forward. It started when Åre’s heads of integration mentored colleagues in Krokom, but over time this has turned into a more equal exchange of experiences.

“We borrowed ideas from each other. It has become a bit of a race – sometimes one party pulls ahead, sometimes the other. It spurs us on and each of us have the goal of becoming the best places in Sweden for getting newcomers into work,” says Elisabeth Wickzell.

When someone arrives in Sweden, the economic responsibility for the two first years rests with the state, and it is the public employment office’s job to make sure the newcomer gets established in the labour market. In Krokom they have not settled with this, and the municipality itself is active from the day the newcomer arrives. It enjoys close cooperation with the public employment office, sharing the responsibility of helping the newcomers get established.

“The newcomers get the best of both worlds. They get the employment office’s knowledge and our freedom. We are in the same building and share several projects,” says Elisabeth Wickzell.

### **Targeted measures for elderly care**

It is a small municipality, and that makes things easier, she thinks. It is easier to keep tabs on who arrives and what their skills are, but also on what employers in the municipality need. When newcomers and employers meet, they often start with language practice, which turns into an apprenticeship which in turn becomes a job with state support. The hope is that the process ends in a regular job.

“We also follow up how people are doing in their employment. Sometimes problems arise out of minor issues, for instance how the coffee kitty works,” explains Elisabeth Wickzell.

Getting refugees into the labour market is important for integration and self sufficiency, but it is also a necessity for the labour market. The centre of Krokom sees much immigration, while the less populated areas are losing people. With newcomers, schools can be saved and the hope is that they will also seek employment in marginal occupations – not least in elderly care, a sector for which it is getting harder to recruit year on year.

“I am absolutely convinced that it is imperative to successfully integrate newcomers if we are to meet the future demand for labour,” says Elisabeth Wickzell.

Anna Berkestedt Jonsson, head of Krokom social services, agrees.

“It is important to create incentives for people to enter marginal occupations. Towards 2020 we must recruit 128,000 assistant nurses in the elderly care sector. We cannot do that without the newcomers,” says Anna Berkestedt Jonsson.

So the municipality has targeted measures for elderly care. Newcomers are paired with a Swedish borne person who is outside of the labour market. The newcomer’s energy is linked with the Swedish born person’s language skills. Together they create a service team that can clean, tidy, lay the table for meals and more. This frees up time for assistant nursing staff who can then concentrate on what they know best, which again can help increase the status of that occupation. Kommunal, the trade union representing assistant nurses, is positive.

“Sometimes it works wonderfully, sometimes not so much, but there is no-one who dislikes the concept,” says Anna Berkestedt Jonsson.

### **Daring to face the problems**

Receiving refugees is, of course, not without challenges, but the municipality has always tried to be open about the problems which can arise. It has also been actively sharing information so that citizens have had a chance to relate to the process of establishing housing for unaccompanied minors, for instance. Many of those working with integration are of foreign heritage themselves, and often know what might create problems.

“We have been open about the problems which might arise, for instance gender equality and whether unaccompanied minors really are eighteen years of age or not.”

Just like Ann Berkestedt Jonsson, she praises all the volunteers who help with everything from language support to various activities. The municipality provides economic support for different activities, and also personell if necessary.

“The fact that we are so successful comes from a combination of clever, engaged professionals and engaged citizens,” says Ann Berkestedt Jonsson.

One important factor behind the successful integration work is that measures are targeted both at adults and children. If the children are happy, the parents feel safe and can get on with integrating into their new society and learn the language.

There are many examples of voluntary work. Anna Berkestedt Jonsson mentions her own sports club Nällden IF as an example. When the flow of refugees arrived the club decid-



ed that all the children in the municipality should be given the chance to do a sport. They collected ice hockey and ski equipment, and today children from Somalia, Sudan and Afghanistan are fully fledged members on the local ice hockey team.

“It is really cool to see,” she says, and adds:

“Never underestimate voluntary organisations.”

Anna Berkestedt Jonsson’s advice to other municipalities working with integration is to consider the potential which comes with accepting refugees.

“It is important to believe that all people will become self sufficient. And if you have come here via that tough Mediterranean crossing, you have power. Try to see the potential and opportunities, not the problems,” she says.

