

Portrait

Britt Lundberg: President of the entire Nordic region

News

Denmark's second largest city explores the sharing economy

Editorial

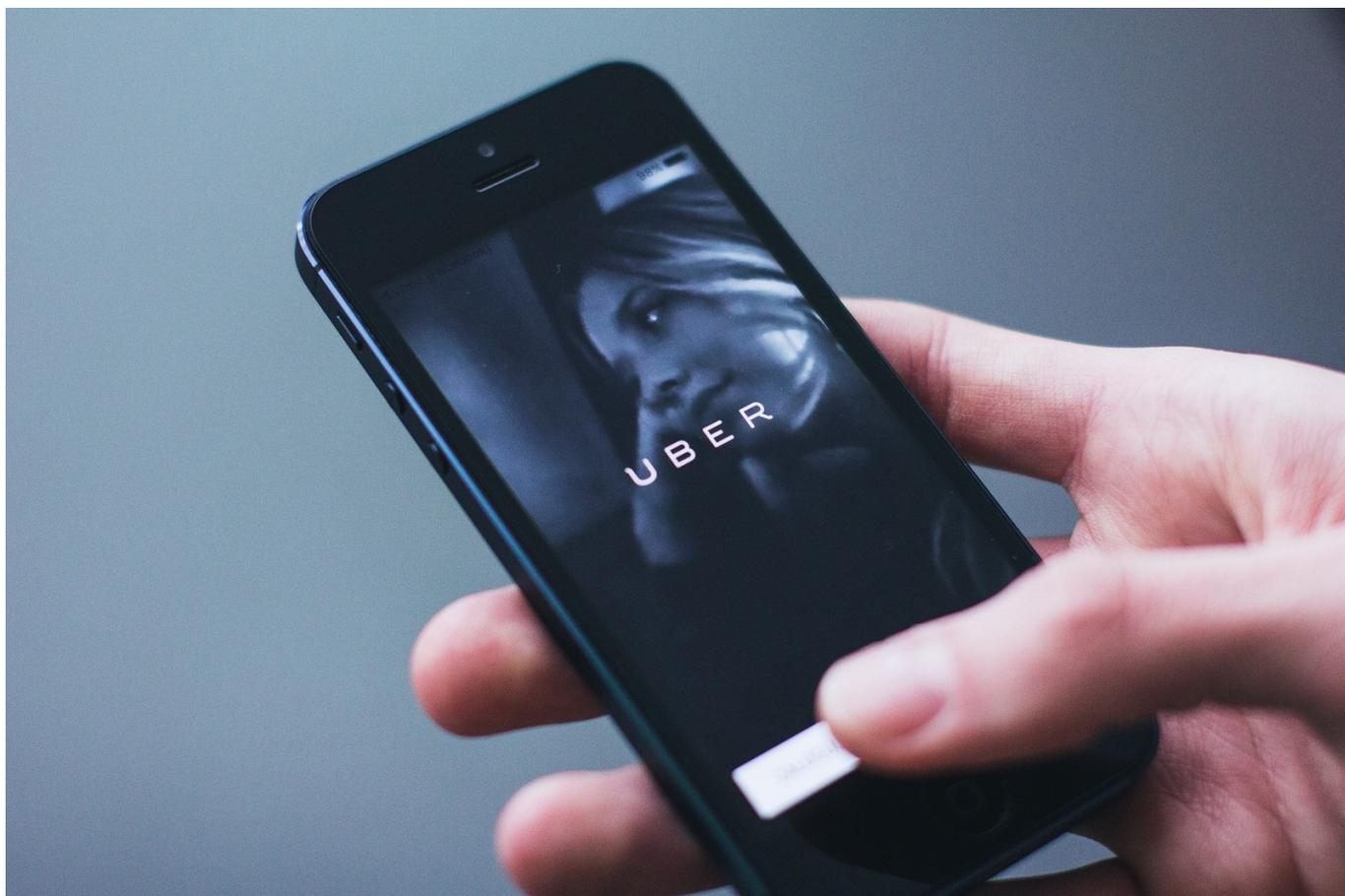
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The platform economy: How to regulate working life when algorithms are the boss?

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Theme: A Nordic vision for the digital platform economy



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Editorial: A platform economy, on what terms?

Is the digital platform economy a threat to the Nordic model? Which strategies are needed in order to influence the development? Is a separate Nordic platform economy possible? The Nordic Labour Journal shines a light on the future of work.

EDITORIAL

26.05.2017

BY BERIT KVAM

We do not know how much and in what way the digital platform economy will colour the future of work. The sharing economy seems to have had a limited impact so far. It has been a sustainable way of coming up with new ideas, and Nabobil, which allows you to hire someone's car instead of owning one, is one example of how to approach car ownership.

Airbnb, one of the best known digital platforms, has contributed in good and bad ways to a development nobody could have predicted. The Icelandic researcher Katrín Ólafsdóttir thinks that Airbnb has stopped the Icelandic economy from overheating. The strong growth in the country's tourism industry would probably not have gone so well without Airbnb, which provides 20 to 25 percent of tourist accommodation. In our report from Iceland, Matthildur S. Jóhannsdóttir explains how she and her family managed economically after the financial crisis because they could hire out their camper van through Airbnb. On the other hand, when entire streets turn into rental flats, which some say is the case in Amsterdam, price levels and neighbourhoods suffer.

Does the platform economy provide the unemployed with a chance to make a bob or two, or is this a way of exploiting labour for the benefit of the few? The ideals of sharing and sustainable development represent just a small part of what is now changing its name from the sharing economy to the platform economy, where the digital marketplace looks more and more like capitalism in its purest form. The platform is not just a venue where customer and provider can meet, but where labour has become a commodity while those who carry out the work are mainly poorly paid with little health and working environment protection.

"Being able to divide a job up into small pieces, while employees' rights are not safeguarded, is something completely new," point out Fafo researchers Jon Erik Dølvik and Kristin Jesnes.

Platforms which offer labour without taking on employers' responsibilities and obligations, represent a growing challenge in the global market and erase notions like work, employer and employee.

The question is whether the Nordic model, with its tripartite cooperation and a well-developed welfare system, makes us better prepared to deal with the digital platform economy, or whether the market forces behind the development become too strong? Which tools can politicians, authorities and the social partners use to make sure the digital economy operates according to the same terms as the rest of the labour market?

This week the research foundation Fafo is hosting the conference 'Shaping the Future of Work in the Nordic Countries – the Impacts of the Sharing Economy and New Forms of Work', on behalf of the Nordic Council of Ministers. The social partners need to adapt to the new economy, believes Danish researcher Anna Ilsøe. Frank Söderqvist from the Swedish trade union Unionen is ready to do just that.

