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THEME:
Reaching the fringes
- a more inclusive working life

Photo: Anette Andersson

News: A new labour policy for the North / Portrait: Wanja Lundby-Wedin - favours security in change / Research: Working Nation The Mindset of the Enterprising Icelanders

Co-operating at the focal point

The Nordic countries enjoy the world's most equitable wages, the most generous welfare systems and the lowest poverty levels. At the same time we are witnessing the peak of a boom: "Never before in modern times has the Nordic labour market been in such good shape", we write under the theme: "Reaching the fringes: A more inclusive working life". Still, large groups remain completely or partially outside the labour market. The examples we present from Denmark and Sweden show how youths and others on the fringes need extra help to get included into working life, which often calls for broad co-operation between various institutions.

Many struggle to enter the labour market, while companies say there is a great need for labour in more and more areas. The Nordic governments have decided to opt for a multipronged approach; mobilising labour at home while attracting qualified labour from abroad. Of all the Nordic countries, Norway has received the largest number of labour immigrants after the latest EU enlargement. The government there recently presented a white paper on labour migration. "The Government wants to put the conditions in order for an effective labour migration", said the Minister of Labour and Social Affairs. In the article "A new labour policy for the North" the Nordic Labour Journal follows Mr. Bjarne Håkon Hanssen as he presents the white paper in Kirkenes.

"No Nordic model without the employers", says Professor Karl Ove Moene at the University of Oslo. The Nordic model is characterised by unity and co-operation; widespread organisation among employers and employees, frameworks for routine consultations when interest clash, co-ordinated wage agreements and generous, universal state welfare systems. The model seems to be the most sustainable one for a labour market - yet many are now warning the model is under threat from various quarters: The article "Spread of franchises weakens unions" shows how a new business trend is about to undermine co-operation between the parties in the labour market. It is also now clear that the number of trade union members among employees has fallen during the past decade. Wanja Lundby-Wedin, head of both Swedish LO and the Nordic and European trade union federations, says trade union membership rates are a top priority for her. Read about it in Portrait. Mrs Lundby-Wedin also emphasises the need for co-operation on all levels, in order to meet today's challenges; The European Court of Justice recently passed judgement in the cases of Viking, Laval and Rüffert, which could be perceived as being a threat to both the Nordic model and the Social Europe.

The Icelanders aren't quite like other Nordic people, claims Professor Stefán Ólafsson in "The mindset of the Enterprising Icelanders". Nevertheless, he believes they could learn from their close neighbours: by working a bit less they could achieve higher productivity and better welfare for Iceland's children and families.

It is also thought-provoking to hear about how you go about solving poverty in a country without a universal or generous state welfare system. Children in New York are among those who suffer under such a system.

This is also a question of co-operation at the focal point.




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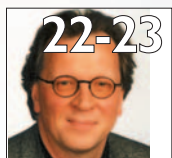
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A new labour policy for the North

Norway should completely open up its three northernmost counties to labour immigration from Russia. The government also wants to end restrictions on labour from Bulgaria and Romania earlier than planned.

By Björn Lindahl



Photo: BarentsObserver.com

These are some of the changes proposed in a white paper on labour immigration. To present them, the Minister of Labour and Social Inclusion travelled 2,500 kilometres from the capital to Kirkenes, the Norwegian

border town to Russia, on the Barents Sea.

Nordic Labour Journal followed him during his day in the north. We spot the minister already at the airport. Bjarne Håkon Hanssen is easily recognisable even from behind. The weight of being responsible for the Norwegian labour market rests on his broad shoulders. A brown pinstripe suit disappears into a car sent by the local mayor. It drives straight to the Barents Institute, which seeks to improve the cooperation between Norway, Sweden, Finland and Russia. He gives his first of many interviews during the day to the Barents Observer, the Institute's own news service. Just minutes later, Hansen's picture is on the Internet with a story that begins:

"Russians are welcome in Norway". This was not always the case. For many decades Norway and Turkey were the only two NATO countries with borders to the Soviet Union. During the cold war only a trickle of people passed through the border control. After the dissolution of the Soviet Union there were fears of a mass flight from the Kola Peninsula, with its 2.5 million inhabitants, to Norway. Murmansk alone has 350,000 inhabitants. Kirkenes has 3,500. The Barents Region was formed on an initiative from Norway. The aim was to involve the other Nordic countries in the North, as well as in the EU. More than 3,000 cross-border projects have been initiated. The flow of people

across the border to Russia has grown to more than 100,000 people a year.

A new trend in immigration

The economic cooperation has been full of disappointments, however. Russian bureaucracy, the fall of the Rouble at the end of the 90s and cultural differences yielded little success. One of the few success stories has been the Kimek yard in Kirkenes, where Russian fishing trawlers are being overhauled. The large ship repair hall can be seen from anywhere in Kirkenes, and is where Bjarne Håkon Hanssen chooses to present the white paper. Two huge ships serve as a backdrop. He grabs the microphone, and opens the session:

"It is important to realise that there was a marked change in 2006. For the first time there were more people immigrating to Norway to work, than the number who came here to be reunited with family members". In January this year 77,000 people had been given work permits. 90 per cent were from the EU. Eight out of ten were men.

"But this will not continue. The men will want to bring their families with them. We have to be prepared for that. In the 70s we got a lot of immigrants from Pakistan. They later brought their wives, who never learnt to speak Norwegian. The children spent their first years without learning it either. We don't want to make that mistake again."

For demographic reasons, Norway,

as many other European countries, will have a shrinking workforce while more people will be needed to take care of the old.

"Today there are 110,000 people working in the health sector. But we will need 130,000 more."

No more cheap labour

The most important labour market outside Norway will be the EU.

"Our workforce is 2.5 million. The EU work force is a hundred times larger. Through the EEA agreement Norway is already open for labour from all the EU countries, except Romania and Bulgaria. For those two countries some restrictions are in place until 1 May 2009. We hope to lift those restrictions already from January 1st that year."

Norway has attracted far more labour immigrants than any other Nordic country. One reason is that the economy has boomed for many consecutive years. Another reason is higher wages.

Most of the labour immigrants come from Poland, which will have its own demographic problem. The Polish workforce will shrink with 12 per cent by 2050. At the same time higher living

standards at home will make many Poles return from abroad.

"We must not even think that we should import cheap labour from abroad. We need to change our labour policy to get enough labour for those periods when we need it", says Bjarne Håkon Hanssen.

To do that, he is willing to hand over more responsibility to companies. Even if there will be some restrictions on unskilled labour from third countries, he is willing to offer carte blanche to everyone who is able to command a certain salary.

"We haven't set a limit yet, but if a company is willing to pay a foreign employee a yearly salary of 500,000 - 600,000 Norwegian crowns (62,000-75,000 Euro), a work permit will be given automatically. The company can go ahead and hire. If it is willing to pay that much we figure that it will benefit Norway", says Bjarne Håkon Hanssen. This is certainly a different approach in a town where the workers have been more radically minded than in most places in Norway.

Kirkenes was built on iron

Kirkenes was built at the turn of the last century when iron ore was found

in Bjørnevatn, a few kilometres from the coast. 200 million tonnes of ore were taken out from 1906 to 1996, when the state-controlled mine finally closed. The miners' union was called "The cliff of the North" and used to march under the slogan "Down with the Throne, the Altar and Capitalist Rule."

For many years the Norwegian state subsidised the Sydvaranger mine to the tune of 4.6 billion Norwegian crowns (half a billion Euro) between 1981 and 1996. The aim was to maintain a population on the border with Russia.

The political thaw between East and West also ended the patience in the Norwegian Parliament for subsidising the mine.

Ironically, a reopening of the mine is planned for next summer, thanks in large part to "Capitalist Rule".

Investors in Australia have bought shares for almost 100 million Euro in a company called Northern Iron, which will use the money to restart the mine.

But this time half the workforce might be Russian.

How to attract labour immigrants

Norway is only one of many European countries seeking to attract labour immigrants.

What are the country's strengths and weaknesses?

In the white paper on labour immigration there is a telling table, showing the average hourly wage for an industrial worker in Norwegian crowns (1 crown = 0.125 Euro).

Norway tops the wage list, followed closely by Denmark, but with a large jump down to Sweden.

Norway	169
Denmark	164
Germany	125
Finland	117
United Kingdom	113
Sweden	111

Compare this to the average Polish hourly wage of just 17 Norwegian crowns.

