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THE LABOUR MARKET, THE WORKING ENVIRONMENT AND RELATED ISSUES

THEME:
**Work place learning
with a human face**



Photo: John Hughes

News: No easy way to lower sick leave / Committing to a sustainable corporate life / Insight: New life for "industrial graveyards" - lots of jobs in culture and arts

Dancing through the days of work

"My dream is that working shall feel as good as dancing." The words of the head of the Norwegian Confederation of Trade Unions (LO), referring to a popular Norwegian song.

You'd be excused to believe the Finnish EU presidency shares that dream, when talking about how to meet the challenges of population increases and globalisation. The Finnish presidency's dogma is that Well-being at work sparks productivity.

"If we don't look after people, we loose. Money's world and people's world must develop together", says Finland's Minister of Labour, Tarja Filatov.

To do that, you also need a better balance between work and family life in Europe, just like the Finnish Minister for Gender Equality, Tiula Haatainen, advocates in this issue's Portrait.

Still, the term which perhaps most often crops up when global competition is being discussed, is life-long learning. It is the golden key to unlock the doors to a long working life and a forward-looking Europe. But what does life-long learning mean in real life? In Theme, we investigate what is happening in one of the Nordic countries - Sweden - and what is happening on a Nordic level.

The great challenge is the ever accelerating structural changes to working life. But they also inspire positive changes. Areas which could have ended up as black spots on the map after the closure of major businesses, have in many cases developed new, cultural foundations. In Insight we explore the phenomenon of 'industrial graveyards' which are turning into working centres for culture and arts.

With increased productivity comes the risk of people ending up on sick leave, or the development of a situation where only the most productive workers are allowed access. The Norwegian and Nordic model is based on co-operation, says the Norwegian LO leader.

Fronting 850.000 members, she is a powerful player in Norwegian society. When she joins forces with the other labour unions and the employers' organisations to protest at what they call the government's breach of the three-partite agreement on a more inclusive working life, the prime minister has to listen. As the article shows, there is No easy way to lower sick leave.

2006 is the European Year for Workers' Mobility. Both the Sidelong Glance article and the contribution from researchers under the Research heading, show that increased mobility can definitely be a challenge. Researchers say labour migration has so far strengthened Nordic growth, but has also given rise to new challenges "in terms of regulation, enforcement and control".

However - whether it is the worker who leaves her own country to find a job elsewhere, the Finnish minister or the Norwegian LO boss - they all carry a dream of a better working life.

For many though, fulfilling a dream of decent work or one of dancing through the days of work still seems far off.




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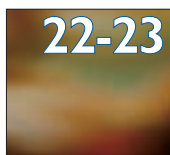
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No easy way to lower sick leave

In Norway the co-operation between the government, the unions and the employers is usually very close. But September saw an unprecedented quarrel among the three parties about who should pick up the bill for the rising cost of sick leave.

Text: Björn Lindahl



An historic event. A press conference sees unions and employers' associations launching a joint protest against the government proposal

Photo: Ola Sæther

Norway has one of the highest numbers of working days lost due to sickness in Europe, as well as one of the highest number of people receiving disability benefit.

For some time it seemed like Norway had found the way to lower the numbers, through the Inclusive Workplace Agreement made in 2001. But then the business cycle in Norway boomed. Unemployment fell to 2,9 per cent and sick leave increased just as rapidly. The goal to lower the sick leave by 20 per cent in five years, which almost was reached in the last quarter of 2004, suddenly seemed unreachable. "It's not possible to reach the goals of the IW-agreement for sick leave with the policy instruments we have", said the Minister of Work and Social Inclusion Bjarne Håkon Hanssen on the 5th of September. Compared to 2001, the reduction in

sick leave was just 2.5 percent in the 1st quarter of 2006.

Hanssen presented a proposal that the employers should have to pay 20 per cent of the cost of the sickness absence during the first six months and 10 per cent the following six months. The present period during which the employer has full responsibility of the cost was at the same time cut from 16 to 14 days.

The reaction from the social partners, who had not been warned in advance, was extremely adverse. By Norwegian standards 'all hell broke out'.

"I don't understand how he dares!" sneered Gerd-Liv Valla, leader of the Norwegian Confederation of Trade Unions (LO).

The unions were afraid that if the employers had to pay they would stop hiring people they thought would be sick. They also feared that the employ-

ees would be next in line to pay the bill. Today sick employees get 100 per cent of their pay from day one and for as much as a year.

"The government shouldn't outsource its budget problems to us" said an equally furious Finn Bergesen Jr, director general of the Confederation of Norwegian Enterprise.

The same kind of reactions came from the other six organisations that had signed the tripartite agreement. They pointed out that the government could have informed them of its plans when the IW-agreement was renewed as late as the 6th of June this year.

So what is it that is so special with the IW-agreement that it threatened the historically good relationship between the social partners and the government?

Sick leave as a political question was highlighted towards the end of the 90's when the number of hours lost increased rapidly for many years. In 2001 absence due to sick leave had risen to 7.6 percent of the workforce, compelling the former government to introduce a proposal that part of the cost should be shouldered by the employers and the employees. The protests against the proposal were so strong that another route was taken. If the social partners refused to pay a larger part of the bill, they had to prove that they could solve the issues by themselves instead. A tripartite agreement was reached for the period 2001-2005, between the government and the social

partners. Three objectives were set:

- to reduce sickness absence by at least 20 per cent from the level observed in the second quarter of 2001;
- to secure employment for a larger number of people with disabilities; and
- to increase the actual retirement age.

The companies and workplaces that signed a co-operation agreement with the National Insurance Administration, NIA, were given certain benefits. The employees in IW-companies could have longer periods of self-certified sickness absence and the human resource managers could get support from the new Workplace Centres of the NIA, which were set up in each county.

The first couple of years the sickness leave continued to grow and there was no progress on the other two objectives either.

However, the IW-concept gained a considerable support at the companies which had signed agreements. A cultural change was reported from many workplaces:

"In contrast to just a few years ago, sickness absence no longer seems to be a private matter between the employee and his or her doctor. Today, employers can engage in a dialogue with their employees on health problems and possible solutions at the workplace", OECD wrote in an assessment of the Norwegian IW-agreement.

Since more detailed goals were set in

June and the agreement was prolonged, no one suspected that the government would change the rules. But in the final negotiations about next year's budget the three parties in the red/green government decided to try to pass part of the bill for the sick leave on to the employers.

What happened?

The protests from the social partners became so intense that after a week, Prime Minister Jens Stoltenberg announced that the proposal would be withdrawn. But only if the social partners could find other ways to compensate for the rising cost of sick leave. A special co-operation group was formed, headed by the Prime Minister himself. It will report on 1st of November this year.

IW – miracle or mantra?

Has the IW-agreement helped to reduce the sick leave or is it a mantra without practical consequences? The debate in Norway has been heated, but no one can be certain what exactly makes the sick leave go up or down.

According to an OECD assessment the impact and importance of the IW-agreement has been overrated in the Norwegian debate:

"The tripartite agreement is essentially based on a standstill agreement between the government and the social partners. The government accepts the social partners' veto against changes in the current sickness benefit system and refrains from introducing co-payments for either the employer or the employee on the promise of improved outcomes brought about through changes in workplace practices."

According to OECD the positive effects on sick leave measured in 2004 was more likely to have come from stricter sick pay regulations introduced that year. They were not a part of the IW-agreement. An activity requirement was introduced after eight weeks, together with the need for a new medical examination to determine the capability to work.