His vision is that the Nordic tripartite cooperation must influence the development so that agreements and regulations become a part of the digital platforms that organise and distribute jobs.

"We want a separate Nordic version of the platform economy," he says.

A Nordic version of the platform economy could become a competitive advantage and a benefit to the future of work. Perhaps this will be one of the proposals which will come out of the conference.



The platform economy: How to regulate working life when algorithms are the boss?

Regulation is a key word when the Nordic countries discuss the platform economy. The challenge is to secure good working conditions for the individual, a level playing field for businesses and tax revenues for the state. New technology is good, but the platforms must be developed in line with the labour market as a whole.

NEWS

26.05.2017

TEXT: BERIT KVAM, PHOTO: BJÖRN LINDAHL

The digital platform economy or sharing economy is spreading under many names; the on-demand and gig economy to mention but a few. Forget all that, says Professor Jeremias Prassl, who perhaps it the man who has researched and written about the field the most. The name is not important.

“Heterogeneity,” he says, and repeats this often and willingly throughout his conversation with the Nordic Labour Journal.

Perhaps the most important thing to be aware of is the heterogeneity between the platforms, as well as workers’ experi-

ences. There are big differences in how the platforms are organised, who the employers are, who works there, what kind of tasks are involved, how the work is distributed and to what degree all of this is decided by algorithms.

Algorithms is a word which is also catching the public imagination all of a sudden. Algorithms determine each step in how a task is solved, and often steers work on digital platforms.

“There are two narratives about the platform economy,” says Jeremias Prassl. One is about how great the platform economy is. We are in the middle of a revolution where new technology pushes things forwards, creating new opportunities and new products at lower cost. Politicians need to stay away, because their meddling would stifle innovation.

“The other narrative is about how bad some platforms are. They can be a medieval way of treating people, where algorithms decide, pay is bad, there is much insecurity and there is no guarantee you will be able to work. Both narratives have elements of truth to them,” says Jeremias Prassl.

Most platforms have in common the fact that they deliver on-demand labour. That is why Prassl prefers the term ‘on-demand economy’ as this is at the core of the business model. The model is not new, but the technology is new. The digital intermediation is what sets the platform economy apart from for instance the way in which staffing agencies work.

ILO’s Future of work

The importance of the platform economy and new forms of work was the focus at the conference on the development of the Future of work in the Nordic countries. The conference, which gathered more than 100 delegates from politics, authorities, the social partners and research, was organised by the Fafo research foundation, on behalf of the Norwegian Ministry of Labour and Social Affairs and the Nordic Council of Ministers.

It was one of four annual Nordic conferences which will be leading up to the ILO’s 2019 centenary celebrations, where the theme will also be the Future of Work. The ILO has asked the Nordic countries to contribute with ideas ahead of the centenary for how to shape the future of work.



What is most striking when it comes to the future of work, is the technological developments and digitalisation, said State Secretary Christl Kvam at the Ministry of Labour and Social Affairs as she opened the conference. She pointed to the platform economy as one of the most relevant and interesting aspects of the ‘Future of Work’.

Christl was keen to look for opportunities, but also challenges linked to this development, including how to look after the human beings inside the platform economy. On a European level she pointed to the European Pillar of Social Rights as a framework, which can be developed and improved when it comes to social protection individuals in all types of employment.

She was also interested in how the digital platform economy can challenge the way the labour market is organised, as well as challenge the cooperation between the social partners.

“The Norwegian model is well organised and unemployment is relatively low. Coordinated wage negotiations and the tripartite cooperation are key principles.

“What happens if the social partners no longer represent those who work and those who offer work,” she asked rhetorically, and challenged the social partners to make themselves attractive to new players on the labour market.

“The tripartite cooperation in the Nordic countries is stable, and the development of the platform economy is moderate. We must not take unnecessary action and create obstacles to development and innovation. On the other hand, we need to protect important the qualities in today’s working life and healthy, predictable working conditions,” said State Secretary Christl Kvam, and challenged the conference to discuss which changes and adjustments are needed.

Platforms a challenge for the partners

The social partners disagree on how much the digital platform economy creates a need for new labour market regulations. Employers want to be careful not to stifle innovation,

and want a level playing field for platforms and other businesses.



“We cannot compromise on taxes or security in the labour market,” said Kristin Skogen Lund, Director General at the Confederation of Norwegian Enterprise (NHO), and added:

“Both employers and employees agree that permanent contracts should be the norm. Technology can push us in the direction of more temporary and alternative links to the labour market, as we have seen in other countries. This could lower the threshold into the labour market. The sharing economy makes it possible for people to choose different ways of entering the labour market, but if we see a tendency towards a looser link to the labour market we will have to take a closer look at that.”

But we are not there yet, she said:

“We must not use the fear of the sharing economy to regulate ourselves into a corner,” warned Kristin Skogen Lund.

Need for a competence reform

The new President of the Norwegian Confederation of Trade Unions (LO), Hans-Christian Gabrielsen, warned against hiding the sharing economy’s drawbacks.

“Tax, VAT, employers’ national insurance contribution – if we do not organise these businesses, we risk a group of players which are not of economic benefit to society.”

This is dangerous in a welfare society funded by taxes. Gabrielsen also promoted a competence reform.

“If we are to develop our society further, competence policies must take centre stage going forward. We will not lower the price of labour, but increase the value of people. We must stay up to date professionally,” said Hans-Christian Gabrielsen, and proposed a system where expenses linked to skills development could be written off over a year, as is the case with investment today.

“A competence reform is one example of how the tripartite cooperation, between the parties and the authorities, can solve future challenges,” underlined the LO President.

Trade union membership a challenge

Several of the employees’ representatives at the conference highlighted the need to adapt the organisations to meet the new digital reality. The head of the Federation of Norwegian Professional Associations (Akademikerne), Kari Sollien, warned that new ways of working can be used as an excuse to weaken the terms in the labour market. She was particularly concerned about trade union membership levels.

“One of the most important tasks is to make ourselves relevant to new employees. We see members fluctuating between being employers, employees or self employed. We must make sure that we are attractive to them when they are sole traders too. We must say clearly that it is possible to be a trade union member and a sole trader.”

Digital adjustments

The platforms have a moderate reach today and the labour market is limited, but the platforms can be scaled up very rapidly, as we have seen with Uber and Airbnb, underlined Fredrik Söderqvist from the Swedish Unionen trade union.

One of the big questions raised by him was the challenge of digitalising the organisations’ regulations.

“We have to translate our regulations to make them more digital, and we must make sure the platforms take a different responsibility. The social partners need to drive this forward.”



Meanwhile, the Vice President of the Danish LO, Nanna Højlund, wondered whether there is a basis for a shared Nordic way of thinking.