At the same time the demand for workers has been very high in the construction sector.

Compared to other European countries, Norway offers smaller differences in wages between lowskilled work and more academic professions.

This makes it more difficult for Norway to attract highly skilled professionals, especially as the cost of living remains high.

The presentation of the white paper in Kirkenes also highlights other positive and negative factors. Norway has a low crime rate and offers a good

health service and long vacations.

The high degree of gender equality, compared to many other countries, is another bonus. On the negative side Norway is often considered to be a peripheral country:

"Even if Norway has a favourable climate considering its geographic location, some foreigners see Norway as a geographical outpost with an inhospitable climate."

Spread of franchises weakens unions

Nordic trade unions have been very active in the fight against social dumping of foreign labour. But little has been done to stop entire business sectors from adapting the franchise model - a model which pushes aside most union rights.

By Björn Lindahl



This year's May parade passes a Rimi shop in Oslo. Half of Norway's 288 Rimi shops run as franchises. (Photo: Björn Lindahl)

Many associate franchising with Mc Donald's and other fast food chains. But this business model is spreading fast. Anything from airlines to undertakers can be run as franchises.

Ten years ago there were 182 franchises in Norway, run by 7,520 franchisees. Today there are 300 franchises and 20,000 franchisees. These businesses employ at least 70,000 people, according to De Facto, a knowledgebase for union members, which has studied franchising in Norwegian retailing.

"So far only three per cent of the Norwegian workforce works in franchises. But that number has doubled in five years. In the US the number is ten per cent", says Roar Eilertsen, author of the study alongside Stein Stugu.

A threat to the Nordic model

They say franchising is a threat to the Nordic model, where trade unions and employers negotiate the terms for how the labour market should work, rather than relying on legislation. This model would not work without strong trade unions. "The number of union members within franchises is extremely low. Employees and their organisations have been stripped of all rights when it comes to influence and representation in relation to the owner of the franchise concept - who hold nearly all power within

the franchise system", reads the De Facto study 'Power without responsibility - responsibility without power'.

"If we don't take drastic action we will gradually get a two-tier labour market", says Roar Eilertsen. "One with trade unions and normal employee rights, and one without. This will lead to increased pressure on those parts of the labour market which continue to regulate through mutual settlements."

In a franchise, the most important factor is the signed agreement. The franchisor has developed a business model and a brand which the franchisee - after agreeing a fee - can use. The franchisor often owns the property from where the business is run, and the franchisee normally has to buy the stock needed from the franchisor. Often the franchisor even looks after the franchisee's finances.

Co-operative franchise?

Because each franchise can comprise hundreds of businesses, its size makes it difficult for independent businesses in the same trade to survive. The Norwegian retail industry is dominated by four major chains, which own 98 per cent of all shops. All except Coop, which belongs to the co-operative, are run more or less as franchises. It is probably only a question of time before Norway's Coop also turns to franchising - in Sweden some

30 Coop stores are already being run as franchises.

The franchising of a business makes it more difficult to carry out trade union work. The franchisee is employer to those who work there, but he or she has little influence over their terms of employment. The real power rests with the owner of the franchise concept, whom the employees have no chance to influence.

“Franchises have turned into an unregulated ‘free-zone’, where the franchisee works as a buffer between the employees and those who have the real economic control”, says Roar Eilertsen.

No legislation on franchising

There is no legislation in Norway today which regulates franchising - unlike in the US and France. Sweden introduced a law on franchising in 2006. Like in other countries, the Swedish legislation mostly concerns what information the franchisor must provide to the franchisee. There is nothing about the rights

of franchise employees. Norwegian retail industry employees are organised through the trade union Handel og Kontor (Retail and Office Work) 70 per cent of workers in the shops owned directly by the four, big retail chains enjoy collective labour agreements. In franchise shops, the number drops to 39 per cent.

For a trade union in Norway to be able to demand the acceptance of a collective labour agreement, any business with more than 25 employees must have at least a 10 per cent trade union membership rate.

“There is also the unwritten rule that we don’t demand a collective labour agreement if we have trade union membership lower than 30 per cent in workplaces with less than ten employees”, says Margit Glomm, chief negotiator at Handel og Kontor.

Legal quest

Handel og Kontor welcomes franchisees as union members.

“We have for a long time tried to legally determine whether a

franchisee can be considered an employee, but no-one has so far wanted to go to court over this”, says Margit Glomm.

The union is now studying the De Facto publication.

“One of our suggestions is to give employees the same rights as employees in groups of companies, who are represented in the boardroom of the mother company. We also suggest the right for employees to meet and discuss trade union matters during working hours and at the cost of the employer”, says Roar Eilertsen.

Worse off with franchises

The Nordic Model combines competitiveness and growth with highly developed public services on a national level. But the model is also found on company level and at the workplaces.

The Reitan Group is one of Norway’s largest franchisors. In addition to their own Rema 1000 retail chain, the group has been running 7-Eleven in the Nordic countries since 2001, as well as the Norwegian chain of convenience stores Narvesen and the cosmetics chains Estetique and Vita.

All four businesses were turned into franchises, and De Facto has studied the consequences for employees. They all suffered less job security as a result of no longer working for a large corporation,

rather than a single shop. Other changes included:

- Many of the shops turned franchises lost their collective labour agreement
- Pension rights worsened
- Loss of collective insurance policies

According to De Facto it became impossible to pay the wages set out in the collective labour agreements and at the same time stay within the budget laid down by the franchise deal offered by the Reitan Group.

“Even with a dramatic lowering of wages and personal input far beyond

the call of duty from the franchisee it is hard to make money from running a 7-Eleven”, the study states. The Reitan Group has been taken to court by several ex-franchisees, and have changed their agreements somewhat after a lot of publicity.

In one noticeable ruling one franchisee won the right to benefit directly from the discounts the Reitan Group had negotiated for 7-Eleven. Both parties have appealed the ruling.

New ideas for virtual job seeking

After more than a decade with vacancy databanks on the Internet, it is hard to imagine a time when job searches were not made electronically. Information technology has widened the reach of the companies and multiplied the choice for the jobseekers. But has it improved the matching?

By Björn Lindahl

In Sweden 80 per cent of the unemployed have access to the Internet. The first job listing on the Internet site of Arbetsförmedlingen was posted in September 1995. The Swedish Public Employment Service was one of the first in Europe to open a website with interactive solutions. Companies can search an online CV database with 140,000 names. The jobseekers can look for vacancies or sign up to receive emails as soon as a suitable job-offer is available. Today 850,000 people use the site every month.

"All the public employment services in Europe have services on the Internet, including the East European countries, who are catching up very fast. There are also scores of commercial job-sites", says Göran Åhman, Head of Section, Employment Service Systems at Arbetsförmedlingen.

Make the service better

Now the time has come to integrate the electronic services even better. "We are working a lot with multi-channeling, how to complement the Internet with personal service and with the local employment offices. This autumn we will also introduce the possibility to register as unemployed online, instead of having to meet up personally at the local office, which has been the rule so far." Since March 2007, 15,000 unemployed have tried this out at 14 employment offices. The reactions

have been positive.

Göran Åhman thinks a more open and transparent labour market is the biggest benefit of the Internet services. It also speeds up the process of matching a vacancy with an unemployed.

"We have made studies a few years ago that show that the vacancy database and other services also have a positive effect on the labour market, but it is very hard to pinpoint the reason for an improvement."

Swamped by applications

A possible negative side effect is that the companies risk being swamped by job applications. The threshold to send an application is lower, and it is easy to send the same application to many companies, who have to spend more time going through hundreds of applications to get the right candidates.

"Actually this hasn't been so much of a problem. The technology to search for specific requirements has become much better. We experience more of the opposite – that the companies are too eager to report vacancies, and actually hire less than they claim they need."

This happens especially in professions like telemarketing and taxi services where the turnover is high. "I think the main effect of electronic matchmaking is that it speeds up the process. Even if there was no effect on unemployment you would still

have the benefit of rationalisation - we spend less time handling each application and can use that time to offer better support for those who really need it."

Open information

In Sweden there are more than a dozen companies working with vacancy databanks. Isn't there a risk that they will make the Public Employment Service superfluous or that the government decides to privatise it?

"I don't think so. There is no competition between us and the commercial sites. We are more like the road net which everyone can travel on. We share all the information we get about vacancies with Manpower, Stepstone and all the other companies in the employment services industry. They would never do that. For a private company it is natural to keep information away from competitors."

