PRESENTATION ABOUT GOOD PRACTICES IN COOPERATION BETWEEN PUBLIC AUTHORITIES AND SOCIAL PARTNERS BASED ON THE NORDIC/NORWEGIAN MODEL FOR DECENT WORK.

SOLIDARITET
EKTE FAGFORENING

SOLIDARITET EKTE FAGFORENING
Postboks 359, 1401 Ski, Norway
Org.nr: 913 138 473

Tel./fax: 00 47 48 444 114
e-mail address: office@solidaritetnorge.no

Trade Union President Arthur Kubik
Tel. 0047 463 68 575,
e-mail address: arthur.kubik@solidaritetnorge.no

Research and scientific department in the field of law: betterlaw@solidaritetnorge.no

IT and technical department: it@solidaritetnorge.no
1. INTRODUCTION

The Nordic labour model is a problem-solver and adapts to new circumstances, while retaining its fundamental cooperation between the social partners.¹

(Guy Ryder, Director-General of the ILO)

The Nordic labour model, characterized by social dialogue and tripartism, has become a trademark of the Nordic countries - Denmark, Finland, Iceland, Norway and Sweden. Tripartite cooperation is pursued across political dividing lines, and is today considered crucial for the national economy. Back at the beginning of the 20th century, few if any would have thought that social dialogue and tripartism would be considered as a competitive advantage in the future.

![Diagram of the Three Basic Pillars of the Nordic Model]

Source:

A model for the past and the future

The influential organizations in Norwegian working life. The two social partners emphasized the challenges that the Norwegian economy will face in the future of work and highlighted the following objectives, which they committed to work together to achieve:

- broad wage settlements,
- increased emphasis on skills and training,
- a sustainable, economic policy that promotes growth to ensure higher employment.

¹ https://www.norden.org/en/nyhed/nordic-region-inspires-ilo-pursue-equal-pay-and-
We will meet the future with renewed and strengthened cooperation between the social partners?

The sustainability initiative showcases some of the characteristics of what has been described as the Nordic tripartite model. The social partners do not necessarily agree on all measures, but they acknowledge the importance of cooperation. Measures are voluntary, based on trust, and if necessary underpinned by governmental facilitation and policy. Such initiatives have been adopted on several previous occasions, including efforts to address periods of rising unemployment and falling productivity. The recent years’ challenges of globalization have been on the agenda. The relationship relies on strong partners and a balance between conflict and cooperation. The tripartite model is flexible, and both the degree of coordinated wage formation and the subjects of cooperation vary over time. But, while previous challenges have been solved through cooperation between the social partners, the changing world of work seems to demand swifter responses, and also includes a new challenge not seen before – the transition to a carbon neutral economy.

This presentation looks back to the beginning of over 100 years of labour relations in Norwegian/Nordic working life, and the gradual emergence of social dialogue as the term is understood today, and then gives an overview of the important institutions that have continued to facilitate dialogue in the years since 2000. It then looks at the challenges faced in the future of work.

It starts by providing a short historical background showing the long historical roots of the current model of tripartism and social dialogue. It then examines the actors and institutions that underpin the Norwegian labour market model: strong actors on both sides of the labour market, and institutions that secure trust and predictability, while at the same time being able to adapt to changes.

The wage-setting model is imperative for the viability of tripartism in Norway, and the report continues by discussing how and why wage coordination is considered crucial. However, tripartism and social dialogue cover a wide range of areas. To illustrate the variety of cooperation, the presentations looks into subjects such as skills development, diversity and inclusion, and working environment standards. As a link to “the future of work”, it then discusses how recent changes in the labour market mean that the social partners and the Government have to look for new solutions to old problems. Finally, the presentation turns to the future of work – what are seen as the important challenges for employers and employees in Norway, and whether and how tripartism can contribute to a better adaptation to the future in Norway and elsewhere.
The Norwegian labour market

The Norwegian labour market is characterized by a high level of employment, significant gender equality and a relatively low share of atypical forms of work. Labour market regulation is based on statutory law and industry level collective agreements, supplemented by industry or company level special agreements. The bargaining parties have regulated 'the rules of the game' as well as co-de-termination rights in the so-called basic agreements, while working conditions are laid down partly in collective agreements and partly in statutory law. Wage setting is the domain of the social partners, and no national statutory minimum wage exists.