# Newcomers one of the solutions to the need for labour

Newcomers can represent an important contribution to the labour markets in the ageing Nordic countries if they learn the language and are given the opportunity to settle into the labour market, especially in more remote areas which for decades have been losing many of their employable young to the cities.

THEME

02.02.2017

TEXT AND PHOTO: GUNHILD WALLIN

“Migration is only one of the solutions to the coming need for labour. It helps, but does not solve the problem,” says Timothy Heleniak, senior researcher at Nordregio. Based in central Stockholm, Nordregio is a Nordic and European research centre focusing on regional development and planning.

It was founded after an initiative from the Nordic Council of Ministers and does research on issues like demography, rural development, city planning and sustainable development, regional innovation and green growth.

The same day we do our interview, the Swedish population tips ten million. Immigration has been the main driver behind the increase in the latest decades

“Ten million is a good number, but it is important to keep a continuing slow growth. Not least to get more young people, since Sweden like the other Nordic countries have an ageing population. This development is not accelerating as much as in many other countries, but our population is definitely ageing. This will be an issue in the future, both in terms of labour but also in terms of who will be looking after the ageing population,” says Timothy Heleniak, an American with broad international research experience.



Nordregio is based in a beautiful old house at Skeppsholmen in the middle of Stockholm. The winter sun is reflected in the surrounding waters, on the other side you can glimpse the royal palace. But when Timothy Heleniak presents his various population development scenarios the view is soon forgotten. If Sweden wanted to keep today's support ratio by 2080 with the help of immigration, the country would need around 40 million immigrants. Similar scenarios exist for the other countries.

“It is a controversial scenario, and in reality we couldn't receive that many people,” says Timothy Heleniak.

He and his colleagues have just finished a project commissioned by the Nordic Council of Ministers' working group 'Demography and welfare'. They have studied the demographic development and linked it to integration and refugees. What are the chances for integrating the newcomers into jobs and what are the obstacles, especially in rural areas? They present different scenarios to illustrate the future population growth. If Sweden had stopped immigration in 1970, the population would be eight million today.

On average, women in the Nordic countries give birth to two children, enough to keep the population level. But the problem with this scenario is that the population is ageing, which means the support ratio increases while the labour force shrinks. Other European countries, not least in Eastern and Southern Europe, have bigger problems linked to ageing populations than the Nordics, since women there have fewer children and some countries have stopped refugees coming in out of principle.

### **Tricky balance**

“Trying to explain the need for immigration in the face of the population’s fear for the unknown is a tricky balancing act for politicians. In many countries it seems that it is easier to sell the idea of building walls than the need for more citizens,” says Timothy Heleniak.

In recent years Sweden and Norway in particular have welcomed a larger amount of refugees than earlier. From a demographic and labour market perspective this represents both an opportunity and a great challenge, says Timothy Heleniak. The arrivals are often young and of fertile age, which helps making the population younger.

“This is something new for the Nordic countries and can represent both new ideas and an addition to the labour force,” he says.

Many sparsely populated municipalities also welcome the newcomers and view them as a way to tackle the population development and lack of labour. In Finland, which last year had the lowest birth rate since 1917, there is a general agreement that the country needs foreign labour in order to manage the shrinking and ageing population in the countryside, according to Nordregio.

At the same time it is imperative that the newcomers learn the language as quickly as possible and are integrated into the labour market and the rest of society. It is also important that the entire family is integrated, since the Nordic countries have a strong tradition of both men and women working.

So far integrating newcomers into the Swedish labour market has not worked particularly well. NordregioNew s3/16 refers to a fresh OECD report (2016) which shows that just 22 percent of men are working or otherwise occupied after two years. For women the number is eight percent, despite the stated political aim of getting newcomers into jobs or education after two years.

“Integration is not only about strengthening the labour market, but also get the arrivals to become active citizens. That way we can learn from each other,” he says.

### **Sparsely populated areas in greatest need**

Until the autumn of 2015 most newcomers have settled in and around bigger cities, but it is mainly sparsely populated areas which need the most labour. This development is set

to accelerate. Nordregio has worked with a range of projects across the Nordic region to see how refugees can be integrated and strengthen the labour market. One of the municipalities they have been visiting is Krokoms in Jämtland county, one of the best municipalities in the country when it comes to creating jobs for their newly arrived immigrants.