"On our website all the employers are also treated equally. We never let the companies screen who gets to see their job listings. We want an open publication that everyone can see," says Göran Åhman. In the future the information in the database, such as what the companies ask for when they post a vacancy, could be used to make sure the vocational training offered is fine-tuned to the needs.

Reaching the fringes - a more inclusive working life

Never before in modern times has the Nordic labour market been in such good shape. 2008 will enter history as the best year ever for newly qualified jobseekers with higher education.

But there are still large groups on the fringes - or completely outside - of the labour market. These are groups who need more support and a different approach.

Denmark trains mentors who look after those in need of special attention when they start their first ever job. In Sweden, "Fryshuset" tries to stop young people falling outside society by turning destructive behaviour to something positive, making sure they stay in school or get a job.

Employing the last unemployed

Out of a total of 25 million people in the five Nordic countries, there are now only 422,000 unemployed. April saw the Norwegian unemployment rate plummet to 1.6 per cent. Denmark is close with 1.9 per cent. The numbers for Iceland and Sweden are somewhat higher, with 2.3 and 3.2 per cent. Finland has 6.8 per cent.

The total Nordic unemployment rate is the lowest for more than 30 years. This has led to increased ambitions among the Nordic ministers of labour. One of them is Danish Claus Hjort Frederiksen:

"When unemployment rates began falling four years ago the national figure was 170,000. Today we have barely 53,000 unemployed. In other words; less than a third", Mr Hjort Frederiksen told a Nordjylland employment conference recently. But there's a flipside to every coin. All the Nordic countries have large groups of people who might not be defined as unemployed, but who still don't work. They are on sick leave, have taken early retirement, have functional disabilities or receive social benefits. That's why "being an outsider" has become a key phrase in the Nordic political debate.

"The labour deficit has made businesses throw their nets a little wider", says the Danish Minister for Labour.

"A new study from The Danish National Centre for Social Research, SFI, shows more than one in two businesses consider hiring people with a lowered capacity for work. If we cannot do that during the biggest boom ever, we never will manage", he said.

Never before has there been such creativity when it comes to finding ways to lower the threshold for people who want to enter the labour market. A Swedish employer can get dispensation from paying employment tax for the same period of time that a new worker has been unemployed. In Denmark the project "A fresh chance for all" is coming to an end. It's a government initiative granting extra cash to municipalities to get people who have been on passive benefit systems for more than a year back into work. In Finland some 30,000 people on long-term sick leave have said they wish to return to the labour market, according to a new survey.

A turning trend

At the same time, the trend is turning:

"The weakening of the labour market is becoming more and more evident throughout the country. In a few months time we can expect unemployment to start increasing", writes the Swedish Public Employment Service. There is therefore a risk that attitudes will change. The Danish National Centre for Social Research has measured the social commitment of Danish businesses and their employees since 1998. 2,500 heads of personnel and 6,500 employees are interviewed

in alternating years. The results show both companies and employees becoming more and more positive to the idea of a "labour market open for all".

In 2001, 31 per cent of bosses said they were to "a very high degree" or to "a high degree" personally committed to make sure businesses knew their social responsibility. In 2006 there was a dramatic increase in this figure, when 66 per cent said they were personally committed to this. There has also been a positive trend among employees. The largest difference in opinion was on whether they felt colleagues on sick leave were respected. In 1999 61 per cent said they were, in 2006 that number was 79 per cent.

Keep staff or hire fresh blood?

Businesses are generally more positive to try to keep employees who have developed problems, rather than hiring new staff and giving them less to do. This according to researchers Maja Rosenstock, Joachim Boll and Helle Holt, who have reviewed the past ten years of studies from SFI. It also depends on your perspective, they say. Those who themselves have become ill, do not feel they are being treated with more consideration. "Despite the lack of labour, less than half of the businesses, 46 per cent, want to employ new people



By Björn Lindahl

of reduced work capacity”, the researchers write. 57 per cent of the businesses say it is “not at all” or “to a lesser extent” practical and economically possible to employ such people.

On the fringes of the labour market

So what does it look like, this large group outside or on the fringes of the labour market? They have, of course, different qualifications and problems and come from different backgrounds and life situations. The only unifying factor is that they all do

“More than one in two businesses consider hiring people with a lowered capacity for work. If we cannot do that during the biggest boom ever, we never will manage”, said Claus Hjort Fredriksen, the Danish Minister for Labour

have a need for special help to get work. The weakest group of all is those dependent on social security. In Denmark at the beginning of 2007, that group counted 115,000 people - a minor drop from 2005, when 124,000 needed social security.

In this group 35 - 45 per cent suffer from having an insufficient social network, are psychologically fragile or have family related problems. 44 per cent are in serious debt, 22 - 33 per cent abuse drugs or alcohol. 33 per cent are refugees or immigrants,

with little experience with the Danish labour market. Many of them don't speak Danish. There are also Danish citizens with reduced capacity for work and with reading difficulties. 17 per cent of those on social benefit have a criminal record. Many people struggle with more than one problem. Danish authorities have divided people on social benefits into five “match groups”. Groups 1 - 3 comprise those who are considered best positioned to work, while those in groups 4 - 5 have problems so serious that they cannot work in the near future.

Do they want to work?

Asked whether they want to work, 90 - 97 per cent of people in groups 1 - 3 say they “very much” would prefer work to social benefit. In groups 4 - 5 too, some 75 per cent say they would rather work.

When each group express how fast they feel they could get into work, 60 per cent in match group 1 say “tomorrow”. Only 11 per cent in group 5 say the same. There is an increased understanding across the Nordic region that a more co-ordinated approach is necessary if we are to get those on the fringes of the labour market back into work.

Some restructuring is already underway to co-ordinate job centres and social services with social insurance offices, which are responsible for paying out sickness benefits.

In Norway, all three institutions will be under one roof in all 454 municipalities by 2010. That reform concerns 16,000 employees. The aim is that no one should be told “it is not our responsibility” when they seek advice at the new offices.

Special qualities

In order to help many of the groups, however, special

commitment and personal experience is needed.

“We need to identify people's personal experience. Personal experience and background are extremely important factors for those who have been outside the labour market for a long time, and who often have several different problems to deal with”, says the Swedish Minister for Employment, Sven Otto Littorin. Perhaps those who are most successful are people who see possibilities rather than problems. The private company “Left is Right” hires people with Asperger's syndrome. Presenting itself, the company writes:

“Left is Right addresses the left side of your brain. That's the side which prefers to calculate the perfect angle of the hammock, rather than contemplating how lovely it would be to relax in it. It's the side which focuses on efficiency and accuracy. It's the side which a person with Asperger's syndrome uses.” Someone with Asperger's syndrome often shows unusual mental acumen, vision and persistency. It means they can develop a special interest and become experts within a certain area. They are often strong on data input, control, checking, surveillance and testing. They can solve problems considerably faster than someone without Asperger's syndrome, within their own area of expertise. Persistency is also a characteristic of the Danish mentors who support those who are taking their first tentative steps into the labour market. The same goes for those who work at Sweden's “Fryshuset”, whom we'll meet later in this issue. Having a tough background can be a special qualification in itself, as one of them says.

Social entrepreneurs fighting for outsiders

At Stockholm's "Fryshuset" (the Cold Store) a 25-year-old social entrepreneurship is turning the destructive forces which often plague social outsiders to positive forces and insider status. New methods grow to meet new demands. The aim is to catch youth at risk of falling outside of society, to recognise their potential and believe in their power so that they could stay in school and later enter working life.



Photo: Anette Andersson

It's a gray and cold early Stockholm evening the first Friday in May. A group of young men and women of many nationalities gather by the City Hall underground station, where they change into light green winter jackets with "Easy Street" printed on the back. They are this evening's hosts covering the public transport system, employed by Fryshuset, where Easy Street is one of the many programmes reaching out to young people at risk. Easy Street is in itself a way to get young people with a tough background into the labour market. Those who finish the training to become an Easy Street host (the training is run in cooperation with Tollare Folk High School and the police), will get to work as one. The idea is to turn destructive power into positive energy which can benefit society.



By Gunhild Wallin

The hosts always work in pairs, and visit vulnerable underground lines and stations until two in the morning at weekends. Many of them used to hang out in gangs like the ones they meet on their rounds. They know the milieus, they know the areas and they know the codes. Often they will try to win over the gang leaders.