According to OECD there are virtually no differences in trends between enterprises which have signed IW-agreements and those that haven't:

"In the 2nd quarter of 2004, doctor-certified sickness absence rates started to fall very suddenly in all enterprises."

This is countered by Sigrun Vågeng, Executive Director for Labour market and social affairs at the Confederation of Norwegian Enterprise.

"The IW-agreement has been thoroughly assessed by several research institutions in Norway. None of them supports the view of the OECD", she says.

Axel West Pedersen, a researcher at the institute of Social Research, Nova, thinks the OECD is right, however:

"We have no research that shows that the IW-agreement has had any clear positive effects on sick leave".

"There are some reports claiming this, but there are a number of factors

that can affect the result, such as which companies are selected and which periods in time", says Axel West Pedersen.

Ebba Wergeland, senior medical adviser at the Norwegian Labour Inspection Authority, has another way of looking at sick leave.

"The number of hours lost in sick leave will vary depending on who we think should work. It mainly varies with which people are employed, and with the fraction of the adult population that is employed. If one wants to include elderly people in the workforce, the sick leave will be higher", she says.

"The IW-agreement tries to achieve three goals which are not compatible. The main focus since 2001 has been on sick leave, as if the first priority was to use less money on sick leave – with much less effort spent on including elderly and disabled people in the workforce."

Committing to a sustainable corporate life

12.000 Danish business leaders to be coursed in social responsibility - known as CSR

This autumn sees the beginning of a major project, which involves sending 12.000 business leaders from small and medium sized companies on a course. They're to be taught how to be considerate and how to be better at showing local social responsibility in a voluntary and systematic way. It's called CSR - Corporate Social Responsibility, and it's the largest project of its kind in Europe.

Text and photo: Anders Jakobsen



The Danish Minister of Economic and Business Affairs, Bendt Bendtsen

Very simply put, CSR aims to increase the ability for people within a company to be responsible and independent. Employees and the business should show a voluntary commitment to society - both locally and globally. It's about acting ethically, to respect human rights and to take care of the environment.

People & Profit

Companies have already been through a number of trial projects. But things really got going with the start of the large project, "People & Profit" on 1 September. The Danish Minister of Economic and Business Affairs, Bendt Bendtsen, opened the conference where a number of participants described what had so far been very promising experiences with CSR.

Many pointed out that CSR is about showing real commitment towards your colleagues, your local environment and for more global challenges like pollution, child labour and human rights. If you're successful at this, a positive side effect may be better economic results. But what really counts is that the people

involved feel happy with their surroundings - whether they're colleagues, customers, clients or service providers.

Environmental demands

In other words, it is about getting all workers and thus the entire business to shift up a gear. Not by force, manipulation or stress, but through desire and commitment from each individual worker. And this could become a necessity for a lot of businesses, the Minister said, by pointing to a study from the Harvard Business School commissioned by the Danish Commerce and Companies Agency.

"It shows six out of ten companies today face customer demands for environmental commitment, among other things. In that respect, Denmark is in a strong position, and we have proven that social responsibility pays. It gives both a better reputation and an increased bottom line bonus. And we can also see that companies taking part are very good at both keeping happy employees, and at attracting new, talented and committed people. The study also shows that big companies buying products, prefer providers with a good reputation. Then they know they will not run into unexpected problems", Bent Bentsen said.

"Recently we have seen on Danish TV some examples of businesses which have run into major problems, because they use sub contractors in the far east which definitely don't show concern for social responsibility, human rights, the environment and so on. This can become very expensive for those businesses, because customers 'vote with their feet' and go elsewhere to shop", said Bendt Bendtsen.

Three important factors

The study unveils three important factors, which are particularly instrumental in making green and social investments attractive:

It is easier for businesses which are committed to CSR to attract new

customers. It reduces the danger of getting involved in corruption, pollution and child labour.

CSR also improves the internal innovation of both workers, production and products. Things move much faster, because workers are far more inclined to launch themselves into the development of new products and methods of production. The head of marketing at the savings bank Middelfart Sparekasse, Jeppe Schyth Olsen, put it this way:

"We've chosen a path where employees have a lot of responsibility, without a lot of middle management spending time checking up on the employees. Since 1996 we've created a culture of self-leadership for employees, as well as a value-based management. In this culture everyone is deeply engaged in doing a good piece of work", Jeppe Schyth Olsen said.

A third element is the physical environment. A haulage contractor business which joined the project, noted a reduction in fuel consumption by a considerable 40 per cent, because the drivers had been counselled in how to drive in a more economical way.

In the long run it is not least important that a company constantly develops new products and production processes, which cannot simply be exported or copied. But it is also important not to be afraid of co-operating with other companies to develop something new and perhaps bigger - for instance through a network - instead of simply competing with each other.

Down to earth

Project co-ordinator Jacob Gowland Jørgensen from Rambøll Management has been involved in the execution of the project. He underlines the importance of getting CSR-projects down to earth. It's important that not only the big companies work with CSR - "the common trading business must also be included in the process":

"We work with the principle that there must be something there which really matters to everybody involved. Useful networks for instance, don't come about by themselves. Our experience is that when people see that this really has meaning to their company, it becomes an integral part of their business.

Denmark's great lack of labour has made CSR even more relevant. "Companies which stand out as being a force of good in a local society, will in return get a lot of job applications - that's our clear experience. Companies which still exist in a 'solar eclipse' are also about to discover this fact, and they're doing something about it. CSR is very concrete, there is no hocus focus!", said Jacob Gowland Jørgensen.

Voluntary co-operation

Advisor Ib Maltzen at the Danish Confederation of Trade Unions is a specialist on CSR. He told NLJ that the unions will definitely support CSR as long as it is implemented in a sensible way:

"It can be utilised in many ways in companies, and as long as it happens in close and voluntary co-operation with the workers, and if it even gives a plus to the bottom line, it is quite splendid. It is the best way of motivating workers and to make them more independent and responsible.

"But it must not become something which businesses use simply as a gimmick, and in order to keep a bunch of clever consultants busy. Perhaps we need someone to keep an eye on these companies - but the best way to this is through internal voluntary co-operation with the employees and their organisations. Through our Danish system of labour agreements we can actually do this, and we are very positive towards CSR", says Ib Maltzen.

Facts

The project "People & Profit" offers courses for 12.000 leaders in small and medium sized Danish businesses, where they learn how to get involved on a local level, as well as how to develop both their employees and their businesses.

The project is run by the Danish Commerce and Companies Agency in co-operation with the consulting firm Rambøll Management, with support from the European Social Fund and state contribution through the Ministry of Labour as well as the Danish Labour Market Administration.

The project has published a practical guide to social responsibility for businesses.



Well-being at work sparks productivity

Facing global competition Finland's way: go for sustainable working life

Text and photo: Berit Kvam

Flexicurity is the order of the day when EU employment ministers meet in Finland in October to discuss work and productivity. The discussion on what will be EU's common principles on flexicurity also featured prominently at the informal minister meeting in Helsinki in July. At this first conference of the Finnish EU presidency Finland promoted well-being at work as a prerequisite for increased productivity.

"It is not a problem that people live longer; it's progress", said Finland's Minister of Social Affairs and Health during her opening speech. The question is how society and working life face the challenges of an increasing elderly population.

To reach the goal of a more competitive Europe, you need increased productivity. But how do you increase productivity while trying to include more people in the labour market, and as retirement ages are being increased?