“This is a good example on how integration coordinators can work with the support of political decisions and an active civil society. They need new people, they have integrated them and have managed to make many newcomers stay,” says Timothy Heleniak.

It is also crucial to develop methods for validation, he says. What does the newcomer know and how can that skill be matched with the needs in the labour market? How can a doctor from Afghanistan use his skills without starting his training from scratch?

He also points out that measures to solve the need for labour in sparsely populated areas must be targeted at many areas. It is not enough to fill the needs with newcomers. You also need to make sure young people will want to stay. But closing borders, building walls and returning to life like it was before labour and refugee immigration is not a solution to the demographic challenges and the growing need for labour.

“In my opinion societies benefit from becoming more multicultural. Many people are on the move, that door is open can no longer be closed,” says Timothy Heleniak.

The Nordic region is growing

Since 1990 the Nordic countries’ populations have grown by 15 percent to a total of 26.5 million people, mainly through immigration.

The largest group of people born abroad live in Sweden, 17.1 percent, while Norway has 13.8 percent and Finland has 5.4 percent. Most of them have moved to big city regions, while many towns and sparsely populated areas struggle with a shrinking and ageing population. Another factor is the many young people who leave the countryside for the larger cities.



## Þorsteinn Víglundsson: Legislating for an equal pay standard

Iceland's new Minister of Social Affairs and Equal Rights, Þorsteinn Víglundsson, will introduce a brand new labour market policy based on the Nordic model. He will also present proposed legislation to implement an equal pay standard. Þorsteinn knows the labour market well, having been the Director General of the Confederation of Icelandic Employers (SA).

PORTRAIT

02.02.2017

TEXT AND PHOTO: GUÐRÚN HELGA SIGURÐARDÓTTIR

Þorsteinn Víglundsson is new in his job as Iceland's Minister of Social Affairs and Equal Rights. He believes his ministerial post and his former job as head of the employers' organisation SA gives him deep insight into the needs of the labour market. He knows the social partners well and is quite clear on his mission during this parliament.

"My experience with labour market issues is a strength. I am sure I will manage to find a balance between the standpoints of employers and employees. I look for solutions which gain everyone," says Þorsteinn Víglundsson when we meet in his Reykjavik office.

Iceland's social partners have agreed to review the labour market negotiation model, i.e. the framework for how the



negotiating policy and the labour market works. The goal is to create a negotiation framework modelled on the Nordic Model. Work methods used for wage negotiations will be improved. Another aim is to achieve greater purchasing power and economic balance while lowering inflation and interest rates and stabilising the currency. The agreement should also help create balance and calm in the labour market.

### **New agreement frameworks based on Nordic Model**

The government minister's biggest task right now is to strengthen and facilitate the introduction of the negotiating model. The process is facing a crisis right now, as some trade unions are unhappy with the wage increases that have been promised until 2018, when the model is due to be implemented.

"The labour market model in the rest of the Nordics is very desirable. It provides a better economic balance," the Minister of Social Affairs says.

"But if Iceland is to adopt the Nordic model we need to solve the problems facing the project right now. The new government will work closely with the social partners to find solutions," he says.

### **Resulting in new legislation**

The Icelandic mediation commission will be revised, new frameworks for how the social partners cooperate must be found: The way they negotiate, solutions for various labour disputes and the processing of salary information – both for individual wage negotiations and for the labour market as a whole. The review will take two to three years. Þorsteinn believes that legislation covering trade unions and labour disputes will have to be revised towards the end of this period, as a result of the new model.

"There is always the same problem. Our labour market is smaller and more fragmented than that of the other Nordic countries. Small trade unions are extremely powerful. We lack discipline and determination in the labour market," says Þorsteinn.

The Icelandic Confederation of Labour ASÍ's collective agreement has become the foundation for further wage negotiations, which means trade unions demand and achieve higher wage increases than the collective agreement stipulates. These are problematic circumstances if you want to achieve a balanced economy, argues Þorsteinn. He points out that there is also a need for more discipline in the government's budget. Efforts have been made over the past six to seven years, but according to him there is still room for improvement.