Trade unions and employers’ organizations play a decisive role in the evolution of the labour market. Norway has been part of the European Union single market through the Agreement on the European Economic Area (EEA) since 1994.

<table>
<thead>
<tr>
<th>Labour market statistics (2018)</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment rate of women (15-74 years)</td>
<td>64.5</td>
</tr>
<tr>
<td>Employment rate of women (25-66 years)</td>
<td>78.6</td>
</tr>
<tr>
<td>Employment rate of men (15-74 years)</td>
<td>69.3</td>
</tr>
<tr>
<td>Employment rate of men (25-66 years)</td>
<td>84.9</td>
</tr>
<tr>
<td>Total employment rate (20-66 years)</td>
<td>76.2</td>
</tr>
<tr>
<td>Employment rate of migrants (20-66 years)</td>
<td>66.6</td>
</tr>
<tr>
<td>Unemployment rate (15-74 years)</td>
<td>3.9</td>
</tr>
<tr>
<td>Unemployment rate (15-24 years)</td>
<td>9.6</td>
</tr>
<tr>
<td>Unemployment rate of migrants (15-74 years)</td>
<td>8.4</td>
</tr>
<tr>
<td>Part-time work (15-24 years)</td>
<td>25.1</td>
</tr>
<tr>
<td>Temporary contracts (employees 15-74 years)</td>
<td>8.4</td>
</tr>
<tr>
<td>Gender wage gap - women’s average related to men’s average</td>
<td>87.1</td>
</tr>
<tr>
<td>Productivity growth (labour) 2017-18</td>
<td>1.2</td>
</tr>
<tr>
<td>Accidents at work</td>
<td>8 per 1000 employees</td>
</tr>
</tbody>
</table>

Partnership at the industry and enterprise levels

Cooperation at the workplace level, mutual trust and transparency gradually came to replace conflict and distrust between the social partners. The Basic Agreement of 1935, negotiated and signed by trade unions and N.A.F., represented a milestone in this respect. The Agreement contained provisions requiring employers to consult trade union representatives in a number of specific situations (Bergh, 2010: 21-22; Byrkjeland, 2000). The rights and duties of trade union representatives were also regulated. Increased cooperation gradually developed in areas such as productivity, business development and the organization of work, mostly at the company level.

This emphasis on cooperation was also the foundation for various research initiatives to combine enterprise development with broad employee and union participation in Nordic and Norwegian working life in the 1960s (Gustavsen, 2007 and 2011; Johansen 2013). In parallel, the provisions of the Basic Agreement were strengthened and ensured that restructuring was discussed with trade union representatives. Cooperation at the industry and enterprise levels is therefore justified as being both effective and democratic.
Working environment and labour market regulation

Representatives from the workers’ and employers’ sides were included at an early stage in the design and implementation of the regulation of occupational safety and health (OSH) in working life. A Labour Commission (Arbeiderkommisjonen, appointed in 1885) laid the groundwork for the first Worker Protection Act (covering factories). Representatives of workers and factory owners were included in the Commission. Representatives of the social partners were later included in monitoring compliance with the regulations. This arrangement was subsequently replaced by the representation of the social partners on the board of the Labour Inspectorate (Nergaard and Trygstad, 2013).

In 1956, cooperation on workplace safety and the role of workers in that respect was considerably strengthened with the introduction of mandatory safety delegates appointed among and by employees. Over time, this legislative framework has expanded, and employers are now required to consult employee representatives in a number of areas.

Wage formation and incomes policy

In the post-World War II years, wage formation was seen as an instrument to ensure a stable national economy. This gave rise to greater emphasis on incomes policy, in the sense of cooperation between the social partners and the authorities to moderate price and wage increases. Gradually, this was linked to the expansion of the welfare state and social security arrangements to moderate wage settlements, and to seek widespread support for the solutions adopted. Strong trade unions and social democratic governments were key actors (Stokke et al., 2003).