Meeting the challenges of demographic change and globalisation in working life was the theme during the largest ever meeting of EU ministers, when the three Finnish ministers for

social affairs, health and labour met their European colleagues. This horizontal approach to the issues led to the unusual combination of ministers, as well as a debate with different angles to the challenges of 'adding to productivity by developing the quality of working life; lengthening working careers by means of social policy; promoting health in working life'. At the same time the life cycle approach and gender mainstreaming was to be implemented in all discussions.

This broad approach to such challenges has become typical of Finnish politics. It also influenced both the meeting of ministers and the previously held meetings between the presidency and the parties in the working life and with the representatives from NGOs.

"We cannot solve the challenges we're faced with on our own, so it is necessary for us to work together", the Minister of Labour emphasised to the press in her introductory speech.

Knowledge and participation

Well-being at work sparks productivity, the Finns say. When people enjoy

work, it influences both performance and creativity. What's more, if you want more people to desire to work in higher ages, working life must be made more attractive. Working conditions must be good, to make sure people aren't expelled from working life. On the contrary, to stay in work must become beneficial to health. There must also be a good balance between work and family life, and there must be a drive for development and increased competence through life-long learning based on good social dialogue.

"If we don't keep our focus on the human being and look after people, we loose. We need dedicated and participating workers. Money's world and people's world must develop together", Minister of Labour Tarja Filatov tells Nordic Labour Journal. But she also emphasises that increased productivity is not the sole responsibility of businesses: "Both the state and the parties in the working life have a role to play". But does this message reach the rest of Europe?

"I've had many positive reactions from my colleagues in Europe, because

we see increased productivity in relation to well-being at work", she says.

The other Nordic ministers commended the presidency's approach: "It is very interesting that Finland has promoted the importance of work environments in relation to productivity", the Danish Minister of Labour, Claus Hjort Frederiksen says. The working environment is also on the agenda in Denmark, he says, and in particular the psychological working environment. He points out that Denmark has just presented a strategy for the development of the working environment towards the year 2010.

"It is important that emphasis is also put on health in the wider perspective", says Norway's Minister of Labour and Social Inclusion, Bjarne Håkon Hanssen. He takes part in the meeting because of Norway's EFTA presidency. "The Nordic region exemplifies progress. Europe is inspired by the Nordic region, but you won't get the same Nordic cross-party co-operation in other parts of Europe", Sweden's Minister of Labour, Hans Karlsson says.

Flexibility and social security

Globalisation leads to more rapid changes to the labour market than ever before.

"Structural changes happen so quickly, and we can't stop them", Tarja Filatov says. "We used to protect the work place. Now we need to protect the people", she adds. Jobs are cut and new ones are created. The challenge is to find a balance between flexibility and security. Flexicurity is on the map in the EU, and will characterise Europe through the common principles which are to be agreed upon. Vladimir Spidla, EU Commissioner for Employment, Social Affairs and Equal Opportunities, often uses the Nordic region as a good example.

"It is an acknowledgement from the Commission to have this debate, but the aim is not for other countries to copy the Danish or Nordic model. The important thing is that the expression has been accepted", says Claus Hjort Frederiksen. He underlines that Danish flexicurity is based on social dialogue, and that it rests on

three pillars: Weaker job protection, good protection during unemployment and an active labour market policy. "This has led to very high social mobility. Then there is a need to invest in life-long learning. Workers must have the right to get time off for education", he adds.

Claus Hjort Frederiksen feels it is absolutely OK to arrive at some common principles on flexicurity through debate. "If we are to fulfil the Lisbon strategy, we need increased flexibility. But flexibility demands strong partners in working life - without them there is no one to have a dialogue with. You cannot have real dialogue in countries where union support is only about 10 per cent. It is also a very expensive system for countries which lack well developed social security. That's why each country must create its own flexibility", he says, adding that the core to real flexicurity is that businesses are willing to take social responsibility.

Well being - not yet in Lithuania

Rimantas Kairelis, Lithuanian State Secretary of the Ministry of Social Security and Labour, is optimistic on behalf of his country. He can point to many things indicating Lithuania is heading in the right direction, but admits that two years after joining the EU, it still has a long way to go. Well-being at work is barely an issue.

"These are the priorities of the EU presidency. We have our own priorities. It's difficult for Lithuania to follow. There is a huge difference in the level of productivity and working conditions between Lithuania and the Nordic countries. Higher salaries are our first priority, working conditions are not so important. That is the next step", Rimantas Kairelis tells Nordic Labour Journal. Only ten per cent of workers in Lithuania are union members.

Tri-partite co-operation exists in the upper echelons of society, but enjoys little legitimacy in the work places.

Even though new laws and regulations are put in place, little is done to enforce their implementation, Rimantas Kairelis admits:

"We have quite good legislation on health and safety, but working conditions at the practical level are not so good. We have started at the top of the pyramid. But we have to improve". "Especially now when we have a lack of labour within almost all sectors, and there is a pressure in the labour market", he adds.

Higher salaries, better working conditions and the attitude towards the workers are the main reason why more than 300.000 Lithuanians have chosen to work abroad according to

a recent survey commissioned by the government. It also shows that 80 per cent of those asked want to stay abroad only for a short period. Rimantas Kairelis believes that when people who have worked abroad return, things will change. "They have had good experiences with unions and better attitudes to workers, and will demand better working conditions when they return." He also thinks that "there is a slight change of attitude among the employers".

At the moment the Lithuanian government is working on a strategy on how to manage labour migration. This strategy will also include measures to enforce health and safety regulations, Rimantas Kairelis says. One suggestion is to use economic incentives to reward work places which offer good working conditions.



Positive signals for EU gender equality

The European Union is seriously looking at the challenges of gender equality, while many member states have no option but to address the problem of how work and family life can be combined.

When it comes to economic decision-making within the EU, women are still in a weak position. It's a big problem, yet the Finnish minister for gender equality Tuula Haatainen says she has more than one reason to be optimistic about equality between the sexes. She leads the debate this autumn, while Finland chairs the EU presidency.

"If Europe is to be competent and powerful in the economic and social arenas, we must make the most of all resources. We have to try to benefit from women", says Haatainen, who is responsible for equality issues at the Ministry of Social Affairs and Health in Helsinki. A real result is that the EU has agreed to establish a bureau of equality, responsible for information and creating debates about the share of responsibility and power between men and women in European countries. New EU members Slovenia, Slovakia and Lithuania are fighting to be host country for the bureau when it opens at the beginning of next year.

Long Tradition

EU gender equality ministers, i.e. social and health ministers or labour ministers with responsibility for questions concerning equality, met in

Helsinki at the beginning of October. Haatainen points out that the debate on gender equality within the EU has a long history, resulting in directives on equal pay and gender equality programs.

"But not all agree on everything. We in the Nordic countries mustn't forget that there are political movements elsewhere in Europe which think women should stay at home and look after children, and be stripped of their sexual rights - like free choice in terminating pregnancies."

At the same time, the development in Southern Europe has been positive from a Nordic perspective. Women there have gained access to the labour market. The downside is that fewer children are born. The problem which remains is how to combine children and work. Day care has become an important issue on the agenda of social ministers.

"This we have understood in the Nordic countries, where birth rates are good. In Finland for example, 1.8 children are born per woman. It's important that we have long parental leave, that pay compensation is good and that the day care and care for the elderly works well."

The interest for gender equality has increased also where decisions are made, because equality is now being defined in economic terms within the Lisbon process, which aims to increase the EU's competitiveness. "This is the time to move forwards on a national level."

Gender quotas?