### **Legislating for an equal pay standard**

We have been sat talking in Þorsteinn's office for 30 minutes. But the Nordic Labour Journal cannot interview Þorsteinn without asking about the introduction of the equal pay stan-

dard, of which there has been much talk for several years. It has been one of his big goals.

"It became necessary to legislate for boardroom gender quotas, although it is for a limited period of time only. In the same way we will legislate for the equal pay standard," says the Minister for Social Affairs Þorsteinn Víglundsson.

"That way we promote better work methods when it comes to reducing undesired gender pay gaps," he continues.

### **Pay gaps still big**

Statistics show Iceland has a big gender pay gap. This has not changed for the past ten years. Þorsteinn reminds us about how he, as the head of SA, demanded legislation for the equal pay standard so that companies with 25 or more employees had to make sure there were no wage differences between men and women.

"I don't think this is because we want a situation where men are paid more, I'm afraid it has more to do with a lack of knowledge within companies. This has possibly more to do with company leaders' not paying attention, or not thinking things through," he says.

He thinks the pay gap problem can only be solved if you really look at the the company books solely with this in mind. He points out that if management goes through salary statistics with the equal pay standard in mind, you will get a standardisation of different services and work tasks, the salary system becomes more transparent and it becomes easier for management to rectify what is wrong.

"The equal pay standard is a fantastic tool which we will use to get away from the nasty habit which the gender pay gap really is," he says.

### **A new three party coalition government**

Þorsteinn Víglundsson was voted into parliament for the first time last autumn and has already become a government minister in a three party coalition government. Iceland's new government enjoys a slim majority. The leader of the largest party, the Independence Party, would have preferred a stronger majority, but at the end of government negotiations the result was a three party coalition led by the Independence Party.

These three parties have had a lot in common from the start, even though there are different opinions on fishery policies, Europe and perhaps also agriculture, says Þorsteinn.

### **Changing politics**

The government negotiations were unusually lengthy, running over several months. Þorsteinn thinks Icelandic politics are changing. New parties have entered parliament. There are more of them than ever before; a total of seven parties are now represented. Over half of the MPs are new. Þorsteinn

thinks that might have had something to do with the length of the government negotiation.

“The MPs needed time to get to know and start to trust each other,” explains Þorsteinn Víglundsson.

He thinks the long negotiations were a good thing.

“To agree on a government programme we needed to negotiate both on the left and on the right. Parliament managed to finalise the budget negotiations before the government was formed. We achieved solidarity and managed the budget issues in a responsible way,” he says.

“A slim majority gives the government the opportunity to improve its cooperation with the other parties. We need to prepare our proposals better than before, send them to parliament and give it more of a chance to debate our proposals. Hopefully this will lead to better working methods and increased cooperation between the government and parliament,” he says.

# Job prize to get more Danish long term unemployed into work

A cash prize awaits Danes who get a job after a long time on unemployment benefits. Long term unemployment benefit receivers are also given help to find casual jobs. Yet one expert questions whether the economic incentive is large enough.

NEWS

02.02.2017

TEXT: MARIE PREISLER

2,500 taxfree Danish kroner a month just to work. That is the offer the Danish government is offering long term unemployed Danes. It has proposed legislation to introduce a “jobpræmie” – job prize – equivalent to up to 10 percent of a person’s income for no more than 18 months; a possible total of 45,000 Danish kroner (€6,000).

The measure is planned to come into force on 1 April and will be valid for two years. It is targeted at some 164,000 Danes who have been unemployed and received benefits for a long consecutive period of time.

Minister for Employment Troels Lund Poulsen from Venstre, the Liberal Party of Denmark, has said the job price will show people who have been unemployed for a long time that their budget will improve if they find work. But whether this will mean more long term unemployed people will get back into work is doubtful, thinks Professor Henning Jørgensen at Aalborg University’s Center for Labour Market Research, CARMA:

“Danish decision makers are great believers in economic incentives. Now they believe they can use a carrot to create greater motivation among people to work. Yet previous job prize experiences have been very negative both in Denmark and elsewhere,” he says.