The model of coordinated bargaining emerged in the 1960s. Collective agreements were renegotiated at regular intervals, every other year. In the intervening years, the partners at central level negotiated wage adjustments. In addition, the partners in many sectors negotiated wage adjustments at enterprise level; those negotiations are conducted under a peace obligation.

Wage settlements were conducted as independent bargaining rounds between trade unions and employers’ associations, often at the centralized (confederation) level, and the parties themselves assumed responsibility for ensuring that the outcome was consistent with what could be borne by the economy without leading to a loss of competitiveness and higher unemployment. Policy action by the authorities, for example in the form of price subsidies or improved social benefits, would often be provided at the request of the social partners. For the trade unions, wage increases and small wage disparities were important. Bargaining at the central level also benefited groups that had little bargaining power. In exchange, employers benefited from the resulting predictability and a relatively low level of conflict.
The Norwegian model of wage formation has faced challenges at times when there has been a need for a stronger commitment to wage formation consistent with the requirements of the national economy, either because of excessive price and wage growth or international economic trends. There have also been brief periods when wage laws were adopted, as well as periods covered by broad social pacts (Stokke et al., 2003). Wage laws in 1988 and 1989 were followed by a period of tripartite cooperation referred to as the “Solidarity Alternative”. This involved a combination of moderate wage rises and measures to increase employment and combat unemployment (Stokke et al., 2003).

*The Solidarity Alternative was an important outcome of tripartite cooperation.*
(Rolf Andreas Negård, NHO, Head of Negotiations)

In the late 1990s, inflation and wage growth in Norway were higher than in its trading partners. Following a comprehensive review of both the bargaining system and the principles of wage formation, the partners committed to undertaking wage formation in accordance with the so-called “pace-setting model”.

**The pace-setting bargaining model**

As a result of macroeconomic analyses of wage formation undertaken in the 1960s, the “pace-setting model” gained influence. In brief, the model assumes that the economy can be split into two sectors: the internationally exposed sector and the sheltered sector. In a small and open economy, such as that of Norway, wage growth in the exposed sector has to steer wage growth in the sheltered sector (Thomassen and Øksendal, 2017). Wage increases in internationally exposed sectors are normally based on price development in the international market and productivity improvements. This allows wage increases without leading to a loss of competitiveness and the resulting unemployment. Wages in the sheltered sector should not be higher, in order to avoid spill-over effects. The model also assumes that productivity improvements are shared by labour and capital/owners.
There are currently four main trade unions confederations, with 93 per cent of unionized employees being members of the four confederations. The various confederations and unions cooperate, but also tend to compete for members and to have different views on priorities in the wage bargaining rounds.

Solidaritet Norge Ekte Fagforening is the largest organization that represents foreign employees, including those from Poland and Central and Eastern Europe.

In 2017, almost half of the working population (49 per cent) in Norway were members of a trade union. This represents a fall from the 1990s, when the unionization rate was 57 per cent. However, compared with many other countries, trade unions have enjoyed stable and high support.

<table>
<thead>
<tr>
<th>Norwegian trade union confederations, 2017</th>
<th>Established</th>
<th>Number of unions</th>
<th>Percentage of the workforce</th>
<th>Percentage of union members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norwegian Confederation of Trade Unions (LO)</td>
<td>1899</td>
<td>26</td>
<td>24</td>
<td>49</td>
</tr>
<tr>
<td>Confederation of Vocational Unions (YS)</td>
<td>1977</td>
<td>13</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Confederation of Unions for Professionals (Unio)</td>
<td>2001</td>
<td>13</td>
<td>10</td>
<td>21</td>
</tr>
<tr>
<td>Federation of Norwegian Professional Associations (Akademikerne)</td>
<td>1997</td>
<td>13</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Unions not affiliated with a confederation</td>
<td>ca. 20</td>
<td></td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>ca. 85</td>
<td></td>
<td>49</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Nergaard, 2018a

5 However, a separate confederation of salaried employees of the type found in Denmark, Sweden and Finland has not been developed in Norway.
For many years, the Confederation of Norwegian Enterprise (NHO, previously N.A.F.) remained the single dominant employers’ organization. NHO is a merger between a traditional industry federation, a craftsmen’s federation and an employers’ association. However, a number of employers’ associations (sectoral and cross-sectoral) now also play a role in their respective industries. The second largest private sector employers’ association is Virke (which mainly represents enterprises in private services industries), followed by Spekter, which has members among independent State-owned enterprises (including public hospitals), and KS, which represents local and regional authorities (except the municipality of Oslo). In the State sector, the Ministry of Local Government and Modernization is the bargaining partner on the employers’ side.