“We could entertain the idea, but it could be interesting if we had cooperation across the Nordic countries. Should we develop a joint Nordic model here too?”

“I am convinced that we have something to cooperate on across the Nordics. I believe in this,” said Kari Sollien.

“We have asked for an investigation into the terms like employer and employees and to promote people's rights regardless of their link to the labour market.

A separate Nordic model involving the social partners is something Jeremias Prassl finds very interesting.

“If the social partners can establish a Nordic approach, this could be something others could learn from too.”

Necessary changes

“The technology is new and has great potential, but the business model is old,” says Jeremias Prassl.

He says much of 18th and 19th century production was organised through powerful intermediaries. Ports, from Marseilles to Liverpool, have similarly been operating along the same type of structure. In the 1990s the staffing agencies arrived, which are constructed in the same triangular way; you have the staffing agency, the person doing the cleaning work for instance, and the company that needs a cleaner. It is the same basic model, but in the platform economy the intermediary between the customer and the person who will be performing the task has gone digital.

Two narratives

Jeremias Prassl believes it is necessary to regulate the platform economy, but that it has to be done in a careful manner and reminds us of the two narratives.

“One narrative is about how great the platforms are. They can be a way for people who otherwise would not be able to find work to enter the labour market. The flip side can be that wages can be extremely low. People working in the platform economy have no guarantee of finding work. For some this is an opportunity and flexibility, for others it means insecurity. We need to keep this in mind when we talk about regulating the platform economy.

Amazon CEO Jeff Bezos once famously referred to the digital provision of “Humans as service”.

“This is very interesting,” says Prassl, who has taken the quote as the title of his new book.

“Nearly 100 years ago, in the ILO's founding documents and then again in the declaration of Philadelphia, it was underlined that labour is not a commodity.”

It is necessary to regulate, but carefully.

“As a starting point, we should treat platforms as any other employer. We cannot make separate laws for the platform economy. We must make sure that what is work is treated as work, and we know which rules apply to work. All countries have legislation regulating the labour market.”

Three proposals

Prassl has three proposals for how the rules can be developed further.

- One is to have a minimum wage where you award flexibility and make it part of the employment contract. A guaranteed number of hours a week or month could form the basis of the minimum wage. Some want flexibility in order to increase their pay by 20 to 25 percent in exchange for a certain risk.
- Another proposal is portable ratings. Ratings can determine whether you get a job or not. On some platforms, workers put in free hours in order to get high ratings. If you can own your own rating and bring it with you from one platform to the next, it could become easier to shop around between platforms and to negotiate on work and pay.
- The third proposal is for the social partners to create an organisation based on algorithms. This would mean the algorithms would no longer be boss, but trade union driven.

The overarching aim, says Jeremias Prassl, is to develop legislation which does not differentiate between platforms and other companies. The challenge is to achieve a necessary change in labour law while also dealing with the underlying challenges. This means not creating separate legislation linked to technology.

“The technology is new, but the challenges are not,” says Jeremias Prassl. “A level playing field will help workers and consumers – and it will foster genuine innovation”.



Three sharing economy companies show one size doesn't fit all

Uber and Airbnb have taken most of the limelight, but new platform companies are being developed all the time. Finn.no, Cool Company and Ework Group are three examples of Nordic companies using digital platforms to link customers with various types of services.

THEME

26.05.2017

TEXT AND PHOTO: BJÖRN LINDAHL

At the Nordic conference on the sharing economy in Oslo, several speakers warned against rushing into introducing regulations.

“Don’t let fear of the sharing economy make us regulate ourselves into a corner. At least not before the problems have even occurred,” said Kristin Skogen Lund, Director General of the Confederation of Norwegian Enterprise, NHO.

She explained how the debate on the sharing economy in Norway accelerated 18 months ago when she got into an Uber Black, accompanied by Norway’s largest newspaper VG, to go to the annual NHO conference which that year focused on the new working life.

“Many thought it was super cool, while others thought it was completely unacceptable,” she said.

Jimmie Carling from Ework Group, the largest provider of consultants in the Nordic region, presented a comparison of how long it takes for different technological innovations to reach 50 million people. Similar comparisons are com-

mon, but this one was updated with two smartphone games, Finnish Angry Birds and Japanese Pokémon GO:

Time it takes to reach 50 million users

Telephone	75 years
Radio	38 years
TV	13 years
Facebook	3.5 years
Twitter	9 months
Angry Birds	35 days

Pokémon GO 7 days

The Norwegian media company Schibsted owns newspapers like Aftenposten, VG, Svenska Dagbladet and Aftonbladet, but makes most of its money through digital classified ads on platforms like Finn.no and Blocket in Norway and Sweden. It is also active in many other countries.

Christian Ringvold explained how Finn.no is now beginning to connect people offering and seeking services and not just cars, flats, furniture and other second-hand items. The aim is to become the biggest within the 'verticals' as it is known.

"We saw the sharing economy was developing very rapidly, there was a big demand for different kinds of services and a growing market of freelancers willing to take on jobs. But our platforms were not adapted for services, so we have had to develop them," he said.

One challenge is to make sure all those willing to carry out tasks are really qualified to do so.

"We drop 20 percent of the job offers. We can for instance not allow a person with no training as a car mechanic to offer services related to that," he says.

"Other challenges include how we develop suitable insurances in cooperation with Insurance companies."

Platform companies influence each other

Although the sharing economy is still small compared to the traditional labour market, the platform companies interact, which accelerates the development further. Swedish Cool Company has specialised in helping freelancers who want to make money carrying out various tasks, but who don't want to have to take care of administrative issues like sending out invoices or paying taxes. The company is so far operating in Sweden and Norway, but is also getting established in Finland.

"19,000 people have used our services so far," said Louise Becker, who is the company's international business developer. In Sweden the tax authorities have a separate category for such freelancers, called self employed.

"69 percent of the self employed who use us say they would have struggled with administering their business, but 36 percent also say they want to avoid working in the black economy. They want to pay taxes in the correct way," she said.

Big differences

According to the Swedish commissioner Kurt Eriksson, who was behind the Swedish inquiry about the sharing economy and working environments, there are big differences between Cool Company and Uber.

"Cool Company has no control over the prices and conditions those who hire their customers apply to their services," he points out.

Companies like Cool Company represent an advantage for the tax authorities too. The customers who get help with their administrative work, pay a fee representing 5.98 percent of the sum they get paid for having carried out their task.

Ework Group has come another step closer to adapting to the Nordic model.

"We operate across the Nordic region and have followed legislation in the different countries for 16 years. For us this is no longer even an issue," said Jimmie Carling, CEO for Ework Group in Norway.