## **Tried by both political left and right**

“Jobpræmie” has been tried both by the political left and right in Denmark, with no discernible results, argues Henning Jørgensen. This time there is more money in the pot, but he does not believe that this will make a difference. It is the diagnosis that is wrong, he believes.

“Research shows that a lack of motivation for work is not the primary problem for the long term unemployed. Their problem is rather a lack of opportunity to offer their labour on the open labour market. This is often because the long term un-

employed have a lot of other things to deal with, like illness or social problems.”

Prize money will not solve that, says the professor. He recommends a very patient approach and a return to the 1990s individual action plans for the individual long term unemployed.

## **More in casual jobs**

The job prize is the latest in a range of economic incentives aimed at long term unemployed people on benefit. In April 2016 a parliamentary majority introduced a cap on unemployment benefits and a so-called 225 hour rule which means people claiming unemployment benefit must work 225 hours a year in order to retain their full benefit amount.

This seems to have had an effect: Since the introduction of the 225 rule there has been a considerable rise in the number of people who carry out some work while on unemployment benefit. Working only a few hours each week allows them to avoid having their benefits reduced. A recent analysis from the Ministry of Employment shows that 25 percent more people on unemployment benefit found work in the period from April to September 2016.

Job centres in many Danish municipalities are working systematically to help long term unemployment benefit claimants and other vulnerable citizens find casual jobs. A new booklet from the Danish Agency for Labour Market and Recruitment, STAR, which is under the Ministry of Employment, aims to inspire job centres in all municipalities to work even more purposefully with helping citizens on the fringes of the labour market find casual jobs which are not backed up by public money support.

“Experience shows that even a few hours can increase motivation and belief in work, and that municipalities to a greater degree should exploit the fact that there are many jobs in the

Danish labour market which last for only a few hours,” reads the inspiration booklet, which is called “How do people on the fringes of the labour market find paid work?”

### **Job café with perspective**

The job centre in Denmark’s second largest municipality, Aarhus, has so far helped nearly 200 people find casual jobs with proper conditions. It has offered tailored help to find casual jobs for people on unemployment benefit who are ready to work, and to those on so-called resource pathways; measures aimed at helping vulnerable and disadvantaged people get ahead in the labour market.

A job café is the central element in Aarhus municipality’s strengthened drive to help unemployment benefit claimants who are ready to work. The café helps people find concrete work opportunities via online search platforms, there is training in how to contact a business, in how to use networks while looking for jobs and help to write a CV and prepare for a job interview.

The job café is a voluntary measure, and people can apply to join via a job advisor or a job centre case worker. So far many people have wanted to join the job café, and many people return to get feedback on a job application they are working on or to prepare for a job interview, says Trine Thomsen at Aarhus municipality.

Sung is one of those who got help from the Aarhus municipality job café to find a casual job. He is 35 and is not ethnically Danish. For many years he has claimed various benefits, including being on a resource pathway. He lives alone, suffers from bipolar disorder and has periodically been abusing drugs.

Talking to the job centre, Sung realised he was very motivated to use the language skills he had developed after five years at university and by interpreting for people in his own network. A job advisor at the job centre saw that Sung’s skills meant he had a chance to find paid part time work, and found a newspaper ad for a temporary job for a private interpretation firm.

At the job centre job café Sung got help to write a job application and to prepare his CV. He sent an application and got an interview. Before attending, he got more help at the job café to prepare for the kind of questions the employer might ask him, and to find out how much he should tell them about his illness. Sung did the job interview and got the job.



# Norway in legal pickle over Posting Directive

In Norway the social partners are responsible for wage setting and therefore they are responsible for solving the problem. That was the Norwegian government's message to Efta's surveillance authority ESA.

NEWS

02.02.2017

TEXT: KERSTIN AHLBERG, EDITOR EU & ARBETSRÄTT

ESA believes Norway is in breach of the EEA agreement when demanding that businesses that post workers there must pay compensation for travel, board and lodging in line with Norwegian collective agreements.