All the major employers’ associations are currently “mixed” or, in other words, they organize both employer/labour market interests and other business interests. As a result, their contacts with the authorities concern issues ranging from wage formation, pensions and the working environment to business policy and matters concerning enterprise profitability.

In the private sector, the proportion of employees in workplaces where the employer is a member of a confederation has increased since 2000 (Nergaard, 2018a). In 2017, approximately two-thirds of the workforce in the private sector were employed by enterprises organized in employers’ associations. Members of Norwegian employers’ associations are not automatically bound by a collective agreement by virtue of their membership of the employer organization, but only if requested by a trade union and when certain criteria are met (usually the requirement of 10 per cent union members) or upon the extension of an industry-level agreement (see below).

<table>
<thead>
<tr>
<th>Table 2. Norwegian employers’ organizations, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
</tr>
<tr>
<td>------------</td>
</tr>
<tr>
<td>Confederation of Norwegian Enterprise (NHO)</td>
</tr>
<tr>
<td>Virke, the Enterprise Federation of Norway</td>
</tr>
<tr>
<td>The Employers’ Association Spekter</td>
</tr>
<tr>
<td>Norwegian Association of Local and Regional Authorities (KS)</td>
</tr>
<tr>
<td>Other employers’ associations</td>
</tr>
<tr>
<td>Share of total (private sector) (%)</td>
</tr>
</tbody>
</table>

If the representativeness of the organizations declines in the years to come, this may constitute a threat to existing tripartite cooperation. While membership of employers’ organizations is increasing, the proportion of workers who are members of trade unions has fallen slightly. Tripartite cooperation is currently based on the idea that representation of both workers and business makes cooperation democratic. Without sound representativeness, the legitimacy of the social partnership could be eroded.

_The unionization rate is important for the legitimacy of cooperation. If organizations are representative and have support …it gives legitimacy to decisions. For example, when we drew up the new public service pensions system, a lot of emphasis was placed on the eight main confederations signing and endorsing it. This sets a framework for the deliberations of the Storting._

(Anniken Hauglie, Minister of Labour and Social Affairs)

Although the union density rate in Norway is high and relatively stable in an international context, there are concerns about a downward trend. Such concerns are voiced in particular by trade unions, but are also shared by the main employers’ organizations and the Government. In a report by the public commission that was examining the wage-setting model, it was emphasized that high density rates and high collective agreement coverage are important for wage coordination (NOU, 2013: 45-47). High density rates among employers and employees are also important for cooperation between the social partners at the company and sectoral levels. Norwegian unions are now looking at ways to strengthen the union density rate, and in 2019 the traditionally competing union confederations joined forces to strengthen the recruitment of new members. The issue has also been the subject of tripartite discussion, among others, at a seminar held in 2018, where Mrs Hauglie, the Minister of Labour and Social Affairs, invited the social partners to discuss the issue and potential measures to be taken.⁶

_Significant changes in the labour market can also upset the balance of power between organizations. The higher unionization rates of people with higher educational levels have spurred the growth of other organizations, which have started engaging in tripartite cooperation. Both trends show the dynamic nature of the industrial relations system._

---

Cooperation through formal institutions

The social partners and the authorities cooperate on a range of issues, and they meet in both formal and informal forums. Their relations are characterized by mutual trust and respect, and the possibility to make direct phone calls or hold informal meetings is recognized as a key element of Norwegian tripartite cooperation. Even though several institutions have been set up by the government to facilitate tripartite cooperation, NHO and trade unions both stress the importance of their bipartite cooperation.

In our model, the tripartite cooperation is based on bipartite cooperation. It is the bipartite cooperation that brings tripartism forward (...) It is a decisive factor for the success of our model that tripartite cooperation is not organized and governed by the authorities.