The Citygroup, a junior branch of Easy Street, are still at Easy Street's offices this evening. They'll go out in about half an hour, heading for where young people might be gathering tonight. The team consists of leaders Nada Dimi and Yahya Mohammed Ahmed and their trainees Iris Honkala, Emilie Söderström and Sayjad Jawad. They'll be looking for parties, youth recreation centres or other attractive places for young people to gather. The City group has 24 trainees between the ages of 18 to 20, in addition to the two leaders, who work for free giving education and walking night rounds. One aim for Iris, Emilie and Sayad is to promote safety and prevent people becoming social outsiders.

"We approach young people in their own environments, and get to know them. We gain their trust by returning over and over to the same group, so they know we're

there to help, not to make problems for them", says Nada Dimi.

We travel to T-centralen (Stockholm's main underground interchange) and what is commonly known as "plattan" - "the board". Two Easy Street hosts are already there, as well as security guards and police. It soon becomes clear they enjoy an extensive contact network. Various gangs come up and greet the male members of the City group with the typical male handshake. There's the odd hug. Nada Dimi and Yahya Mohammed Ahmed say hello to young people, security guards and police. It's an important part of their job to cooperate with them.

"We don't enter into situations we feel we won't be able to master. We complement the police, security guards, social workers and we help each other, but it is easier for us to talk to the youths themselves. We are more like grown-up pals to them than the others", says Nada Dimi.

"They are very competent and a great help. They meet the youths on their own terms", says one of the security guards we meet at the underground this evening.

The night remains calm. We wander up and down streets.

Every so often there are spontaneous meetings, often surprisingly warm-hearted. We part company around eleven o'clock. Nada Dimi and Yahya Mohammed Ahmed have another three hours of walking to do.

Easy Street runs several programmes. In addition to the public transport project, some work with supporting young victims of crime. There are also courses for youths in the suburbs, teaching them law, conflict resolution and ethics and morale. They then "patrol" their areas with older hosts. There are many stories of people managing to break free from being outsiders with the help of Easy Street. One example is seven truants who used to hang around in Malmö, who went from 80 per cent truancy to full attendance while improving their grades from 30 to 200 points. Today they're attending upper secondary education.

"Many down-and-out youths seek like-minded people. Our forte is that we come from that same background. That is our unique qualification", explains Beatrice Jabbour. She has been working at Fryshuset for ten years.

She knows what she's talking about. She too comes from a tough background, but with Fryshuset she finally found an environment where she could be herself. She describes her job as a lifestyle or a calling. She underlines that Fryshuset's work is meant to complement other resources in society, and that its strength is to be successful at the entry level.

Easy Street is also present in some schools, to create a safe social environment and to give support to pupils. Youths tend to come to school even if they lack motivation to study, so it is important to be present also here. It is also important to present an

alternative for young people to the criminal gangs which often hang out near some schools, trying to recruit often very young pupils.

"There is immense power and potential within the young people exposed to these dangers, and we recognise that potential rather than doing what is so often done; focusing on the problems. Many of those we meet show an amazing spirit of entrepreneurship. They need it to survive, and it is the same qualities we often see in great leaders", say Beatrice Jabbour.

The methods needed to prevent young people ending up as outsiders are simple, she says. It is all about being patient and never giving in. The turning point often comes when the consequences of living as an outsider start getting too serious. People in that situation often open up to the idea of finding a way out, and that is when they need support from people with similar backgrounds, where they can be themselves and where others believe in them.

Fryshuset and its programmes have been established and recognised in Stockholm for a long time now. As part of his 60 years celebration, the Swedish king invited Fryshuset to the palace, to present a one day introduction on the theme "From outsider to insider" in front of the royal family and government hosts. Fryshuset staff also give many presentations, often at police academies and as part of the education for social workers and teachers. Anders Carlberg, founder of Fryshuset and now its managing director, has held speeches for 100,000 people in total. He still thinks things are moving too slowly.

"I am worried about outsiders' situation, and that it will end in tears if we don't do something",

says Anders Carlberg.

He wants a completely different level of commitment to young people and their situation from what he sees today, and calls for more adults to be role models and conversation partners for the youth of today. Social evolution has seen a prolonging of the time we spend as youths, which in turn has led to a widening of the generation gap. Adults and youths no longer meet in the same way through everyday work - the arena where they used to learn to understand the codes of adult life. Young people's role models become altogether different, created in their own worlds.

"All change begins in the relationship between humans, and cannot be created through bureaucracy. You need capable adults, acting like adults but who communicate with young people as their friends", says Anders Carlberg.

At the very least, he says, we should contemplate the economical aspects of prevention thinking. Avoiding only one placement in a juvenile institution saves around one million Swedish crowns (€107,000) a year. That is worth keeping in mind when municipalities cut their budgets for youth projects. He has many stories of young people who have joined Fryshuset's programmes and broken free from their status as outsiders. The other day he met one who now ran his own business, with a yearly turnover of 250 million Swedish crowns (€26 million). Next year sees the start of a new higher secondary education course in international enterprise, making use of the high variety of languages spoken by young people on the fringes of society.

"There's a thin line between wanting vengeance and wanting a second chance" says Anders Carlberg.

Facts

Fryshuset was established in 1984 in a closed-down cold store. The original idea was to create a meeting place for basketball and rock music enthusiasts, but the social commitment soon grew from this. Today Fryshuset comprises 24,000 square metres, runs an upper secondary school with 1000 students as well as some 30 programmes - one being a big skateboard project. There are some 15,000 regular users, and as many visitors a month to other one-off events. Fryshuset employs 357 people; 130 in the school and 150 in "Easy Street". In 2006 the turnover was 180 million Swedish crowns (€19.2 million) out of which 16.6 million Swedish crowns was municipal subsidies. Since 2006 Easy Street has also been operating in Gothenburg and Malmö. Fryshuset also works with honour related violence, children of psychologically ill parents, gang-members seeking a way out, single mothers and much more. For more information on the ideas behind Fryshuset, read the book "Generationsklyftan botar demokratin" (The threat to democracy from the generation gap) by Anders Carlberg.

Also see www.fryshuset.se

From outsider to employee

Morten Skov Nielsen got a job and lots of self-confidence - and he's growing with the task.

"It's much better than I'd thought", says 24-year-old Morten Skov Nielsen. He got his first real job four years ago with Copenhagen Pakkecenter, which is part of Post Denmark (the Danish postal service), in Brøndby near Copenhagen. He used to rely on social benefits. He was accepted on a course for computer literacy, but he really wanted to work as a security guard. But at 21 he was too young. Then the municipality contacted him to ask if he wanted a job at the postal parcel facility. It turned out to be just the thing. Morten is very happy after four years working there.

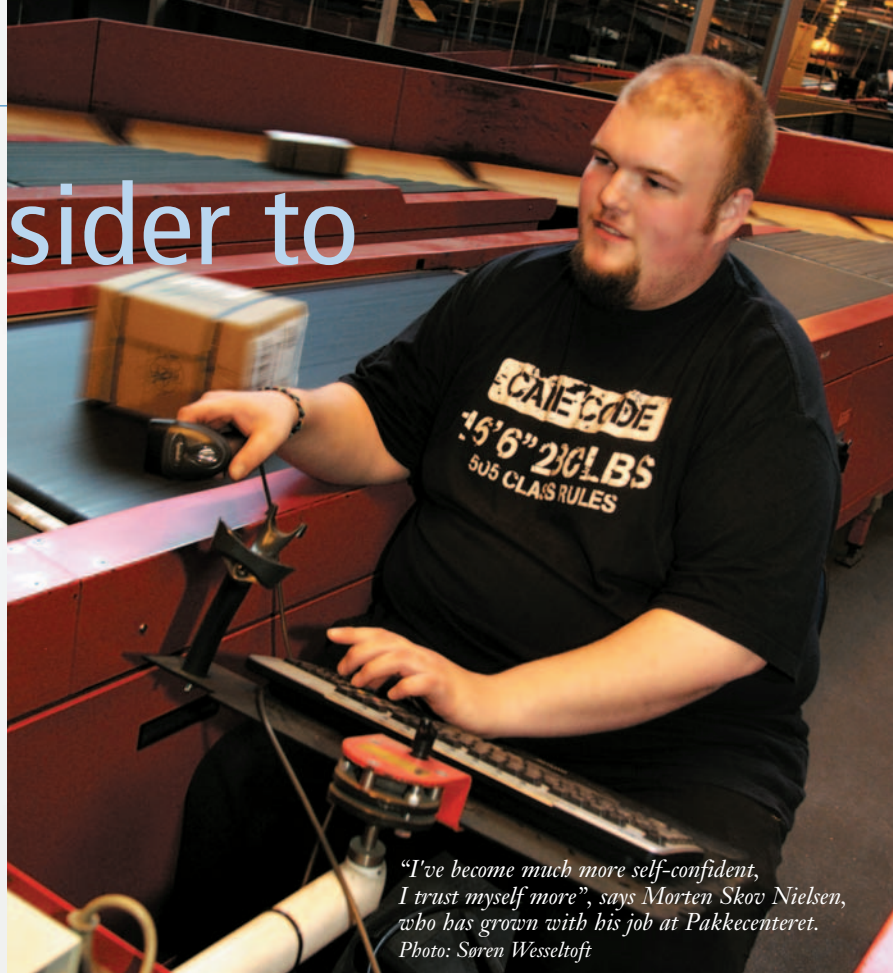
"Time has flown by, and I've gained a lot of self-confidence. I started out as an ordinary worker, but wanted something more. Now I've been chosen to coordinate the running of my team.