More than half of the 7,500 consultants on the company's books have their own companies. The average length of a task is six months. For Finn.no it is all about linking customer and provider within 30 minutes, and the average fee is 1,200 kroner (€127) per task.

The three companies show the challenges facing governments when it comes to adapting labour market regulations. What suits one company can be completely wrong for another. At the same time, some issues, like the working environment, fall between two chairs.

"We have not had time to look at working environment issues yet," admitted Christian Ringvold at Finn.no.



Denmark's second largest city explores the sharing economy

Citizens of Aarhus municipality can move around in shared electric cars and cultivate the soil in new city gardens on municipal land. The government has designated the municipality as a pilot city for the sharing economy, and a range of activities are already up and running.

NEWS

24.05.2017

TEXT: MARIE PREISLER, PHOTO: AARHUS MUNICIPALITY

People from near and far will visit Aarhus in 2017, because the city is the current European city of culture, and this leads to an increased demand for accommodation and transport. That is why the city in cooperation with the Ministry of Business and Growth is now looking at what opportunities the sharing economy presents in the following four areas:

- Transport
- Accommodation
- Employment
- Citizenship

Car-share and city gardens

The citizens of Aarhus have been given access to some 100 shared electric cars, and the first 20 of them are already driving around the city streets. It is expected that one shared electric car can replace five private vehicles, and reduce both emissions and traffic levels in the city. But this could also lead to some of the city's many cyclists opting to drive a car rather than getting on their bike.



The Danish government wants Denmark to be at the forefront of the sharing economy and new digital solutions, and experiences from Aarhus municipality will be taken into account when the government presents its strategy for the sharing economy later this year.

As a result, the municipality will carry out an evaluation of how the initiative influences the city's traffic patterns, explains Line Gerstrand Knive, a consultant at Aarhus Municipality's department for business and city development

The municipality is also testing several ways of strengthening the sense of citizenship, by sharing some of the municipality's own resources with the citizens. It has allowed some of the city's entrepreneurs to use some of the municipality's temporary buildings, and it has established city gardens for citizens on municipal ground.

"The experience so far is that the city gardens represent a really good investment for the municipality. Physically inactive people have become more physically active while tending to a municipal city garden, and it saves resources in the health sector," says Line Gerstrand Knive.

Big potential

The municipality has also begun mapping how many of the city's citizens are renting out their homes via sharing economy portals like Airbnb, and what impact this has on tourism and residential areas in the city. The conclusion so far is that there are limited problems, says Line Gerstrand Knive.

In other big European cities property investors buy up houses and flats just to rent them out via Airbnb, but nearly all of Aarhus' properties are covered by legislation demanding owners to live in them themselves. Aarhus municipality will also test future guidance from the Ministry of Business and Growth for how job centres can give people on unemployment benefit guidance on regulations covering sharing economy activities.

The municipality's general attitude to the sharing economy is open and positive, says Line Gerstrand Knive:

"Aarhus municipality views the sharing economy as an important element of the general digital adaptation which the municipality is carrying out. Digital transformation is necessary as the demography is changing and fewer people must fund the needs of a growing elderly population."



A Nordic model for fair platform economies

He has a vision for Nordic cooperation between the social partners in order to make labour market agreements part of the digital platforms which organise and allocate work. “We want to create a distinctly Nordic variation of the platform economy and make it easier for employers to be good employers,” says Fredrik Söderqvist from the Unionen trade union.

THEME

23.05.2017

TEXT: GUNHILD WALLIN, PHOTO: BJÖRN LINDAHL

“The rose-tinted view of the platform economy has faded somewhat over the past year. We have seen the reality of it, which reminds us more of the emperor’s new clothes than some future utopia. After all, it is not particularly innovative to have employment models reminiscent of those that existed a hundred years ago,” says Fredrik Söderqvist, who has specialised in the digitised economy and served as an expert on the Swedish government’s digitisation commission.

He closely follows everything happening within the platform economy, which is a term he uses instead of the more commonly used sharing economy. The idea is that digitised technology can create platforms or applications which make it easier for different stakeholders to meet.

They have often been praised for opening up for non-commercial meetings, for instance car pools, tool sharing or giving away items to people who really need them. But the digital platforms are also being used for purely commercial meetings between customers and providers. That is when the service, like Uber for instance, becomes dependent on someone delivering the service which has been promised. And when that happens, employment-like relationships form.

“There is often focus on the platforms’ flexibility, but we see that when one group of people become dependent on these revenues, things become difficult. The hardworking platform workers often end up being squeezed,” he complains.

Apps in control at all times

He mentions several examples, like the online publication Breakit’s story about the food delivery service Uber Eats. The company delivers food from Stockholm’s restaurants to homes and workplaces, using bicycle couriers. The couriers have to provide their own bikes, and they are paid according to how many deliveries they carry out. Erik Wisterberg describes the rain and cold, the long shifts and hopelessly looking for new assignments. He talks about other couriers he meets, who can barely speak Swedish and who are completely dependent on the money they can make.

He managed to achieve an hourly wage of 39 kronor (€4), but met colleagues who were available on their bikes for an entire evening yet securing no assignments. As a result they made no money. Erik Wisterberg also tried working for Foodora, a similar food delivery company. The money was better than with competitor Uber Eats, but it was also more stressful. You had to ride fast, because the company can monitor how fast and efficient the courier is via the app.

So who is responsible if a courier for instance gets injured in this relatively new type of employment? The Swedish Work Environment Authority recently carried out an inspection at Foodora, and pointed out a range of working environment breaches. One of the most serious was that the company waited for almost a year before reporting that one of their employees had been hit by a car. The couriers are told to fol-

low traffic regulations, but what is the impact on safety and the willingness to follow the rules when the speed of delivery is a constant focus?

Important to pin down employment responsibility

“In this instance reality caught up with the company, and it could no longer escape its responsibility as an employer,” says Fredrik Söderqvist.

Unionen is working hard to establish that a company which organises and distributes work through digital platforms does have an employer’s responsibility.

“For us it is crucial that they must live up to the role as employers in the same way that others working with other business models do,” he says.

The big question is how today’s regulations covering the relationship between employers and employees can be adapted to fit the rapidly developing platforms. How do you adapt the labour market’s regulations to the digital environment? How do you help the employers who want to do the right thing?

“The party which holds the most information about a transaction is the one with the responsibility. How can they adapt the algorithms controlling the platform so that they can become a good employer? One way to do this would be to make existing labour market agreements more accessible to those who create the algorithms,” says Fredrik Söderqvist.

Would like to see Nordic cooperation

He imagines that companies will be able to integrate into their platforms regulations that concern employers. This could be legislation, regulations, directives and collective agreements, and it basically means these regulations become more ‘digitalised’ – like getting real-time information from the tax authorities, or integrate control functions from authorities into the app.