(Rolf Andreas Negård, NHO Head Negotiator)

Key tripartite cooperation institutions

The Government Contact Commission for Wage Settlements is chaired by the Prime Minister and includes several cabinet ministers, trade unions and employers’ confederations, and organizations for agriculture and fisheries. The remit of the Commission is to facilitate the exchange of information between the partners prior to and during wage settlement rounds. The Commission usually meets twice a year.

The Technical Calculation Committee for Wage Settlements (TBU) is composed of representatives of trade union and employers’ confederations, as well as representatives of Statistics Norway, the Ministry of Labour and Social Affairs, the Ministry of Finance and the Ministry of Local Government and Modernization, which represents the Government as an employer.

The Committee’s remit is to provide the social partners and the authorities with the best possible shared understanding of the economic situation. This includes wage and income trends over the preceding year, price trends and any changes in competitiveness. In this way, the partners can agree on the facts. The Committee also provides an inflation forecast for the coming year.

The Council on Labour and Pension Policy was established by the Ministry of Labour and Social Affairs in 2004. The Minister and the social partners can discuss key challenges related to labour and pension policies. In recent years, the Council has discussed how to follow up the social contract for an expansion of the number of apprenticeships, how to integrate asylum-seekers into the labour market more rapidly, and the gig economy and its effects on wages and labour conditions. The Council is also responsible for following up the Inclusive Working Life Agreement (IA Agreement). It may appoint temporary or permanent working groups to review specific topics or for long-term monitoring. For example, a special forum has been established for gender equality.
Both the Government and the labour market partners agree on the importance of the TBU in establishing a common understanding between the parties prior to the annual bargaining rounds.

*A agreeing on such factors as estimated price inflation reduces the potential for conflict.*
(Frank Emil Jøssund, Ministry of Finance)

*I think that being able to agree on facts is a real strength. The TBU is completely unique. It’s an arena where the partners agree on the facts and on the general situation.*
(Anniken Hauglie, Minister of Labour and Social Affairs)

Norway also has a political tradition of including the parties concerned in councils and commissions that deliberate and prepare new policies. The trade unions and employers’ associations have been involved in all major deliberations concerning wage formation, and normally in those related to pensions, the working environment, skills development, research and capacity building, inclusion and diversity in working life. While this type of representation was previously restricted to LO and NHO (N.A.F.), a wider range of organizations are currently included. All four trade union confederations and five employers’ associations are now represented on tripartite committees such as the TBU, as well as on relevant ad hoc labour market committees. This has helped to broaden representation and lend more legitimacy to decisions (Nergaard et al., 2016).

There has been a recent trend for an increase in expert committees, which has been criticized by the social partners. Neither of the social partners was, for instance, directly represented on a working time commission established in 2015. The committee was composed of economists, legal experts, human resource managers and social scientists, who were mainly not affiliated with any of the social partners or their institutions. This is in line with a general trend during the period 1972-2016, when the proportion of specialist experts on public committees increased significantly.7 This trend has been criticized by the trade union side, who argue that the social partners should be invited more often, both in their formal capacity and as experts with extensive insight into work-life related issues.8

---

With regard to collective bargaining and wage formation, special emphasis is placed on the importance of the bodies established in 1915 – the Labour Court and the National Mediator. Similar institutions are found in all Nordic countries.

**The Labour Court and the National Mediator**

The Labour Court is composed of legally qualified judges, as well as lay judges proposed by the social partners, and rules on conflicts related to the interpretation of collective agreements and violations of the duty of labour peace. Parties to collective agreements must refrain from collective action for as long as they are bound by a collective agreement, and this requirement is based on both statutory law and on clauses in all collective agreements. Taking a case to the Labour Court is considered to be a last resort. The partners recall that most matters are settled by voluntary means, and never reach the courts.

The Mediation Institute includes a permanent national mediator and a number of other mediators who undertake mediation on a part-time basis. The National Mediator is independent of the authorities. If the bargaining parties cannot come to an agreement during the negotiations, they have to notify the mediator. Mediation is compulsory and must be undertaken before industrial action can be taken. While awaiting the result of the mediation, the mediator routinely prohibits industrial action when the parties fail to reach agreement in the main bargaining rounds. This practice is uncontroversial and the parties claim that the Mediation Institute helps to reduce the number of conflicts. If mediation fails, the Mediation Institute cannot prevent an industrial conflict from occurring.