"It's been quite a change for me, as I used to be very shy. It does not do to be shy when you coordinate a team and is expected to address large groups of people.

"I've become much more self-confident, I trust myself more and I'm much better at my job. It's quite unbelievable to think this is only my first proper job", says Morten Skov Nielsen, who keeps working at the conveyor belt of the parcel facility.

From outsider to employee

He was among those who struggle



"I've become much more self-confident, I trust myself more", says Morten Skov Nielsen, who has grown with his job at Pakkecenteret.
Photo: Søren Wesseltøft

to enter the labour market, and who as a consequence become dependent on social benefits. During the past few years, however, there has been a genuine effort in Denmark to get more people into the labour market.

The Ministry of Social Welfare and The National Board of Social Services have launched a comprehensive campaign to get 'the remaining few' into the labour market under the banner "From outsider to employee". There is an acute labour shortage in Denmark, and there has never been a better time to get more people into employment. The goal is to educate 10.000 leaders and employees by 2010 to embrace and look after social outsiders.

Mentor

At the Copenhagen Pakkecenter we meet head of personnel Mads Smedegaard, and personnel consultant Annette Rodeck Michaelsen, who is also trained

as a mentor. Her specific task is to get outsiders into the working environment.

Quite a few people with hearing difficulties work here, and we can see them getting ready down in the packing room for the day's work. They are in fierce debate using sign language.

"We follow certain guidelines for how we treat and help people who work here. This is something we have to do as a state enterprise. I've been looking into how we can accommodate people with hearing difficulties. We must have interpreters, and all those hard of hearing wear a vibrating telephone which we can use for communication. Other workers here also want to learn sign language to communicate with those who cannot hear, which is a very positive thing", says Annette Rodeck Michaelsen.

"High 5"

While the group of people with hearing difficulties might be the



By Anders Jacobsen



"It makes economic sense for us to help people", says Mads Smedegaard. Annette Rodeck Michaelsen's job is to look after employees at Pakkecentret, making them feel well in their workplace. Photo: Søren Wesseltoft.

most visible here, there are others, says Mads Smedegaard.

"We have people here who have never been in work before, or who have been placed here by the municipality. We also have a group of young people called 'High 5'. They are all individuals who either have a criminal record or who run the risk of getting one. We cannot, however, accept anyone who has been convicted of theft. Some of these people start out as salaried trainees, others get paid by the municipality. It can be hard in the beginning for those who have never been in regular work before", says Mads Smedegaard.

"We talk about their convictions when they arrive, and we follow it up - but not purely in a negative way", says Annette Rodeck Michaelsen.

"When they come here they're given a chance, which often makes them very keen. You should also expect good work from them, because that gives them self-respect. If they cannot live up to those expectations, we cease co-operating. There have been times when people simply haven't been serious enough."

More support necessary

"We've been working with this since 2003, in a very systematic way. We have managed to keep some 75 % of the workforce, a relatively high figure. As of today, that number is probably down to 50 %. Of the 50 % who leave, we reckon 10 % will find a new job,

while the rest will need help to find other employment.

"It's been hard to keep hold of people because of the low unemployment. It takes more effort to keep on board those who come here now than those we received before. It's important to be able to offer mentors to help those who wish to move on to other jobs.

"I also employ alcoholics, who get Antabuse from me", says Annette Rodeck Michaelsen.

"You almost enter a mothering role when some of your employees feel things get too tough. You need to help them move on", says Mads Smedegaard.

"I can give them a feeling of safety, but sometimes I'll also give them a kick up the backside", says Annette Rodeck Michaelsen.

Soon we see an example of the latter in the packing hall. One of the employees with a hearing problem is being red his rights, both in spoken and sign language. It is all with the best of intentions, though, as his employers only want him to become a strong and stable colleague.

More 'social' work

"Annette used to be helping out with mainly work-related issues", says Mads Smedegaard. But now she also helps people find accommodation and child-care. It all looks more and more like social work.

"The municipality's employment clerks have a set number of people they need to get into the

labour market. They started out with the easier ones, but now we're working with Matchgroup 4 - an altogether 'heavier' group of people. Still, we feel great loyalty from those who do start working. People with hearing difficulties are very stable, and thrive working in a 'hearing' workplace.

"The municipality funds our mentor programme. For us it makes economic sense to help people into work - we actually make money from this. We receive a range of subsidies to fund the specialist who help us get people into work", says Mads Smedegaard.

Dressing up the businesses

The Danish National Centre for Employment Initiatives (CABI) is responsible for educating some of the 10.000 businesses the government wants to embrace outsiders. Carsten Kjærgaard is their project leader.

"Our job is to 'dress up' the businesses by educating their workers in how to employ and look after social outsiders. We've reached Matchgroup 4, and the challenge to get them to stay in the labour market is greater than what has gone before. In the beginning you got those who were easily employable - i.e. Matchgroup 1 and 2 - but now we're at Matchgroup 4, which is an altogether harder group to keep in employment. However, over the past three years, we have managed to get 35.000 people into regular jobs, people who no longer need social benefits. It looks like the good times are benefiting also the weaker groups in society.

"People retire early, and that lowers the threshold for those weaker groups to enter the labour market. Our experience tells us there are quite a few jobs for these groups out there", says Carsten.

Making new welfare policy in the US

Can conditional cash payments help your kids stay in school or do well on tests or help families beat the poverty trap? It was proven successful in Mexico, New York City is testing it now, and Britain's Gordon Brown is watching closely to see if there is something to learn.

By Berit Kvam

To reduce poverty is an expressed political objective in many countries, although methods differ. In New York City one third of the children live in poor families. Mayor Michael Bloomberg wants to do something about it. Inspired by "Oportunidades" in Mexico, he has initiated a conditional cash transfer program, Opportunity NYC, in cooperation with several foundations and MDRC, a New York based research institute which is known for previous experiments that have spurred welfare policy in the US.

"Our results over time have demonstrated that work first strategies can improve employment and earnings, reduce welfare rolls and save welfare dollars", says Gordon Berlin, president of MDRC. Still it is a field in its toddler stage, he argues. "We have begun to do experiments, we have begun to learn what works in some areas, but we have a lot more to do."

It takes time to build a body of knowledge, he says. During the last three decades or so they have done numerous demonstrations from which they have learnt something about what works and what does not work.

Opportunity NYC is, however, the first conditional cash transfer program in the US. It is new and

it is meant to alleviate poverty in the short-term by providing additional income to poor families, and to break the inter-generational cycle of poverty in the long-term.

The Mexican program worked in its context, but had to be adapted to fit the US situation. Based on what they learnt from previous programs like "welfare to work" and "make work pay", the US version includes employment as part of the incentive program. "The US version says that if your kids stay in school we pay you, if they do well on tests we will pay you, and if mom goes to work full time we will supplement her earnings in the way we did with the make work pay program, so we combine these two ideas", says Gordon Berlin.

"Opportunity NYC" has only been operating for about four months. "We don't know whether it will work, that is why we are running an experiment", says Gordon Berlin. In his vocabulary experimentation means not only trying the idea, but also testing through random assignment research design, the "gold standard", to see if it works before it is turned into a new policy. This is essentially one of the research methods used in medical research to determine the effectiveness of a new medicine.