Fredrik Söderqvist is convinced that it is possible to begin developing this kind of adaptation of regulations within the tripartite model, as this is quicker and more efficient than having to pass new legislation. If all the interested parties cooperate, different interests can be taken into account and platforms which suit everyone can be developed.

“It would be a great advantage to get Nordic cooperation on this. We are small individually, but if we join forces we are big and can have more impact when offering systems which make it easier for platforms to prove themselves. There is interest in this, even though we are still only presenting ideas. I see this when we are out and about to ‘spread the word’,” says Fredrik Söderqvist, who is regularly invited to give talks on the issue in the Nordic countries.

How much time do you have when the technological development moves so quickly?

Fredrik Söderqvist believes the interest for finding new solutions accelerates as more and more problems arise in the wake of the platform economy. But the interest and engagement varies between different trade unions. He praises Transport, The Swedish Transport Workers' Union, which is forging ahead with their work on digitised platforms within the transport sector.

“But many do not see the risk of applying business models which do not work at all well in countries that offer less secure conditions for workers. Here, in the Nordic countries, there is an expectation that everyone should have good working conditions, and we also have a tradition within the trade union movement of being positive to structural change. So the big question is how we can contribute and be proactive in the implementation of the new technology,” says Fredrik Söderqvist.



The sharing economy and its effect on the labour market

How large is the sharing economy in the Nordic region really? And how should it be defined? One thing about the sharing economy most agree on is that it can be defined in different ways depending on whether you believe working conditions, flexibility, or technology is the most important thing.

THEME

22.05.2017

TEXT AND PHOTO: BJÖRN LINDAHL

Research papers on the sharing economy have been or are being written in all of the Nordic countries. One of them is the report from the Norwegian research foundation Fafo,

written by Jon Erik Dølvik and Kristin Jesnes, on commission from the Nordic Council of Ministers.

We meet them in the research foundation's old redbrick building in Borggaten in Oslo. It was originally a home economics school founded by Fernanda Nissen, one of the pioneers of Norway's labour movement. But the room we are sitting in is named after Machiavelli, the renaissance philosopher who held selfishness up as an ideal. It is, in other words, a suitable venue for discussing a business model which appears to be a wolf in sheep's clothing: On the outside it is all about sharing, but raw capitalism is at the core of many sharing economy businesses.

The two researchers acknowledge that it was not easy to settle on which name to use. Some researchers talk about the platform economy, since a common factor is the presence of a digital platform in a kind of triangular cooperation between employer, the customer and the provider. The EU seems to have settled on the term collaborative economy. Others use the gig economy and more.

"We feel it is important to distinguish between companies that provide some kind of service and those that simply make it easier to share or borrow things like cars or accommodation," says Jon Erik Dølvik.

"When it comes to platforms facilitating work, there is also a big difference between those that are local and those that offer jobs which can be done online."

Marginal phenomenon

For now, the sharing economy remains a marginal phenomenon, points out Kristin Jesnes:

"In Norway there are some 30 platform companies facilitating work. We carried out an online survey in 2016 with 1,500 people over 18, and only two percent took commissions from a sharing company at least once a week. We will carry out a fresh telephone survey in 2017."

The number of citizens in the Nordic countries that use services like Airbnb for holidays is higher, six to eight percent, but this often happens abroad.

"It is not quite possible to separate the sharing economy from the rest of the economy, and several of the companies we have looked at have also changed their strategy since they first launched their service," says Kristin Jesnes.



The taxi provider Uber has attracted the most attention, after losing several court cases including in the British employment tribunal. It classified the company as an employer and not just a provider of a technological solution linking customers with drivers, as Uber itself claims.

"The determining factor is to what degree a platform company decides the conditions for the worker," says Kristin Jesnes.

The employment tribunal judges held nothing back when describing Uber:

"The notion that Uber in London is a mosaic of 30,000 small businesses linked by a common 'platform' is to our minds faintly ridiculous," the judges wrote. They pointed out that the drivers had no opportunity to negotiate with their customers, but were forced to carry out their driving according to Uber's terms and conditions.

Nice to share

"Most people probably consider the sharing aspects as something positive, that idle resources can be used. But our report puts heavy emphasis on what happens to working life," says Jon Erik Dølvik.

"This is not so much about sharing as about how working conditions are being shaped by the platforms. This makes things more complicated. Being able to divide a job up into small pieces in the blink of an eye, while the company is not answering to any of the institutions which work to safeguard employees' rights, is something completely new," he says.

Dølvik and Jesnes believe it might be an advantage to keep definitions a bit loose, since developments move so fast.

"Airbnb, which first only dealt with flats, has expanded their business to offer courses where you can learn how to sail or how to cook. This is when labour also becomes an element," says Kristin Jesnes.

In the report 'Nordic labour markets and the sharing economy' the two researchers point out that triangular relation-

ships are nothing new in the labour market, and that they can be found for instance in the temporary agency sector.

What is new, however, is that it is not clear who should be considered to be the employer. In the temporary agency sector it is common that those performing the services are employed by Adecco, Manpower and so on. Within the sharing economy, both the platform company and the customer could be considered to be the employer. Since the facilitating service can be scaled up without any major costs, the platform companies try to get as many customers as possible and as many freelancers willing to perform services as possible.

So far there have been no Nordic court cases where the question of employer status has been centre stage. But this is crucial if taxes are to be paid and for people to collect credits towards their pension. It also has to do with a level playing field for competing companies.

Jon Erik Dølvik and Kristin Jesnes point out that it is not clear whether the sharing economy is creating any new jobs, or whether it mainly is redistributing labour. But the demand for certain services probably is influenced by the fact that the platforms make the services more accessible and transactions easier.

“Still, at the end of the day wage costs represent the most important factor for what the services cost. If we presume the tax issue will be solved and that wages in this sector will be set without regulations, the size of the market will be determined by whether the consumers’ demand meets with the supply of workers willing to do these kinds of jobs,” the two researchers point out.

“But the high Nordic wage level and low unemployment figures limits the potential size of the sharing economy,” say Jon Erik Dølvik.



From poverty to dream holiday in Bali

The sharing economy is thriving in Iceland. It has not had major consequences for the country's labour market, and the development has happened on its own terms – driven by tourism. Icelanders share their houses and cars with tourists. Iceland's tax authorities are now going to work together with Airbnb.

THEME

22.05.2017

TEXT: GUÐRÚN HELGA SIGURÐARDÓTTIR

Industrial designer Matthildur S. Jóhannsdóttir's friend was selling her flat in a Reykjavik block of flats four years ago, but was not happy with the price offered. Matthildur suggested the friend move and rent out the flat on Airbnb. The friend did this for three months, and the price increased considerably.