One of the questions which demands decisions on a national level is whether to impose quotas for women in leading positions and in board rooms. Right now Spain is debating a proposed law which would impose quotas like those which exist in Norway. Haatainen is disappointed that development in Finland has been slow. "Some women have told me they don't want to be quota women, and if you're alone that is understandable. But if forty of fifty per cent must be women, there are no quota women or quota men."

Earlier this year she and Prime Minister Matti Vanhanen wrote a letter to listed companies and the Confederation of Finnish Industries, EK, asking what the companies' plans were to increase female representation. The debate has begun, and in January she will host an



By
Carl-Gustav
Lindén,
Helsinki

economy forum to take things one step further.

"I would like to discuss whether there is something in between quotas and doing things voluntarily - a different system."

But she does not believe those who argue there simply aren't enough competent women for the listed companies. The main problem is today's selection structure, which is strong and male dominated.

"The same goes for public services. Local councils claimed

there was no way of finding women with city planning or technical skills. But there are very qualified women who can be in charge of these things. Women are well educated."

The family decides

Throughout this year, Tuula Haatainen has focused her work on highlighting gender equality in Finland's domestic debate, and she has developed a check list on how the government's equality program is put into practice within govern-

ment ministries. The government and the partners in the labour market have also negotiated a deal on how to reduce inequality in pay between men and women - a programme of equal pay which Haatainen calls "historical". And in August, the government presented its proposal on how to share the costs for parental leave in a way which doesn't penalise women's employers. "We must move forward and make sure families can decide over their own lives."

Tuula's hour



Photo: Cata Potin

On her first job as a young nurse in the early 1980s, Tuula Haatainen experienced first hand what discrimination of women meant.

"I felt there was an old-fashioned hierarchy, just like in the army, and today I can still see that it is lingering in the background. It opened my eyes." Her work in psychiatric hospitals, in criminal care and in accident and emergency rooms also gave her an insight into the darker sides of life.

I was young then, and I was forced to think things through which young people normally don't have to think about. Not only how they influence on an individual level, but also in society as a whole."

She put aside plans to travel the world to help poor people. It was also the beginning of her involvement in women liberation work. She combined political science studies with a life as an active feminist, as general secretary of the social democratic women's movement, and a deputy leadership at the Socialist Women's International.

But to influence society you need a political platform, and Tuula Haatainen gained a parliamentary seat in 1995. Today the 46 year-old mother of two

is into her second government period. She sees politics as a collective effort, not a game for individualists. Personally she does not mind appearing in public, staging "Tuula's hour" where people can approach her to talk about life's highs and lows. Three weeks ago she visited a hospital, before that she's been to old people's homes, schools, day schools.

"This is the way I do things, and I want to do it outside of the political sphere, and not restrict my visits to social democratic clubs. I follow the programme set out by the party and government, but feel politics is an area where you use your heart, brains and creativity."

Tuula Haatainen's experience is that people will happily talk about what they want to achieve, how they think about changing their lives, and what they think should be better. She wants to be there to listen and to talk herself. "I want to meet people out and about, on foot, not just go to meetings and read reports."

Work place learning with a human face

Life-long learning is seen as the golden key to unlock the magic door to the future. Through continued competence development we shall overcome global competition and accelerating technological development, employers will find competent employees, and employees will be flexible enough to follow the windy road of development. In the long run, knowledge will secure growth and welfare.



Initiatives are taken both at a European and a Nordic level. Nordic co-operation, for instance, promotes life-long learning through projects like the Nordic network for adult learning based on national learning projects. The Swedish is a good example. But the Swedish example of adult competence development also shows how divided life-long learning can be. That's why several Swedish players would like to see a national strategy for learning.



By
Gunhild Wallin,
Stockholm

Photo: Cata Portin

"T here's a need for a national movement for learning in Swedish working life, with a particular focus on key competence in every work place", says Per Risberg, founder of the Saab Scania Combitech group, and for the past 20 years its president.

Per Risberg is active within the



chamber of commerce in his home city of Jönköping. He also sits on the board of VINNOVA, a government authority under the Ministry of Industry, Employment and Communications.

VINNOVA's task is to contribute to increased growth and welfare, though research and development among other things. Per Risberg is passionate about working life learning. He knows how important continuous learning is for production and growth, but he has also experienced how working life learning suffers when the economy deteriorates or becomes more short sighted.

Per Risberg has personal experiences of the dramatic consequences of not having strategies to secure maintenance of competence and development in the work place. He tells the story of when the 'henare' reminded management that he would soon be retiring, and they realised that this would mean a sudden stop in production. A henare is an advanced

grinder who works in certain metal works production. It takes anything up to fifteen years to become a good henare, and at any one time there are perhaps five people with this knowledge in the whole of Sweden.

"Nobody had taken this seriously. We had to convince him to stay on for another year, so that we could teach a new one to at least a half-decent level", Per Risberg explains.

Competence has a sell-by date.

He has another example, from a business where mechanical knowledge was key. It employed a civil engineer who was 'king' when it came to electronics. His knowledge had given him a special position within the company and solid annual pay rises. The problem was he wanted to keep his knowledge to himself, and he was not motivated for further education either. Crisis hit when the company received a massive order for logic controllers. A young woman was made project leader,

even though she lacked any experience in project leadership. But the 'king of electronics' no longer had the new competence which was needed. Conditions had changed, and his position was being threatened. He was left feeling utterly worthless. He went on sick leave, and lost all motivation for his work.

"This is an example on badly managed human resources. Perhaps things would have turned out differently if there had been innovative learning, with creative ways of passing on the older worker's knowledge to the younger one, and the other way around", says Per Risberg.

Per Risberg claims that to compete within a competence-intensive industry and through it create growth, it is necessary to increase and transfer competence throughout the chain. Partly because people who carry 'silent' knowledge will soon retire in huge numbers, and partly because today's pension system cannot support the number of people who opt for early retirement simply because they lack the latest knowledge within a certain area. He also feels it is unreasonable to expect young workers with high theoretical competence to spend 10 to 15 years with 'on-the-job-training' to gain the important but 'invisible' competence of older workers. With the correct pedagogical methods and an environment conducive to learning, this knowledge should be easy enough to transfer during the actual work. Because of this, he wants to see innovative efforts to bring adult learning into working life.

"Weaknesses in the social security system means people will have to work until they're 65, and it makes a huge difference whether people are fully or semi-motivated when they're between 55 and 64", says Per Risberg.



Per Risberg, founder of the Saab Scania Combitech group, and for the past 20 years its president.



A learning relay race

For more than one and a half years now, Per Risberg has been part of a series of seminars in Stockholm, under the banner "The work place as education system - a challenge for Sweden". Behind this initiative is Kenneth Abrahamsson, adjunct professor at Luleå University of Technology, and responsible for the research network Larena. The seminars were a co-operation between Luleå University of Technology, the Swedish Work Environment Association and the national theme network NTN-Learn. The idea was to rekindle the debate on the work place as an arena for life-long learning, and to hand the baton to the parties in the labour market in order to highlight important questions surrounding learning. He felt the questions on working life learning were in the ditch after the unemployment crisis of the 1990s and the subsequent increase in sick leave. The aim therefore became to create a conversation on life-long learning, in a work place perspective.

"Questions of learning don't concern only one party or single individuals. It's a team effort, you

have to co-operate to achieve success. With this relay exercise, I wanted to see whether there still is space for a labour organisation with a human face, and for new partnership on the question of learning", says Kenneth Abrahamsson.