Back in the 80's

"In the work-welfare area over a ten year period or so, we learned that encouraging recipients to go to work, pretty quickly, and providing them with some of the skills and support they needed to do that, would increase employment, would increase earnings, would reduce welfare dependency, and many of those programs paid back to the government more than they cost. That information revolutionised the way we thought about welfare in the United States. And it had a huge effect. Passage of the 1988 family support act was based entirely on our work, and much of the 1996 Act also relied heavily on our work. Today the welfare rolls in the United States are down by 50 %."

Gordon Berlin is telling the story. What they also learnt, he says, was that the jobs paid so little that even though people went to work their income did not change much. "For every dollar in earnings they lost a dollar in welfare benefits."

... and the 90's

What they had found was that people preferred to earn money from work instead of living off welfare, even though they did not have more money at the end of the month. The next step was

therefore to build what they called a safety net around work; the work had to pay better, so they started a series of experiments to test the idea making work pay. “Essentially making work pay says if you go to work we let you keep more of your welfare benefit or we will create a new program which will supplement the earnings from your work.” What they found was that employment and earnings increased, and this time work also increased income and it reduced poverty. “And to everyone's surprise, it had a positive effect on children; young elementary school aged children did better in school than the kids who had parents who did not have their earning supplemented.

The earned income tax credit

That work led to a lot of efforts to expand work supplements, the most prominent being the earned income tax credit in the United States. The earned income tax credit already existed when these experiments were running, but it was being expanded and more and more states had begun to rely on those results to create their own state earned income tax. The earned income tax is now the largest anti poverty program in the United States.

So what had happened? Where they able to reduce the poverty rate? That really depends on how you look at it: “In the United States in the 1950's 22 per cent of the population had an income under the poverty line. Today the poverty rate is about 12 per cent. From 1973 until today the official rate of poverty is much the same, when they don't count the earned income tax credit, or food stamps or other benefits program. So some of the government's benefits that go to reduce poverty are not counted when the official poverty rate is counted.

The two generational progress

The make work pay program showed that you could increase employment and at the same time children did modestly better at school. So then the next question was what if - at the same time as you make work pay - you intervene with the children directly; with a stronger pre-school program, will the gains then cumulate? Will the children gain both because their parents are better off and because of direct intervention, will modest gains then become big gains? “We are pushing some avenues of research along these lines to look at what will be waste and what will make the gains bigger. This we call the “two generational progress”, because we are working with the parents and the children intervening with them both directly.

“But you know, social progress always will be modest, there are very few quantum leaps or big gains”, Gordon Berlin says. He points to the global economy and the growing competition that puts pressure on wages to keep them down as one explanation:

“Average wages in the United States haven't grown appreciably for 30 years. It is very hard to get out of poverty if wages are not rising in real dollars. The average male, full year, full time worker in 1973 was earning about 41 000 dollars a year. Today, adjusted for inflation, the average full year, full time worker, is earning about 41 000 dollars a year. So in that kind of environment where we have had a lot of growth, but that growth is not accruing to those at the bottom or the middle of the earnings distribution, it means that all of the benefits of the economic growth are accruing to the top 1-2 %.

Does that make Gordon Berlin to want to go into politics?

“I think that our job at the MDRC research institute is to provide enough evidence as to what works, so that when politicians are going into debate about these issues they have to debate them on the evidence.”

The challenge now is to provide enough evidence to see whether or not the conditional cash payments can help poor families - mostly single mothers with children - combat the poverty trap.

If so, Mayor Michael Bloomberg will extend the program to apply to not only the selected districts where it is tried out today, but to help all poor families in New York City.

Facts:

MDRC is a nongovernmental organisation. It was created by a consortium of federal government agencies and a private foundation and founded in 1974.

Read more.

www.mdrc.org

www.rockfound.org

www.opportunitynyc.info

From before cradle to grave

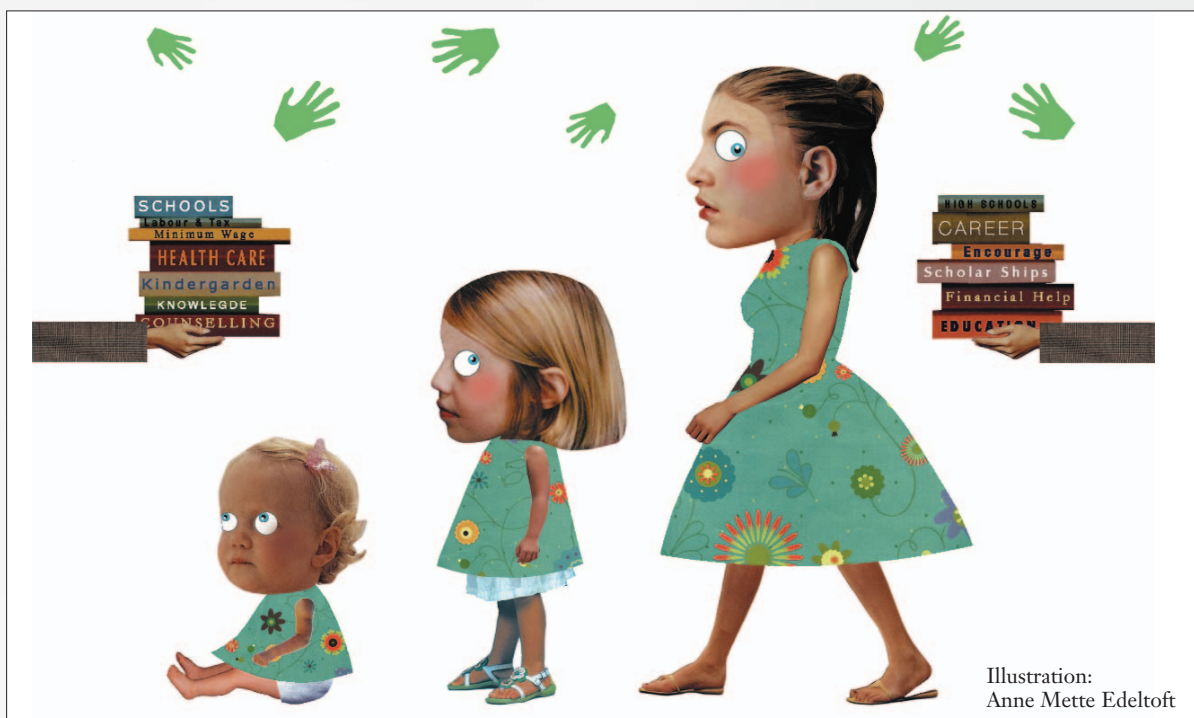


Illustration:
Anne Mette Edeltoft

If the new president asked: What would you recommend to really combat poverty? Gayle Hamilton and James Riccio, are senior researchers at MDRC. An answer doesn't come easy. They only want to recommend what they have tested and proved to work. They would not recommend Opportunity NYC, because they don't yet know if it will work. They are testing it now. After more than 25 years of experience at MDRC they also have other ideas that could be tested. So what would they suggest could be tried to break the cycle of poverty?

"It would have to be a combination of things", says Gayle Hamilton, and continues:

- "You have to start before the baby is born beginning with a program that provides good prenatal care for low-income pregnant women,
- then a program that provides high quality child care,
- and a universal high quality preschool programme. You know I am following the child, because some of the factors effecting poverty start when they are very young", says Gayle Hamilton.
- "So an improved public school system, providing good schools offering higher quality education, especially in low-income neighbourhoods,
- a program to encourage kids to complete high school, and to encourage and support particularly low-income students to attend and to finish their college education.
- Then a program that can provide good career advise, and a program to make work pay more. It could be

by applying the minimum wage or by other financial supplements like income tax credit.

- Then try to adapt a universal health care system, which we don't have in this country, and
- to provide more support for people with disabilities to get into the labour market.
- Further, to provide counselling for those already in work, and perhaps financial incentives to help them move up the career ladder.

All of these strategies have promise. The challenge is, first, to actually test which of these strategies make a difference in poverty and, second, to test different ways of carrying them out, so we can discern how they can be implemented to make the biggest difference in people's lives," says Gayle Hamilton.

Working con amore

After fifteen years in Italy, it feels wonderful to be taken on the wings of the Scandinavian labour market. Not under! That's the whole point.