Matthildur had been out of work herself for several years. She needed a job with flexible hours. She is in her 50s and could not find any work as an industrial designer. She thought

things would only get harder, especially as she had not renewed her computer skills.

Started with one car

Matthildur's friend was happy with her Airbnb experience, and Matthildur decided to do the same, to share and hire out her camper van on Airbnb. First she sorted out all the licenses needed, and she of course pays tax.

The sharing economy is considered to have had a limited impact on Iceland's labour market. But the car hire has become Matthildur's own little business and her workplace.



"I hired out only one car during the first year. The second year I hired out three different cars which I had converted into camper vans and this summer I was planning to hire out six. But I was in an accident and have spent time in hospital. So there will be only four or five cars for hire this summer," she explains.

Changing attitudes

Katrín Ólafsdóttir, assistant professor at the Reykjavik University and the author of the Icelandic contribution to the report 'Nordic Labour Markets and the Sharing Economy', says the sharing economy together with the finance crash and the tourist industry boom has changed Icelanders' attitudes and opportunities to take part in the sharing economy. Where they used to invest in housing and cars without sharing, they now happily share in order to support their incomes and improve their families' economies.

"Icelanders are used to having two jobs. Now they have their regular job plus rent out things on the side," says Katrín Ólafsdóttir.

She believes the development has been useful, since it has prevented the Icelandic economy from overheating. Iceland would not have managed to handle the enormous tourist interest without Airbnb and different kinds of online car sharing schemes. It should be noted that Uber do not operate in Iceland.



"If we only had hotels, things would have developed very differently. We have been able to welcome more tourists than ever without problem, since the accommodation capacity has increased by 20 to 25 percent because of Airbnb," says Katrín.

Saved the family economy

Matthildur S. Jóhannsdóttir thinks back to the financial crisis. She remembers abject poverty. She could not afford what most people would consider normal things. She could not buy new cosmetics, her trousers were tattered, her shoes useless. But the car hire business saved the family economy. They now have a good life and have been able to take their dream holiday – to Bali.

Matthildur enjoys a lot of economic freedom and flexible working hours. From November to March she does not hire out any cars, because she does not want tourists to experience any problems with the weather and road conditions. She maintains that the company should stay small scale, with personal service.

"I meet my guests when they arrive on the airport bus, and offer them coffee and Danish pastry at the bakery while going through Icelandic regulations," she says.

Without the welfare system's safety net

The leader of the Icelandic Confederation of Labour (ASÍ) Gylfi Arnbjörnsson believes the sharing economy often means a black labour market and social dumping. He points out that this is not organised work. He thinks people who are involved in this pay a large share of their income to the websites without being paid according to wage agreements covering the labour market. Gylfi thinks these people are not benefiting from the welfare system's safety net since they pay no tax.

"We don't like that," he says.

The Icelandic country report points out that both the trade unions and the political parties – except for the Left-Green Movement and the Pirate Party – lack policies for the sharing economy. Gylfi Arnbjörnsson says the sharing economy is about the black labour market. ASÍ is fighting social dumping

and the black labour market within tourism just like it does within other trades. That is ASÍ's policy.

“We don't criticise people who take part in this, we criticise the websites and companies that promote a black economy,” he says.

Cooperation with Airbnb

The sharing economy depends on participants organising their own business and makes it possible for the economy to develop on its own terms. The Minister of Finance and Chairman of The Reform Party Benedikt Jóhannesson agrees that Iceland might not have managed to handle the tourism boom without Airbnb. But he is convinced that many of those who are now hiring out housing via Airbnb are paying their taxes, despite the fact that there are those who do not.

His party's policy is that those who take part in the sharing economy should pay tax. Benedikt points out that the Ministry of Finance recently met Airbnb's representatives in Washington to discuss a cooperation on taxes. The ministry delegation was told that Airbnb is working with tax authorities in membership countries, and collect taxes on their behalf.

“It takes time to organise tax cooperation, but we have now established contact with Airbnb. It's a start,” says Benedikt. He adds that EFTA has protested against the Icelandic taxi drivers' monopoly and told the government to react. This could make it possible for Uber to set up shop in Iceland.



Disruption shakes the Nordic agreement model

The social partners in the Nordic region have to adapt the Nordic labour market model to fit the sharing economy, driverless forklifts and other new labour market trends. If they don't, others will, a Danish expert warns. The Danish government and the social partners have approached the task by establishing a new body: "The Disruption Council".

THEME

19.05.2017

TEXT: MARIE PREISLER, PHOTO: SIGNE FLIG, COOP

The Coop supermarket chain transports many tonnes of goods every day, and some are being moved around by driverless forklift trucks. Coop's headquarters in Albertslund near Copenhagen got a visit from Prime Minister Lars Løkke Rasmussen (The Liberal Party Venstre) and several other members from the government's new Disruption Council as it met for the first time on 15 May 2017. Disruption has become a buzzword in Denmark for the changes brought on by technology.

The Disruption Council consists of the Prime Minister and a wide selection of government ministers, the social partners, business leaders and experts. The Council's task is to find out how many new trends like digitalisation, robots and artificial intelligence can make Denmark richer and improve welfare – and at the same time find out how the Danes can safely face a future where many traditional jobs will disappear, including the jobs of forklift truck drivers.

It is too early to say which routes the Disruption Council will go down, but there will be a need for further education for workers who are losing their jobs as more working tasks can be solved without employees, said Prime Minister Lars Løkke Rasmussen as he watched a demonstration of Coop's driverless forklift trucks:

“This technology brings a lot of good things. We avoid people getting worn out from monotonous repetitive movements, but of course when some working tasks disappear we need to find new ones. If you have trained to drive a forklift truck, and that truck suddenly becomes driverless, you have to do something else. You need further training to be able to perform a different working task,” said the Prime Minister.

Education, further training and retraining are also keywords in the new booklet ‘Forwards into the future’, which the Prime Minister has published to coincide with the Disruption Council's first meeting.

Protecting the community

The Minister for Employment, Troels Lund Poulsen (The Liberal Party Venstre) and the President of LO-Denmark Lizette Risgaard also accompanied the Prime Minister during his visit at Coop. The LO President also sits on the Disruption Council and has written several opinion pieces about how she does not fear disruption will lead to technological mass unemployment.



Yet she does consider disruption to be a challenge for the Danish labour market model, and points to the fact that nearly four in ten working tasks in the Danish labour market can be automated already. Postal workers represent one group which is threatened by disruption, says the LO President:

“They toil away conscientiously in an increasingly high tempo. Still their job is about to disappear. Because we are sending emails and texts rather than writing letters. This makes life easier for many people, but the postal workers are paying the price for that development.”