The social partners and other participants have hosted a range of seminars on adult learning, raising the issues they feel to be the most relevant. Researchers have contributed with their knowledge and views on the relevant questions during the whole process. One important aim has been to create a dialogue between the social partners, researchers and other participants who are involved in work place learning.

One conclusion has been that the Swedish model, i.e. agreements between the parties in the labour market, has a range of programmes and measures when a business closes or down-sizes - so-called change-over-learning.

"It would be great if there were similar agreements for employees, who are in active work but who need to develop their competence. This is a weak link in the system. We use political means in the labour market, investing a lot to get people into work, and as much on getting them out. We forget, however, about the period when they are actually employed, and supposedly productive", says Kenneth Abrahamsson.



The many faces of competence

The learning relay race illustrates how complicated the question of learning in working life really is. It concerns all levels and bridges several disciplines. "We have to start asking ourselves the question - 'what is knowledge?', says Annelie Hellander from Swedish Municipal Workers' Union.

"It's a challenge for our members to see that knowledge is more than what is being taught, more than what you find in books or inside certain buildings. It's about understanding that knowledge is achieved in different ways, develops in different ways and is being used in different ways", she says.

Knowledge can be both formal and informal. It can be proven through grades, but it can also be built on experience, which is difficult to measure. Professor Ingela Josefson, also headmistress at Södertörn College, tells the story of Ole Christian, a young Norwegian. He has a severe physical handicap, and for a long time he was considered to be mentally handicapped as well. Then special educationalist Berit arrived. She saw something nobody else had seen in the eight-year old Ole Christian. She saw a glint in his eyes which signalled humour and intelligence. She realised it would be difficult to point out what others had failed to notice, because she was new in her job. But she shared a joke with Ole Christian, allowing a colleague to notice what she had noticed. It was not easy to convince the other colleagues, but Berit was right. Today, Ole Christian has taken the upper-secondary final examination, and is writing poetry. Ingela Josefson has had Berit as her doctoral student, and has spent a life-time studying silent knowledge. It was this knowledge which led Berit to see that something was not quite right, and which helped her when she took

on the challenge to have Ole Christian declared to have normal intelligence.

To capture silent knowledge, to estimate what experiences are out there but not easily measurable, is a priority for both Sweden and the Nordic region. The state-run Evaluation Delegation is one example of a commitment to create a system to evaluate this kind of knowledge. Over a four year period, it will work mainly to promote the knowledge which exists within health care, and which often is gained through daily work - and hence difficult to describe in a CV. The aim is to find a national standard for evaluation. Key words are quality, legitimacy and equality. People should not be evaluated in relation to time tables or whatever fits in with an existing system - on the contrary, it is what they know which should influence the system.

Another state project is called the Ladder of Competence. The three year project sees one billion kronor of state investment to help municipalities develop competence and activity within care for the elderly. At the same time, municipalities and county councils are developing local and regional learning centres. There has also been an increase in resources allocated to popular adult education, and more emphasis has been given to flexible online teaching.



A changed working life

Adult education has many names and many arenas. It can be about heightening the level of basic education, further education within a specific occupation or to attend labour market oriented courses in order to match up to those jobs which are out there. Work place learning is an important part of this, and traditionally the social partners play an important role. The state governs through legislation, economic support or through other incentives for learning, plus via monetary support for research and development. The social partners' role is to agree on work organisation, employment conditions, salaries and more, as well as agreeing on questions regarding participation, job development and learning.

Sweden has long been characterised by the so-called "Saltsjöbad Spirit" - a co-operation between employers and unions which took shape as early as the 1930s, and contributed to a modernisation of industrial labour. Today, the labour market looks different, and more and more people work in the service industry. The co-operation between the social partners has also changed.

"In the public sector there are ambitions to create a new contract of co-operation, but in the private sector the co-operation is running into difficulties", says Kenneth Abrahamsson.

Major unions have different focus on working life learning.

The Swedish Confederation of Professional Associations (SACO) talks about education accounts, and whether education pays. The Swedish Trade Union Confederation (LO) focuses on work environment and working conditions within the communal sector, as well as occupational training in higher secondary education. The Swedish Confederation for Professional Employees (TCO) takes an interest in competence accounts, says Kenneth Abrahamsson.

He feels Sweden has been at the forefront in Europe when it comes to development of labour organisation and learning; this shows up in international knowledge ratings. There is a strong tradition for adult education and people's education. Many projects have been so-called fund projects.

"We are now part of the European Social Fund, like many other countries. Sadly, we've not managed to develop any clear strategy for how the social fund should be used. The risk is that the funds will be nothing but national sprinkler systems for a wild garden of a thousand small projects. There aren't many large and comprehensive programs today in addition to these projects, unlike the Finnish programme for productivity, or the Norwegian programme for value creation", says Kenneth Abrahamsson.

Three challenges

Competence and learning is basically a question of allocation, and is mainly about power and influence. Today there is a cold undercurrent of new, international trends of 'lean production'. At the same time the developing stage of work becomes more and more project-orientated, Kenneth Abrahamsson thinks. But he realises that it's difficult to stop this development for those who want to compete internationally.



"The first challenge is to protect a working life with a human face. In part this is about getting new groups into the labour market, and it is also about protecting the so-called good quality work. Demands on people to master and develop the new technique will increase. We must also keep our heads up and make sure modern work does not become undermined, or that it drives employees to self exploitation and burn-out in a leader-less landscape", says Kenneth Abrahamsson, adding that questions on gender equality and women's working conditions are of special importance.



Kenneth Abrahamsson
Photo: Ulla Montan

The other challenge according to Kenneth Abrahamsson is to create an open and sustainable working life, to use Equal and the social funds' starting points - the growing human being, respectful relations and a working life for all free of discrimination. But this goal is not enough, he says. You must also take into account the production side, i.e. work is there in order to develop companies, products and services. Questions of quality in that respect and a working life with

a human face simply belong together.

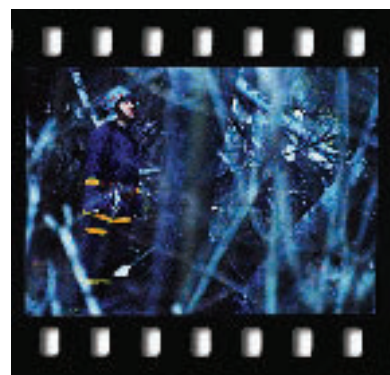
The third challenge is the double generation change. Production systems and businesses must be improved constantly. At the same time, because of an ageing population, working life must prepare to open up to groups who so far have had trouble getting in. That means youths, immigrants and older people.

"We must develop better strategies for age management, which build on dialogue between generations, the use of mentors, trainees and pedagogical solutions. To manage this, we need a more thought-through strategy for learning and for working life. We must use a learning perspective to look at labour organisation and working environments. We must also create new incentives for mobility and flexibility with a human face", he says.

Kenneth Abrahamsson is positive to a national strategy for learning, and points to several good international examples, like France. When that country introduced shorter working weeks, the French Agency for Improvement of Working Life (ANACT) was given the task to initiate a support programme for businesses and companies. The state financed half of the consulting costs incurred by companies in order to get the change going. In Sweden we have a fear of consultancies, he claims. He wants to include consultancies in the work towards creating new togetherness and a new contract of co-operation for learning and a developing working life. We must try together, in small and big formats, new models and "best practice" for a modern, efficient working organisation with human labour.

"Let researchers, consultants, employers, the unions and entrepreneurs get together and create

a framework for a broader development", says Kenneth Abrahamsson.