The other day my inner alarm system was on red alert. TV2 Denmark, for whom I have been working as a presenter since September, had asked all employees to keep their telephone lines open between seven and ten o'clock.

There are serious cutbacks at the moment, and during those three hours those who faced redundancy were going to be told. Thank God my telephone never rang, but the mood was and remains sombre. TV2 Denmark has got rid of 200 of their 1100 employees through voluntary and non-voluntary redundancies. It's nasty.

But it could be worse. The management at many Italian TV stations and other Italian work places dream of being able to do the same. But in Italy trade unions have managed to keep antiquated rules which make it near impossible for an employer to sack people.

An Italian editor in chief confided in me that he would have sacked 30 of his journalist on the spot, if only he could. There are people who spend a whole week not writing one sentence - and if they did, the readers would suffer.

It has to be said that Italy doesn't provide for the unemployed like we do in Scandinavia. Statistics show my sacked TV2 colleagues enjoy very good prospects of finding new jobs. Getting the sack in Italy is catastrophic. There are no job centres and a very limited period of state support. Often there is also only one provider per family.

But the Italian labour market is

a quagmire, and the greatest hindrance to development is the fact that it is so difficult to get rid of people. Employers don't want to employ people on traditional contracts, when they cannot change their minds about someone at a later stage.

So they typically turn to short-term contracts with bad social protection for the employees. This hits young Italians particularly hard. They work in the black economy, are poorly paid - or at best they have short-term, insecure contracts. They have - not very surprisingly - no hope for or faith in the future. You could call it a social catastrophe.

Several Italian governments have tried to address these issues over the past 15 years, but so far the labour market is anachronous, and the trade unions don't seem prepared to give up anything to change this.

I lived in Italy for 15 years and looked forward to moving home to the modern world. I have not been disappointed. I have male colleagues on paternity leave! I never met one of those in Italy!

In this country we've actually managed to get rid of men's exaggerated focus on the female body, after years of focus on sexual harassment. It is very liberating. In Italy such harassment is still widespread, and it is accepted to a degree that men openly stare at smart-looking women, including those they meet at work.

It is wonderful to concentrate

on being a professional rather than a woman when you're at work! Although it has had the undesired side effect of totally eliminating playfulness between the sexes in the Nordic countries, even outside of work. Practice!

There is one thing Scandinavia could learn from Italy, however. Up here in the north, our identities are defined to an exaggerated degree by our jobs. In Italy your feeling of belonging comes first and foremost from your family, your friends, your birthplace and culinary traditions. And thank God for that. I am not only a journalist. I am also she who makes a heavenly lasagne!



By Lisbeth
Davidsen

Wanja Lundby-Wedin

- favours security in change

She is the president of LO - Sweden, the Council of Nordic Trade Unions and of the European Trade Union Confederation. Wanja Lundby-Wedin represents the employees of all of Europe. "As their representative of course I have power. That is just how it should be", she says.

No single person before her has held these three positions simultaneously. She is also the first woman to be president-elect of the ETUC, and she is the first president from a Nordic country. It may be timely though, as the Nordic model, flexicurity and gender equality are all hot topics. Many people want to know the secret behind the Nordic success, not least how it affects competitiveness and productivity.

The number of member unions and union members she represents? She gazes into the air, then says, laughing: "I know ETUC has 82 member organisations, from 36 countries, but how many individual members they represent?. I am not really sure. I think it's about 60 million. This sweet smiling person belies all the myths about the tough union leader with a big mouth. She may be more in tune with the capacities needed for the future working life: ingenuity, competence and creativity, building trust and entering into dialogue. "Europe cannot take the lead because we do things cheaper, but because we develop better solutions", she argues.

Security in change

Flexicurity is hot, but not her favourite concept. "I prefer to say security in change. Many,



Photo: Scanpix, Sweden

including employers and governments in Europe, tend to put too much weight on flexibility, and forget the security. But flexibility is possible only when you have security in change." Or to put it this way: "It is rational to be positive towards change, but that is not possible if the wage earners' security is put at risk. Therefore we need strong collective agreements, linked with an acceptable insurance system for the unemployed, active labour market policies and an adult education system. People ask why the Nordic model is so successful. It is because we have strong and independent social partners who take responsibility for wages and working conditions, and security in change."

The discussion on whether the Nordic model is one or several different models; the Swedish, Danish, Finnish, Norwegian, Icelandic model, is not relevant in a European context, according to Wanja

Lundby-Wedin. "The differences are so small. All the Nordic countries are characterised by a strong and united labour movement. We have generous and general benefits. Strong social partners give strong welfare", she argues, and she adds: "There are few countries where the social democrats have held such a strong position as in the Nordic countries." Even though she herself discarded the possibility, she was mentioned as a candidate to being party leader of the Swedish Social Democratic Party when former Prime Minister Göran Persson resigned.

It is not only the voice and her appearance which express femininity, but also other things like how she has decorated her office. Except, perhaps, for the dry cactuses in the window. The question is inevitable: "Was this how it looked when you took office in LO Sweden in 2000? Who



By Berit Kvam

decorated your office?”
 “I did it myself, all of it. The paintings are also selected by me. I especially like the one over there.” She points to a sweet and soft coloured painting showing a mother and a child in a calm Swedish summery landscape.

Facing challenges

The unions are facing challenges which demand new strategies. Her advisors are knocking impatiently at her door. She is wanted for a meeting. She excuses herself: “Do you mind, just fifteen minutes?”

At a national level there is an ongoing discussion on a new basic labour market agreement. The present agreement was signed in Saltsjöbaden in 1938. Now the unions are on speaking terms with the Confederation of Swedish Enterprise. They want to find out whether it is possible to start negotiating a new basic agreement with rules and regulations concerning the dealings and the communication between the parties. It is still early in the process, but she is optimistic.

Pressure from below

Perhaps more urgent is the pressure that comes from below. Strong unions with strong support and legitimacy form the basis for security in change. But unions are losing ground. Swedish unions too are losing members fast. “Look at the graph on the tiled heater. I will show you”, she says and walks across the room.

She blames the present government for ruining the Swedish labour market model. In record time they weakened the insurance system for the unemployed and reduced the active labour market policy.

“Today there is a job and development guarantee for the long-term unemployed, but there is hardly anything left of the adult education system”, she says.

Her finger follows the development on the graph. In the mid 1990's 86 per cent of the Swedish workforce were organised, but from the year 2000 they lost one per cent of the members every year. In 2007 when the government changed the unemployment insurance system, the number of organised workers dropped from 79 per cent to 73 per cent.

“Six per cent loss in one year”, she emphasises, “but it is only us who can reverse the trend.” The yearly one per cent loss she claims is due to structural changes in the labour market. Many new and small businesses have come into existence, and they don't have collective agreements. “And we have not paid attention to this tendency.”

The Nordic model is based on a high organisation rate both among employees and employers.

But this is not only a national or a Nordic issue; it is also top of the European Trade Union Confederation's agenda, because it is so closely linked to support and legitimacy. “Recruiting new members have been an issue for the union official at the work place. We now see recruitment as a strategic question”, says Wanja Lundby-Wedin.

Threats from above

Recent developments show that the unions also meet challenges from elsewhere. When the European Court of Justice (ECJ) pronounced case laws based on the posted workers

directive, the unions stated that the Court had made a political decision and that it was not in favour of the wage earners in Europe. In her mind this confirms the importance of working across borders.

“European law does not ensure equal treatment of wage earners. So we have to work hard both at a national level, at a Nordic level and at a European level, to make it clear that we don't accept wage discrimination.”

“We will fight to keep the Nordic labour market model with just conditions, real wages and security in change”, she states with the case laws in mind. There must be some sort of minimum wage agreement, but it is also necessary to make sure that the new treaty doesn't discriminate against the system of collective bargaining. Right now a strategy is being worked out to make sure labour law will be put on an equal footing with the four freedoms. This issue will hopefully be decided on at the top meeting between heads of states and governments next year.

Big difference

Is there anything she wants to achieve at a European level? Well, she is there to put into action what the members want. The differences between countries are big. Nordic countries are leading the way. “But we cannot push our system on other countries.” Gender is on the agenda in Europe, though, and this is an issue where she would really like to see a change for the better: “The ESF has a “women committee”. She sounds amazed: “That really shows how far they have to go. If not this would have been a committee on gender equality.”