She believes offering a helping hand to people who do not benefit from new technological opportunities to be a central task for the Disruption Council:

“The community must give a helping hand to those left behind by the technological giant leaps. If not our society will disintegrate.”

More types of work

A Danish expert on the sharing economy and digitalisation, Anna Ilsøe, also predicts that the Danish and Nordic labour market models will come under increased pressure because of new trends. She is an associate professor and PhD at the Employment Relations Research Centre FAOS at the University of Copenhagen, and currently heads two research projects – one about the digitalisation of service work, the other about digital platforms.

“The structure of the labour market is changing. We are moving from a job economy to a gig economy, and this has major consequences. Many jobs will disappear and new ones will emerge, but many of these new jobs are less safe than we have been used to in the Nordic countries so far.”

She expects in the future more people will have part time jobs, be paid per gig or work both part time and do fee-based work on the side. The Nordic model needs to adapt to this, as it is now based on having a majority of the workforce working full time and saving for their retirement through a negotiated labour market pension scheme, while relying on state support during times of ill health or for child care.

In the new gig economy, many will be insufficiently insured and expected to save up themselves for instance to cover periods of parental leave and for their retirement. In that scenario, new players will emerge to offer insurance solutions:

“If the social partners do not develop solutions themselves here, private players will. So we will for instance see insurance companies offer citizens products that will make their lives more secure,” says Anna Ilsøe.



Britt Lundberg: President of the entire Nordic region

Border obstacles must go. That is crucial for both growth and employment. And important for the 2017 Finnish Presidency of the Nordic Council of Ministers, says the President of the Nordic Council, Britt Lundberg from Åland and Finland.

PORTRAIT

04.05.2017

TEXT: BENGT ÖSTLING, PHOTO: CATA PORTIN

Robots do not have a heart, so people are needed in workplaces in the future too. Britt Lundberg also promotes her own home place's entrepreneurial spirit. She hopes the Nordic countries can learn from each other's mistakes and successes.

But budget cuts have made the Nordic cooperation more difficult. It has become harder to start something new, because you have to get rid of something old.

People in Åland are proud of Britt Lundberg. Now she is the President of the entire Nordic region, wrote one of Åland's newspapers reporting from the Copenhagen session. Åland

has held the Presidency of the Nordic Council only once before, back in 1997.

Britt Lundberg, of the Åland Centre Party, and Vice President Juho Eerola, of the Finns Party, in the picture below, head the rotating Nordic Council Presidency this year. That is not without controversy.



Britt Lundberg and Juho Eerola. Photo: Johannes Jansson, norden.org

But you have to separate party politics, national issues and Nordic issues, thinks Britt Lundberg, who is doing her best to stake a course between the underlying political disagreements.

Remove border obstacles

The main labour market topic in the Finnish Presidency's programme is easy to spot: the cross-sector issue of border obstacles is all over the Finnish programme.

"This is absolutely central when it comes to labour market issues," says Britt Lundberg. It is about functioning mobility, and that is very important for further growth and increased employment.

Britt Lundberg underlines that when it comes to retirement issues, there are variations in age, numbers and special rules between the five Nordic countries. People moving within the Nordic region must pay close attention, or they risk losing out on benefits like disability allowances.

If you are considered unable to work in one country, it should be applicable in the whole of the Nordic region, believes the Nordic Council President. There are similar problems when it comes to education and degrees.

Travel – but be prepared for differences!

"We share many goals across the Nordic countries," says Britt Lundberg. High employment rates and getting people into work is among them. Yet we still have fairly different approaches when it comes to social security systems.

Complete coordination might be too much to hope for. But it is even more important that people who move take time to find out of and prepare for the differences.

Britt Lundberg's "own little hobbyhorse" is personal ID numbers, which could be shared across the Nordics. It would make it easy to enter all previous summer jobs into the systems, so that pensions could be paid out automatically when the time comes. Today it is hard to remember and to know which befits you might be losing out on.

Nordic model "unique"

Within the Nordic region we are used to the similarities. But in the rest of Europe the Nordic model is considered to be unique. Yet it is not that well-known.

A joint Nordic labour market since 1954 and the passport union. No legally binding minimum wage but a system where wages and other conditions are agreed upon by the social partners in a unique manner.

"Thanks to the flexibility in our tripartite cooperation, we also get a labour market participation rate which is unique in the Nordic region compared to the rest of the EU," says Britt Lundberg.



No Nordic federal state – yet

Britt Lundberg likes Nordic mobility.

"Some 70,000 Nordic citizens regularly commute across a Nordic border. That is quite a lot. 5,000 people move every month to another Nordic country. At one stage 10 percent of Oslo's population was made up of Swedes, mainly working in the service industry."

This shows that you can look at the Nordic region as a joint labour market, believes Britt Lundberg.

But we might not get much further than this. The idea of a Nordic federal union does not seem very realistic right now. There is desire for cooperation where each country makes its

own decision, but no desire for a supra-national state. The personal ID number currently seems to be the limit of what is possible.

“We might need quite a bit of time and debate before we are ready for this,” thinks Britt Lundberg. She has listened to many arguments against. Even one saying “we’d run out of numbers” if there was to be a joint Nordic system. It is unlikely that would happen, but you would have to agree on the order of the digits, as some countries start with the date of birth, while others start with the birth year. It can be hard enough to simply agree on that.

How is the cooperation on employment issues and integration coming along?

Britt Lundberg refers to Poul Nielsson’s report on the future of Nordic labour markets. She seems disappointed in the debate surrounding it. There was never a properly engaged debate, just some domestic sounding off from the opposition in the various countries, as Britt Lundberg puts it.

“We have put pressure on our ministers of cooperation to stay in touch with each other on integration. If you cannot coordinate, you should at least inform each other about measures. This has worked well,” according to Britt Lundberg.

But the different integration measures are controversial. Some argue for low-wage jobs, some want state subsidises for some jobs. It is quite difficult to draw the line for when authorities should get involved or not, admits Britt Lundberg. As a result, solving your country’s employment needs is seen as a fairly national task. There does not seem to be room for joint recommendations, according to her.

Money helps

Finland’s new trial with a basic income, is that something which could become a solution for the rest of the Nordic countries?

“We have not discussed this in the Nordic Council. But Finland can share its experiences. That way the rest of the region does not need to make the same mistakes if things don’t work out, or we can spread the good example if things work well.”

The Nordic countries learn from each other. This is exactly how it works; someone does something and someone else is inspired. This also has economic consequences.

But Britt Lundberg agrees that the Nordic cooperation used to be easier, when there was enough money to spend on all good ideas. Now the cooperation is focused on cuts.

“Yes, everything is easier when the economy is booming, you can spend a lot of money. If you want to implement something new today, you also need to close down something else. It makes things harder and more controversial.”