**Strong tradition of workplace cooperation**

While tripartism in Norway is mostly concentrated in dialogue between the central parties, the importance of cooperation between the social partners at the workplace level should not be ignored. The Norwegian representation system is based on so-called single-channel representation, meaning that representation at the workplace level is based on the representatives of trade unions. Co-determination in the workplace primarily occurs through the trade union officials elected by and from employees, as regulated by the relevant basic agreements concluded between the parties at the central (confederation) level. Employee representatives have important functions at the workplace, both in bargaining, as a partner of the employer and as a watchdog for wages and working conditions. In a survey conducted by NHO among its member companies, nine out of ten companies agreed that they gained from cooperation between trade union representatives and management at the workplace level.9

---

Workplace coordination increases productivity. A well-functioning dialogue with the local trade union representative can for instance make re-structuring easier and more efficient.

(Nina Melsom, NHO Director of Labour Relations)

The social partners also set aside funds for common projects, often aimed at developing better and more efficient ways of organizing the workplace. Such projects often involve parties at the company and sectoral levels, and experiences are shared within the sector.

\[10\] http://fellesiltak.no/ (accessed on 20 May 2019)
4. SOCIAL DIALOGUE AND TRIPARTISM TODAY

Social partnership and dialogue in Norway are, in their orientation and outcomes, shaped by challenges in the economy, working life and other issues on the political agenda. While wage formation constitutes the foundation of this partnership, the parties also periodically engage in cooperation on a variety of other issues. This takes the form of both bipartite or tripartite dialogue at the central level and bipartite dialogue at the company level. This section reviews some of the outcomes of tripartism and social dialogue over the past 20 years.

**Coordinated wage bargaining**

Norwegian wage formation is still considered to be highly coordinated, even though company level bargaining has increased in importance in several industry agreements (Dølvik, 2013). Effective articulation between the company and central levels gives the central organizations of employers and trade unions the capacity to act strategically, and to commit their memberships to a course of action (Marginson, 2013).

During the main settlements (when the entire collective agreement is subject to negotiation), bargaining is generally undertaken for each industry-level collective agreement separately. In practical terms, coordination is ensured by the exposed industries (manufacturing) bargaining first to set a ‘norm’ for wage growth to be followed by other sectors in subsequent bargaining rounds (the pace setting model). The ‘norm’ is an estimate of total annual wage growth in the export sectors provided by NHO in “understanding with trade unions”. If broad cross-sectoral issues are to be addressed, the main confederations often engage in cross-industry bargaining. In the public sector, bargaining is always carried out by the confederations representing the labour side and the relevant public authorities.

As trade union confederations tend to compete for members, several industries are covered by more than one collective agreement for the same category of employees. This can occasionally cause trouble in the bargaining round, as the employer organization has to negotiate with several trade unions having different priorities. Usually, the smaller trade unions accept the result of the negotiations between the biggest trade union and the employer organization. However, when
the trade unions are of equal size or represent different kinds of employees, this can create a challenging situation for the employer organization. In addition, company level bargaining takes place under the industrial peace requirement in most industries, based on the financial position, productivity, competitiveness and future prospects of the enterprise. These bargaining rounds provide the company-level partners with an opportunity to adjust wage growth in accordance with local circumstances. The importance of enterprise level bargaining varies between sectors. Among blue-collar workers in the manufacturing sectors, these types of increment may account for two-thirds or more of the annual wage increase. In the private sector, wage bargaining for white-collar workers only takes place at the enterprise level.

One of the key elements of tripartite cooperation is the coordination of wage formation. To prevent trade unions with a high level of bargaining power from breaking out of this coordinated wage formation, strong confederations and institutional frameworks are required (Calmfors and Driffill, 1988). Wage regulations are coordinated horizontally across industries and across the private and public sectors, as well as vertically, between the enterprise and central levels (Nergaard et al., 2016). If a moderate settlement is agreed at the central level, it is crucial for the partners to refrain from undermining it by agreeing to significantly higher wage increases at the company level.