The Norwegian government's letter is unusual. It is a response to a so-called letter of formal notice, the first step in a process at the end of which ESA can take Norway to the Efta Court. During this kind of exchange of notes governments usually use legal arguments to try to convince the surveillance authority (the EU Commission in the case of EU members) that it is wrong.

## Asking for a compromise

It does of course happen that a government backs down and promises to change its legislation. This time, referring to the Norwegian labour market model, the government is asking ESA to agree to a compromise. It still believes the Norwegian rules are compatible with the EEA agreement, but also thinks the social partners are ready to negotiate a solution which takes the EEA's points of view into consideration, as long as they are given enough time.

So what is the conflict about? It all started in 2009 when nine companies in the shipping and shipyard sector went to court to avoid having to pay a range of different compensations as set out in the collective agreement for the sector. They argued Norway's Tarrif Board's decision to make the collective agreement provisions generally applicable was illegal, as it was in breach of the EU's Directive on the Posting of Workers and the EEA agreement's rules on the free movement of services.

After a while the dispute ended up in the Efta Court which agreed with the companies in part. Norway cannot demand that companies which post workers must pay for their travel when they start and finish their work in the country, plus a "reasonable" number of trips back home during that time, nor can it demand that the enterprise compensate employees for board and lodging in Norway, the Efta Court said.

## Ruled the other way

After the Efta Court had expressed how the EEA rules should be interpreted, it was the turn of the Supreme Court of Norway to rule on the substance of the case. And it ruled the very opposite of what the Efta Court had said! In March 2013 the Supreme Court proclaimed that the Tarrif Board's decision to make the agreements generally applicable was consistent with the EEA agreement and should stand. It justified its conclusion by saying the provisions are crucial for the stability of the Norwegian wage setting system and the national economy.

The ruling created enormous upset not least among judges on the Efta Court. They publicly criticised the Supreme Court. The employers did not back down either. Soon the Confederation of Norwegian Enterprise, NHO, presented a complaint to ESA, which took up the issue. And now the criticism from ESA is not only focused on the employment conditions in the shipyard sector. Since the Supreme Court's ruling the Collective Bargaining Board has also made other, similar provisions in the collective agreements for construction sites and cleaning trades generally applicable. This is not allowed, argues ESA.

## A difficult position

The letter from ESA has put the Norwegian government in a difficult position. It cannot support the view that the country's highest court has passed an erroneous ruling. At the same time it has to do something if it wants to avoid the case ending up in the Efta Court – which already has made its position clear. Therefore the government has latched onto something that ESA wrote in its letter: That these kinds of provisions can form part of the minimum rates of pay in accordance with the Posting Directive if they are framed in a different way than in the Norwegian collective agreements.

The surveillance authority refers to the ruling in the Finnish case Sähköalojen Ammattiliitto where the EU Court of Justice accepted flat rate daily allowances and travel compensa-

tion which were not linked to the employee's actual costs for travel and lodging.

**Wants more time**

This provides a basis for finding solutions which are both compatible with the Posting Directive and which take into account the important considerations on which the Supreme Court's ruling is built, the government writes. In line with the Norwegian wage setting system, it is the social partners who must arrive at the solution, and they have shown willing to try to change the collective agreement's provisions on travel, board and lodging. After that, the Tariff Board can choose to make them generally applicable. This avoids interfering with the parties' autonomy, which helps establish robust and lasting solutions.

The government underlines that it cannot guarantee that the parties can reach an agreement, or its possible content, but it is very hopeful. It is, however, important to give them enough time to implement the process within their respective organisations, and results will probably not be ready before the 2018 wage bargaining round.

Still the parties are under pressure. When it comes to the EEA, it is the state's responsibility to make sure Norwegian regulations are not in breach of EEA law, and the government promises it will make sure to continuously monitor whether it needs to introduce more active measures to "ensure an effective solution". Under such circumstances the employers' organisations and trade unions ought to prefer to solve the problem themselves.

It remains to be seen whether ESA is prepared to wait until the wage negotiations. It would seem politically unwise not to do that now, just as EU member states are entering negotiations on changes to the Posting Directive and the European Commission has launched its idea of a European Pillar of Social Rights. In both cases the Nordic countries are fighting to preserve the collective agreement's special position. That ought to make ESA hold its fire.