Language skills important in Finland

The Nordjobb labour market exchange programme for young people and the Nordplus financial support for lifelong learning has so far had enough money. Britt Lundberg is full of enthusiasm.

“People who have taken part are incredibly positive. They are often the ones who become *nordister*, you create amazingly valuable networks, it is excellent.”

Studying or working in the Nordics also bring valuable language skills.

“It is an obstacle not speaking any Scandinavian,” says Britt Lundberg, who is from Swedish-only speaking Åland, part of a Finland where Swedish has been suppressed.

“Today Scandinavian is the common language of only 21 out of the 26 million Nordic citizens. It is a problem that five million Nordic citizens do not speak that language. If you cannot make yourself understood in Scandinavian, the labour market will become more limited, for instance.”

A changing labour market: Heart or robots

The future of work is a difficult issue. The risk of developing a low-wage precariat, with people forced to have several small jobs to survive, has become a topic of political debate. The Nordic attitude is that we will not end up with an American model as long as the Nordic model lives on, with joint negotiations between the social partners.

But you will always need manual labour, believes Britt Lundberg.

Yes, to a certain extent you can talk about robotisation and automation of for instance legal and journalistic work.

“Yet at the same time I believe the human will always be needed, if you want quality. The heart can never be replaced by a machine.”

This is an issue which crops up more frequently in a Nordic setting.

Åland’s entrepreneurship

Britt Lundberg represents Åland on the Nordic Council, and has long been both an MP and a minister in Åland’s government. She has also represented Åland on the European Committee of the Regions and has fought well in a few EU parliamentary elections.

She holds up entrepreneurship as an Ålandic speciality.

“A great number of people in Åland have full-time jobs and their own company on the side. For many this is a step towards trying something else, to go completely self-employed.”

The ratio of small companies to the number of people living in Åland is very large, Britt Lundberg points out.

If you want to stay in Åland you must try to look after yourself, including having your own job. There is an entrepreneurial spirit which benefits exciting companies, even though not all of them are very profitable.

In the wake of the latest food and meat scandals, Britt Lundberg wants to promote Åland's agricultural sector as a safety factor and guarantor for a sustainable development, another Nordic hobbyhorse.



Nordics and Baltics agree on digital development

Big numbers were presented during the Digital North conference in Oslo on 25 April, where digitalisation ministers from the Nordic and Baltic countries signed a comprehensive cooperation agreement. Digitalisation can create 500,000 new jobs in Europe, and the new 5G networks which are already being rolled out in the Nordic region are 100,000 faster than the first ever mobile network was 20 years ago.

NEWS

02.05.2017

TEXT AND PHOTO: BJÖRN LINDAHL

Digitalisation brings opportunities, but is also a bit frightening for many people. During one of the conference panel debates, the moderator asked what is the most important thing you can do to facilitate digitalisation:

“Making people feel safe,” said Alf Karlsson, state secretary for digital development in Sweden.

The unease is found both among people who wonder if they have the technological skills to keep up with developments and among those whose jobs might disappear. Previous periods of digitalisation have mostly been about simpler working tasks. Now it is all about algorithms which help diagnose illness, calculate insurance premiums, robots which construct cars and computer programs which drive those cars.

“You have to be able to show that digitalisation will benefit ordinary citizens in their everyday life,” said Gerard de Graaf, head of the EU directorate responsible for introducing a European digital single market.



He provided two examples of such improvements:

- From 15 June roaming costs will disappear for mobile telephony in the EU. That means you can use your mobile telephone, tablet or laptop wherever you are within the Union without the risk of running up huge bills.
- The EU wants to ban geoblocking, i.e. internet services which you have paid for but which do not work abroad.

“Will this change the world?” asked Gerard de Graaf rhetorically.

“No, but it is important to people’s everyday lives,” he said.

The EU aims to introduce a Digital Single Market. This could lead to efficiency savings of 415 billion euro a year for the European economy – another big number. The Digital Single Market includes removing national obstacles for online transactions.

“It’s all to do with economies of scale. Look at Google, Facebook or Alibaba. When the Swedish company Spotify launched in 2009, it went straight to the USA,” said Gerard de Graaf. According to him, the EU is too fragmented, which is why none of the major companies in the so-called platform economy have been born in Europe.

The EU has its own index to measure how far member nations (and Norway) have come in the digital economy, known

as DESI. Denmark, Norway, Finland and Sweden come out top four, while Estonia is number 10.

Estonia is top in the EU when it comes to online access to public services, however, and the country also plays a key role in the coming six months as it will be holding the Presidency of the EU Council from 1 July.

“Nearly 90 percent of our citizens use the internet and everybody has a digital ID which they use to pay taxes, in the health service and for a range of other public services. We can even vote digitally and the number of people who do so is increasing,” Urve Palo, IT and entrepreneurship minister in Estonia, tells the Nordic Labour Journal.



“As I told a Nordic colleague: He should get a flat in Tallinn since so many meetings and conferences will be held there in the next six months.”

Digitalisation is also a high priority for the Nordic Council of Ministers, where Norway holds the Presidency in 2017. Sweden has already promised to carry this forward when the country takes the helm next year.

Even though the agreement between the eight Nordic and Baltic countries did not include any earmarked funds or changes to legislation – or what diplomats would call “solid measures” – Norway’s minister for digitalisation Jan Tore Sanner was very happy.

“The agreement shows a very strong commitment from all the Nordic and Baltic states. We are all front runners as individual countries, but together we can become even better. We are a well-integrated region, but not integrated enough when it comes to digital strategies.”

The Nordic and Baltic regions have similar government structures, but very different industry structures. The region could therefore work well as a ‘digital sandbox’.

According to the agreement the countries will:

- facilitate the use of personal ID numbers and electronic ID to make it easier to use services across national borders
- facilitate movement and exchange of ICT knowledge
- promote the construction of 5G networks in both cities and rural areas to prepare the ground for innovative services

The two main Nordic telecoms companies, Telia Sonera and Telenor, both welcomed the agreement.



Mats Lundquist, photo: Camilla Svensk

“The advantage in the Nordic and Baltic regions is that companies, authorities and researchers work well together. But the Nordics must pick up some pace. A lot is happening in countries like Korea and the USA. Japan will stage the 2020 summer Olympics, and is working hard to develop the most advanced solutions in time for that,” says Mats Lundquist, CEO of Telenor Connexion, the part of the company responsible for connected business solutions.

Henriette Wendt from Telia Sonera, Head of Group Corporate Development, was one of the speakers at the Digital North conference:

“Data-driven company models will continue to provide fantastic growth, generate new companies and tax revenues and they will create new jobs. The problem is that most of these companies have been created outside of our own region, and even outside of Europe,” she said.