He adds:

"We must not become too reliant on economical questions when developing motives for learning. People aren't simply small cogs in a larger system of production. We must also protect the human motives. Educational questions have their own raison d'être, far outside the factory gates, or the dusty office window.

Border-less learning

"Adult learning is a priority." The words of Norwegian deputy minister Åge Rosnes in June this year, when opening the conference "Quality adult learning. A challenge for the Nordic welfare model?"

The conference was one of many events which form part of "The Nordic Network for Adult Learning" (NVL). It begun in January 2005 as an initiative by the Nordic Council of Ministers. It's task is to develop adult learning.

The European Union aims to be the world's most successful knowledge-based economy by 2010. According to the Lisbon strategy, life-long learning is one of the ways to achieve this. The Nordic countries aim to reach this goal as a region through Nordic co-operation. The Nordic Council of Ministers' strategy plan reads: "Nordic co-operation on adult learning shall, in accordance with the principle of life-long learning, promote and develop adult people's knowledge and competence. This should form a platform for both personal development and participation in democratic processes, as well as strengthen the ability to compete in labour and social life."

As a result, a network for adult learning was created last year. Until 2008, and possibly beyond, the network will gather national experiences on learning, and pass them on within the Nordic region. The network comprises co-ordinators from all five Nordic countries, and aims to spread knowledge and experiences from these countries as well as the autonomous areas of Greenland, the Faeroes and Åland. The Nordic Council of Ministers commissioned the Swedish Agency for flexible learning (CFL) to do the job.

"We have a cross-sector dialogue where we include adult education, popular people's education, learning in working life and research. There is a great need to talk

to each other, to get an understanding of what kind of competence you can find in each separate system. It's also important for individuals to know where you go for different types of knowledge in order to build on the competence you already possess", says Antra Carlsen, main co-ordinator for NVL.

The idea was not to start a new institution, but rather to build networks and inspire new networks - across traditional boundaries. The co-ordinators have all committed to work half-time on the project, and the idea is to use the home page as the network's spider. All reports, national summaries, a web-based magazine and newsletters are put up on the web page. Soon there will also be a collection of good experiences published there.

NVL works on a range of themes, and each year the presiding country in the Nordic co-operation gets the chance to add a new theme. One theme of priority is life-long learning, which includes documentation of real life competence and valuation, quality improvement in different learning activities, measuring results from different kinds of adult learning institutions - as well as improving basic knowledge like writing and IT skills. New themes are also added when parties from the different countries meet. It is also NVL's task to register new initia-

tives from various players, and to support Nordic projects based on the various themes.

"We also register things of interest from various milieus. We have, for example, added equality - but in its broader sense; like having equal opportunities for all to learn, in order to develop both personally and in working life. We have focus on older people and their need for learning in order to have the energy to work and to stay on working", says Antra Carlsen.

There are several projects within the different themes. One example is a comparative study of how adult learning is done in the various countries. Another network looks at future knowledge, gathering information from employers, employees and researchers. The idea is that educational institutions should no longer have a monopoly on knowledge - today's learning happens in many different arenas.

"It is incredibly exciting and useful. What's new is that we co-operate across the traditional divides, and our national co-ordinators tell us that the national participants are getting more and more active and interested in debating across these divides and across national borders. It all gives good results and creates innovation", says Antra Carlsen.

New life for "industrial graveyards" - lots of jobs in culture and arts

All around Europe a new and fast growing labour market in culture and arts gives new vigour to cities and towns. In de-industrialised places this is particularly evident. Instead of moving out, people have started to move in - to jobs in the "creative sector" - counting for an average of one third of all jobs. With the growth of the cultural infrastructure dull places turn into attractive and colourful ones where people like to live.

"We have no problems attracting people with high qualifications - we sell more houses and land than ever". The mayor of Holstebro Arne Laegaard is proud. He has reason to be. In the early 1960's Holstebro with its 40.000 inhabitants was described as the "dreariest place" in Denmark. In the wake of the de-industrialisation process the town lost jobs and people at an alarming rate with nothing to compensate for the losses. So how was the downward tide turned upward?

The first visible change came on a rainy 10th of March 1966. In the town centre some 400 people had gathered in the market place to take part in the unveiling ceremony of a statue - the town's latest acquisition. With the local elections approaching, the mayor would have preferred to keep the statue secret for a while. Although the cost of the statue was partly paid by a sponsor, the town had to come up with 150.000 Danish crowns - quite a large sum considering the bleak conditions of the unemployed. But some journalists had found its hiding place in a shed and



forced the disclosure. At the moment of its unveiling the discomfort spread from the mayor to the public. Seeing the gaunt figure they gasped: "so much money for so little". That was the arrival in Holstebro of "Woman on a cart" by Giacometti.

At that moment nobody knew that the statue was to mark a new and successful era for Holstebro based on a vision and an insight of the

local politicians. In order for Holstebro to survive they had adopted the maxim of culture and arts as an increasingly important development factor. This was a consequence of the structural changes. Leaving the industrial society behind and entering the knowledge society, their notion was that attractive sites and creative, innovative workers would be of significance. In order to stop people leaving the town and in order to attract investors, visitors and new inhabitants, a rich cultural life would be important - culture and arts as localisation factors.

First of all the image of Holstebro had to be changed. Thus the politicians decided to bring culture close to the inhabitants by embellishing the city streets and open places with sculptural works. And right they were. For the first time the mention of Holstebro in national and international news media caused a positive stir. Forty years on the town is internationally known as a city of culture with new theatres, museums, libraries and cultural centres having sparked off a



By
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Photo: Poul Erik Nielsen

new economic development. People started to move to Holstebro and a never-ending stream of visitors come to take part in cultural life and to shop.

With the growth of the cultural sector, new jobs were generated. According to a study (2005) made by the Danish Statistical Center and Steffen Gulmann (11 Design) people keep on moving to Holstebro; no less than 30,3 % of its working population work in the creative job sector. "In this context our cultural life is of greatest importance; it even works as a locomotive with a spill-off effect outside Holstebro", mayor Laegaard concludes. "The motivation for highly qualified people to move to near-by Thy is that they are close to the excellent cultural life in Holstebro."

Holstebro, however, is no exception. Looking around Europe we see how many "gloomy places" turn into

exciting and flourishing ones, for example Lille, Genoa, Turin, Liverpool and the Ruhr area. Today they are cultural cities of standing with a growing creative sector giving birth to an overall economic expansion. The annual turnover for the sector in the whole of Europe is some 380 billion Euros, which is more than in most traditional industries. If we look at the Scandinavian countries, we see that the creative labour market has been growing by more than 3 % every year since the mid-90's.

sector everywhere. Many people work freelance, part time, short time etc. also in micro enterprises and small companies with 3-5 employees. This way of working - flexible, creative, mobile and project-oriented - is considered to be the model for the future for the whole labour market. One consequence is fluctuating and insecure incomes. Most people working in the sector use up what they earn - they do not work for profit. Still the creative labour market in Norrköping and elsewhere is expanding.



Photo: ØJefunne Gimpel

One of these de-industrialised cities is **Norrköping** (122.000 inhabitants) in Sweden. In the 1980's it embarked on a new future with the development of a cultural infrastructure, for example the remarkable Museum of Work and a university campus which has developed into one of the most popular in Sweden.