Working Nation The Mindset of the Enterprising Icelanders

The Icelanders are known for being a great working nation. No nation has a larger part of the population in employment at any one time. This reflects both a high work participation rate amongst Icelandic women as well as amongst the elderly. Indeed many Icelanders stay in paid work up to the age of 70. The Icelanders thus retire later than people in most other nations, helping to keep pension expenditures modest.

In addition to this, people on average work long weekly hours. In a normal working week the Icelanders work up to 8 hours more than the more complacent Norwegians. These long hours are, however, set off against a rather long summer holiday and relatively

many occasional holidays during the year. On the other hand, short-term sick leave is rather low by Nordic standards.

When you multiply the employment participation rate by the average weekly hours worked, you get an indicator of the overall work volume of nations. This is shown in the graph below.

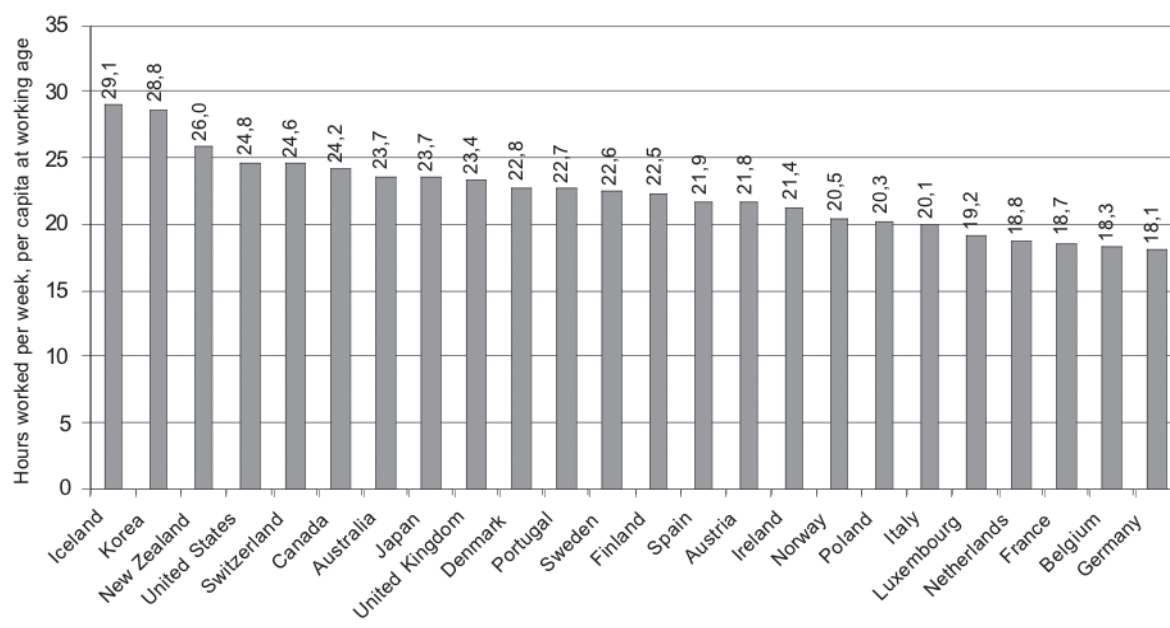
Here we see that the Icelanders and the South Koreans put in the biggest work volumes in the developed world. Trailing them are the Anglo-Saxon nations, along with the Swiss and Japanese. So the Icelandic Vikings and the Korean Tigers beat the enterprising Americans, famous for their strong work ethic and tight labour market discipline.

The highest work volumes are usually a result of both high work participation and long hours, as in the case of Icelanders and the Anglo-Saxons. The South-Koreans are, however, deviant and have excessively long hours with a much lower work participation rate. That produces a great strain on their working population.

The Scandinavians on the contrary have very high work participation rates but quite modest weekly hours, especially the Norwegians. At the low end we have nations with both low work participation rates and short hours, like the Germans, Belgians, French and the Dutch. These nations have difficulties financing their pension systems and may have to do with lower growth rates.

Volume of Work per capita in OECD Countries 2005

Employment population * Weekly hours actually worked



By
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Yearly work hours are accumulated from survey data and holidays and absence days subtracted. Thus the actually worked hours per year are obtained. Then those are divided by the number of weeks to get the actually worked hours per week (see OECD-Employment Outlook 2007). Multiplying these again by the employment participation ratio produces an approximation of a measure of "Hours actually worked per week, per person at working age", which we use as an indicator of the total volume of work of a nation.

It may be argued that the nations that combine high employment rates with modest working hours get the best quality of life, assuming that it is good for most people to do some work, but not too much. Thus it is of interest that Iceland beat Norway in the most recent United Nations ranking of quality of life (see the Human Development Index, November 2007). However, this victory takes on a slightly different meaning when we consider that the Icelanders put in an extra regular working day per week to obtain this outcome!

The Culture of Work

A nation which lets work play a great part in its life must have a positive attitude to work - or force it's people to work a lot, through coercion or by sheer necessity to achieve the basic means of subsistence. The Icelanders are not at all forced to work as much as they do. They are affluent and have good material living standards and nobody can force them to do anything much against their will. So they must have a strong and positive attitude to work. This is indeed born out by survey research.

My theory is that the Icelanders share many of the social and cultural characteristics that are found amongst the Anglo-Saxon settlers' nations. The USA, Canada, Australia and New Zealand were all built by settlers from Europe who sailed across the seas to seek their fortune in a new world. The settlement experience shaped their culture in the direction of strong individualism and a great emphasis on self-help and work, along with quests for independence from government and resistance to paying high taxes. In the contemporary world these cultural values are frequently connected to strong materialism and consumerism. Thus materialism becomes a key driver of work for the individual in the affluent market society. The Icelanders were originally established as a sett-

lers' society in the 9th to the 11th centuries and they have retained some of these characteristics in their mindset and behaviour.

When the Icelanders gradually gained independence, starting in the latter part of the 19th century, the Icelandic spirit was set free. With full independence in 1944 the nation went ahead at full speed towards modernisation with high rates of investment in the economy, which provided a strong demand for labour, giving the materially aspiring folk ample opportunities to seek their fortune through work. Thus the post-war period is characterised by very low rates of unemployment and plenty of job opportunities.

The fishing sector, originally the main industrial driver of the economy, also fostered an enterprising attitude. It often saw great fluctuations between high demand periods, requiring all able hands to quickly process the delicate goods, followed by more moderate periods. This did not provide for a German or Swedish type of ordered and carefully disciplined factory behaviour. Instead this environment fostered flexibility and the will to take on great challenges when the need or opportunity arose.

The Role of the Welfare State

There are of course other explanations for differing work volumes. Libertarians, for example, make the most of a presumed negative relationship between taxes and work, assuming that lower taxes lead to more work by individuals. This theory does not seem to explain the Icelandic case, however. The Icelanders have for example worked more than the Americans for a long time despite a significantly higher tax burden.

During the last 10 - 12 years marginal tax rates on individuals have been lowered in Iceland while the overall tax burden on the

average and low-income earners has increased significantly (due to a reduced personal tax allowance). Nevertheless, most people have retained similar work patterns. Mothers of young children have even increased their work significantly in this period, despite a growing tax burden on their earnings. In that case a growing supply of affordable childcare places since 1995 seems to have had more to do with the work patterns of this group. So the characteristics of the welfare system may have much to do with differential work patterns, even more than the tax burden. It is indeed also conceivable that a growing tax burden may lead to more work, especially if great financial commitments and strong material aspirations prevail.

Strong unions and well-organised welfare states have been important in shaping the prevailing work patterns in Scandinavia, i.e. the high work participation and modest working hours. Icelanders have also had strong unions and in many ways a good welfare state. Why then are Icelandic working patterns not more similar to the Scandinavian ones?

The Icelandic unions have not put great emphasis on reducing working hours, thus giving in to the materialist impulse. They should however change their emphasis nowadays. The intense work effort of contemporary Iceland places a great strain on families, and it is also associated with lower productivity. A good labour policy for the Icelandic future should continue to emphasise high work participation, with dynamism and flexibility, but with a shorter working week. This can be achieved at the same time as productivity per hour worked is significantly increased, thus giving the opportunity to maintain pay levels for shorter working weeks. The welfare of families and children would at the same time be significantly increased.

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Ministry of employment and the economy
www.tem.fi

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Directorate of Labour, Iceland
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