In a new study "The creative sector" (2006) by the Östsam regional authority, the expansion of its labour market is analysed. 5.500 people work within the sector with an annual turnover of 3 billion SEK. Two thirds of the working places are single person enterprises, which is typical for the heterogeneous working conditions within the creative

Quite another atmosphere lingers over **Notodden** (12.000 inhabitants) in the Norwegian Telemark region. Comparable to Holstebro and Norrköping, Notodden lost its big industries in the 1970's and 80's. Here too the local politicians had a vision when they started to use the empty sites as centres for culture and study. They knew that globalisation enhances the significance of all things local. Strong local and regional identities with a cosmopolitan outlook are of great help trying to survive in global competition. How could culture and arts as identity creating factors help Notodden? One answer was embedded in its long lasting interest in blues music. In 1988 Notodden started a yearly and

Inside Lume Media Center, Helsinki

FACTS:

Culture and arts are divided into five main categories:

*-literature,
-visual arts
-music;
-film, media;
-theatre and other performing arts.*

Its workers constitute the core arts work-force.

Outside the core is the rest of the creative sector in its broader sense, for example: publishers, libraries, archives, bookshops, design, advertising, galleries, handicraft, museums, cultural heritage, cultural tourism, cultural politics, restoration, exhibitions, landscaping of gardens and parks, music publishers, production of and trade with musical instruments, recording studios, film, TV, radio and video production/distribution, cinemas, circus, theatre opera and entertainment, intellectuals of all kinds, scientists, developers of new technologies for example within the IT-sector. According to a knew study by the EU, including the EFTA-countries, Romania and Bulgaria, the core art workforce is constantly growing and today constitutes between 2,5-3 % of all jobs in any country. When using the definition creative sector in a broader sense encompassing all types of creative works the figure is about 30 % of the whole labour market in any country - with very high percentages for places like Helsinki (40 %) and Ile-de-France (45 %).

successful International Blues Festival which is now getting its own "House of Blues and Books". It is the first and only blues centre in Europe with a blues school, a blues archive and museum, temporary exhibitions, recording studio etc.

Another important knot in the cultural network of Notodden is the College of Telemark which recently launched a course in musical chore making. Right now the college is competing to become the first national teaching centre of culture and arts outside Oslo. "It is evident that the amount of people working in the creative sector here has increased over the past 5-6 years", says the Head of College Knut Patrick Hanevik, "among them some filmmakers and computer artists who have worked in Hollywood".

differences. During the first period of the co-operation (1993-1999), 600 cultural projects took place - an increase of 240 %. This work is continuing under the names of Northern Renaissance and Voices in the Barents Region. One main aim of the cultural co-operation is to strengthen regional identity in BEAR. Among the internationally well-known events, the spectacular Arctic Snow, Ice and Fire Exhibitions stand out.

Live entertainment, cultural tourism and film industry with a growing number of films being made on location in the Barents region are other expanding labour markets. "The sector has increased enormously during the past 10 years" - says Kurt Lind from the regional employment agency, which is responsible for a coming study on the creative labour market.

While places with a dirty industrial past and hitherto neglected rural peripheral areas have had to struggle to establish themselves as cultural centres, the traditional privileged cultural cities and towns have been fairly lax as regards renewing themselves. One capital which never let loose, however, was "The Art and Design City" of **Helsinki** (the Helsinki region has 1,1 mill. inhabitants). The Arabianranta has been called "the most important innovation centre in Northern Europe". Construction started in 1998, and when finished in 2013 the centre will cater for 7.000 inhabitants, create 8.000 jobs and 4.000 study places. It will merge residential, cultural, recreational, design, business and teaching/learning activities, and among its highlights will



"The wall of Empedokles" at the Luleå Winter Biennial. The installation is made of fire (wood and hawlm) and ice. Artists: Timo Jokela and Kaija Kiuru, Rovaniemi, Finland. Photo: Ricky Sandberg.

We now leave the centre of Scandinavia for the rural and peripheral **Barents Euro Arctic Region (BEAR)**, since 1993 a co-operation of regions around the North Pole in Norway, Sweden, Finland and Russia. Here culture and the arts emphasising the similarities in this macro-region have done more than anything else to bridge over political and other

Some 20 % of new small enterprises are in the creative sector. Here as everywhere 40 % of the core arts workforce have a higher education - either academic or in the arts. 65-70 % are between the ages of 25 and 50; there are more over-50s than under 25s. More men than women work in the core arts workforce - some 52-55 % men as compared to 45-48 % women.

be the University of Art and Design, the Pop & Jazz Conservatory, the Polytechnic Faculty of Cultural Services and the Lume Media Centre.

No doubt about it: "The culture and the arts represent a robust and formidable economic growth sector".

UK's Eastern European salvation or damnation



A day trip to Britain's famous Blackpool seaside resort left me wondering whether I'd taken a wrong turning and ended up in Poland. In every chip shop, every café, every gaming arcade and at every amusement ride I was served by a Marek, an Ewa or a Dariuz.

Traditionally, England doesn't come more English than Blackpool. The seaside resort was born as the holiday resort of choice for factory workers of northern England at the start of the 20th century. Its streets are still filled with fish and chips shops, greasy spoon cafes and amusement arcades. But as most people here now can afford a holiday in Southern Europe, Blackpool has for some time struggled financially.

It was not surprising then, that the cheap and ultra-flexible labour force from the new EU member states was seen as somewhat of a godsend in 2004. Today, some estimates show nearly 10% of the entire Blackpool population is Polish - at least over the summer holiday period.

I remember well an Oslo press conference two years ago, when the then centre-right government of Norway laid out their plans to restrict labour immigration from new EU countries into Norway. The big question then was what impact a possible influx of cheap labour would have on the national economy and the native workforce.

Watching Britain today gives very clear answers to that question. Britain was one of only three EU countries to allow unre-

stricted access for workers from new EU member states in 2004 (along with Sweden and Ireland). The government estimated 13.000 labour immigrants from Eastern Europe would arrive every year. They got it seriously wrong. The latest figures show some 600.000 have arrived since the enlargement, most of them from Poland.

Maria Klosinska is a student of social anthropology in Poland, but works in a Blackpool bar over the summer months. She takes home the minimum wage, £5,05 an hour - four times what she could have made at home. Work, she says, is not hard to find. Local English workers tend to shy away from these low paid jobs. Blackpool employers told me they far preferred Polish workers for their skills, work ethics and customer awareness. They're simply far more polite and hard working than the locals, a hotel manager said.

This autumn the British government has admitted it got the figures wrong when estimating the influx of Eastern European workers in the wake of the EU enlargement. But it has no regrets over its decision to open UK's borders to labour immigrants. The word from both Downing Street and business leaders is that the super-flexible and cheap Eastern European labour force has been

essential to the growth of the British economy. Some say these workers have contributed as much as £2.5 billion a year.

But not all here are rejoicing. Trade unions warn of a general lowering of labour standards. Already reduced to a shadow of their former selves by the Thatcher years, unions now struggle to enlist the newly arrived workers, who they say are too willing to accept low pay and bad working conditions. That in turn makes it even harder to negotiate better terms and conditions for all workers here.

And some commentators warn that many of the Polish workers who are here now, will sooner or later want to return to their home country. That will leave this country with a huge gap in the labour market, as well as a native work force ill-equipped and unwilling to do the jobs that are left behind.

It's an open question what will then happen to Blackpool. One night club owner told me the city would grind to a halt without its Polish work force. Perhaps Blackpool and other cities like it must put their trust in new workers from Bulgaria and Romania, when the two countries join the EU next year.



By
Lars Bevanger,
Norwegian free-
lance journalist,
Manchester, UK

EU enlargement two years on: what challenges to the Nordic labour market?

The growing mobility of labour from EU-8 after 1 May 2004 has contributed to increasing production and employment, curbing of prices and interest rates, and extending the room of manoeuvre in economic policies in the Nordic countries.

Status report from Contact Group under the Labour Market Committee of the Nordic Council of Ministers, August 2006, by Jon Erik Dølvik and Line Eldring, Fafo, Oslo.

Jon Erik Dølvik,
Head of research, Fafo. Leader of Fafo's research programme on mobility in the enlarged EU and project leader for the coordination of the contact group under the Nordic Council of Ministers.

Line Eldring,
Research Coordinator, Project leader for Fafo's Eastern Forum and researcher on various projects related to EU enlargement, including the project under the Nordic Council of Ministers.

Individual migration has varied significantly across the Nordic countries; the influx has been growing strongly in Norway and Iceland, while Finland and Sweden have seen limited inflows. Mobility related to cross-border services has increased markedly in all Nordic countries, and seems to exceed regular labour migration in key sectors. This development has given rise to new challenges in terms of regulation, enforcement and control.

Movement of workers:

In contrast to Sweden, the other Nordic countries of Denmark, Finland, Iceland and Norway introduced transitional arrangements in 2004 for the movement of labour from the EU-8. After two years, the Nordic countries had as a whole issued around 75,000 first-time work permits to citizens from the EU-8 and around 30,000 renewals, of which Norway accounted for more than two thirds. A large share of the permits applied to short-term work. More than 2/3 of the migrants came from Poland. Whereas the permits issued in 2005 accounted only for a supplement of 0.4 percent to the entire Nordic labour force. The permits issued in Norway 2006 will most likely exceed 2 percent of the labour force.

In Iceland the percentage is considerably higher - placing these countries next to Ireland when it comes to labour migration from the EU-8.

By "greasing the wheels" of the labour market, labour migration has so far strengthened the upswing and thereby boosted domestic employment and reduced unemployment in the Nordic area. If we assume that future migratory flows will vary in accordance with the business cycle, as previously seen in the Nordic countries, and assuming that intra-Nordic mobility will decline for demographic reasons, labour immigration of this magnitude is unlikely to cause serious imbalances in the labour markets.

The transitional arrangements have apparently had little influence on the total volume of mobility, and have mainly had an impact on the relative distribution of labour migration and service mobility. Accordingly, Finland and Iceland lifted their transitional arrangements from 1 May 2006. Denmark relaxed its regime, made it possible to pre approve enterprises that have collective wage agreements, and will repeal its regime on 1 May 2009 at the latest, as will Norway.

The gradual removal of external control of access to the national labour markets is likely to prompt a tightening of internal rules and

controls. In order to prevent the emergence of a secondary market for low-paid labour from EU-8 when the transitional regimes are phased out, Norway and to some extent Denmark - where the coverage of collective agreements in parts of the private sector is markedly lower than in the other Nordic countries - may face hard choices over how to ensure equal pay and treatment without compromising national traditions of voluntary regulation.

Growth in posting of workers:

The Nordic experience has highlighted the difficulties of having separate regimes for individual labour migration on the one hand, and labour mobility through services on the other. Differences in the conditions for wage setting, taxation/duties, control and enforcement, have given a certain rise to strategic circumventions. In addition to reducing regular labour migration, these have contributed to distortions of competition, dumping of wages, tax evasion, and creation of disorderly conditions in parts of the Nordic labour and service markets. Besides harming common interests and bona fide enterprises, this has in some areas exerted pressures on norms and standards in the Nordic labour markets.

Since none of the Nordic countries have a statutory minimum wage, and extension of collective agreements is practiced only in Finland, Iceland and partly in Norway, the growing service mobility from the EU-8 has challenged Nordic traditions for regulation, control and enforcement in the labour market. Finland has, like Iceland, taken major steps towards establishing a statutory minimum wage embedded in collective agreements for posted labour. Sweden and Denmark rely on the autonomous collective agreement model, where the trade unions coerce service providers into entering agreements, if necessary by using solidarity actions and boycotts. In Norway, parts of the collective agreement in construction has been generalised and the unions recently tabled a motion for further nationwide extension. Within very different regimes, the governments and social actors in the Nordic countries have taken a range of initiatives to improve regulations and enforcement of conditions for posted workers, for example:

Re-regulation:

Against the backdrop of the Laval/Vaxholm case, the central social partners in Sweden signed a framework agreement in 2005, offering foreign providers of services a guarantee of industrial peace during negotiations if they join the relevant employers' association and accede to an adapted version of the collective agreement in the industry concerned.

Registration schemes:

In 2006 Finland and Iceland imposed mandatory registration on foreign sub-contractors and their workers, while Norway in 2004, for tax purposes, obliged all foreign enterprises and employees to register. Denmark recently introduced a similar scheme for the construction industry.

Access to information on wages:

The Swedish framework agreement established that the trade unions in the employing enterprise should

have the right to information on wages and working conditions among sub contractors. Both in Iceland and Finland, trade unions have been granted extended rights to access wage information from enterprises with posted workers, and the new Finnish ombudsman for foreign sub-contractors shall submit information on the conditions for the posted workers. Also in Norway, certain union rights of access to information on wages in sub-contracting firms were agreed upon in 2006.

Builder liability:

A proposed Finnish bill concerning "the reporting duties and responsibilities of the purchaser when hiring external labour" will make the purchaser of sub contracts responsible for clarifying whether the supplier is adequately registered and has paid all mandatory fees, whereas reports must be submitted on pension and insurance schemes, collective agreements and working conditions. Failure to report can entail imposition of fines. Builder liability is also being debated in the other Nordic countries.

Temporary work agencies:

In Finland, legislation stipulates that if a manpower supplier is not bound by a local or generalised collective agreement, the temporary worker should be paid according to the agreement of the contracting enterprise. In 2005, Iceland introduced a new act hammered out in tripartite negotiations. It obliges work agencies to submit a report eight days prior to the start of any work, including the address and a contact person, both in Iceland and in the home country. Wages have to comply with minimum rates in the relevant Icelandic agreement. The enterprise is registered in the Directorate of Labour, unregistered enterprises are barred from supplying services, and if services are delivered for more than ten days, the names, addresses and qualifications of the individual workers must be submitted.

Need for transnational cooperation

While the EU/EEA regulations for free movement provide frameworks for registration, access to information and control of the foreign service providers' employees, this regime is currently under review in the context of the evaluation of the Posting of Workers Directive and the adoption and implementation of the service directive. In addition to domestic challenges related to reform of the internal regimes for regulation and control, the Nordic countries currently have a window of opportunity in terms of influence on developments at the EU level in accordance with Nordic goals and interests. In these processes, the countries on both sides of the Baltic Sea have a lot to gain from learning from each other's experiences and initiatives, and from making a co-ordinated approach to the EU.

Relevant publications in English:

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Nordic Council of Ministers
www.norden.org

Ministry of Employment, Denmark
www.bm.dk

National Labour Market Authority, Denmark
www.ams.dk

National Working Environment Authority, Denmark
www.arbejdstilsynet.dk

Ministry of Labour, Finland
www.mol.fi

Ministry of Social Affairs and Health, Finland
www.stm.fi

Directorate of Labour, Iceland
www.vinnumalastofnun.is

Ministry of Labour and Social Inclusion, Norway
www.odin.dep.no/aid

Directorate of Employment and Welfare, Norway
www.nav.no

Norwegian Labour Inspection Authority
www.arbeidstilsynet.no

Ministry of Industry, Employment and
Communications, Sweden
www.industry.ministry.se

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www.ams.se

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