This practice of coordination is important so that exposed industries can accept moderate wage settlements, and so that sheltered industries support the bargaining model. Even though a duty of coordination is not laid down by law, there is a common understanding of its importance among the partners.

While wage bargaining is the responsibility of the social partners, emphasis should be placed on the important role of the Government in providing supporting institutional frameworks. The bargaining system depends on the presence of tripartite committees, such as the TBU, and access to mediation. In addition, the partners occasionally request assistance from the Government in the form of specific measures, legal amendments or financial allocations for special initiatives. For instance, in 2015, funding was set aside for language training at the workplace (for migrant workers), while in 2016 the social partners requested changes in the system for temporary lay-offs.

Adjustments through tripartite commissions

The bargaining model has been adjusted on several occasions. Since 2000, wage formation has been discussed by a number of tripartite temporary commissions with a view to resolving tensions in the wage formation model and poor coordination. In the late 1990s, many groups of public sector employees with higher education
claimed that they were disadvantaged in wage settlement.

One of the challenges of the pace-setting model was that wage growth among blue-collar workers served as the only criterion for calculating the standards to be followed in all other areas. White-collar workers in the manufacturing industries, whose wages were solely determined through enterprise bargaining, had enjoyed better wage development than their blue-collar colleagues. As a result, educated groups in manufacturing experienced higher wage growth than equivalent groups in the public sector. The commissions submitted recommendations calling for a continuation of the existing wage bargaining system, but with some amendments. One result was that the pace-setting model was expanded to include white-collar employees in the calculation of the economic framework for wage settlements in industries which followed the pace-setting industries.

These commissions are examples of the way in which Norwegian tripartite cooperation manages to safeguard endorsement of the wage formation model, but also shows a willingness to make the necessary adjustments. Although the commission reports are not legally binding agreements, the concomitant discussions and unanimous reports ensure that the parties support the conclusions reached.

The relevance of the pace-setting model, high growth in white-collar wages and the falling unionization rates and coverage of collective agreements are all topics that are discussed regularly. This mainly affects the private sector, as union density rates in the public sector are still very high (80 per cent), and all public sector employees are covered by collective agreements.

<table>
<thead>
<tr>
<th>Table 3. Collective agreement coverage by sector (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Private sector</td>
</tr>
<tr>
<td>Public sector</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Note: Based on questions in labour force surveys.
Source: Nergaard, 2018a

The relationship between the private and public sectors represents a further area of tension, which is also related to the gender pay gap, as public sector employment is dominated by women. The wage structure in the public sector is much more compressed and groups with comparable educational levels (such as teachers and nurses) are paid less than employees with the same educational level in the private sector.
sector. Annual coordination of wage growth across sectors makes it complicated to redress structural disparities. In practice, it would be difficult to resolve this perceived imbalance unless the public sector broke away from the norm set by the pace-setting sectors.

As a result of this strong coordination, some groups have a poorer outcome than could have been achieved through their own market power, while others benefit. The question is thus why the partners and their members refrain from breaking away from the model. The answer is that, despite its challenges, the partners still believe that the pace-setting model produces the best outcome for both employees and enterprises, as well as for the Norwegian economy as a whole. The model ensures relatively small wage disparities, an adaptable business sector and labour market stability.

**Collective bargaining intervention**

The Norwegian authorities have over the years chosen to intervene in a number of industrial conflicts by referring them to compulsory arbitration, that is through the adoption by Parliament of measures to declare an on-going industrial conflict unlawful. In such cases, the dispute will be decided by the national wage arbitration tribunal. The possibility of referring an industrial dispute to compulsory arbitration as a last resort is an integral part of the Norwegian labour market model. Although all parties emphasize that industrial conflicts should in principle be resolved by the parties themselves, assessment of when an intervention is necessary varies amongst the social partners (Alsos, 2010). The practice is often criticized by Norwegian trade unions, which regard it as interference in the right to independent bargaining. The imposition of compulsory arbitration is also deemed by the ILO supervisory bodies as being generally contrary to the principles of freedom of association and collective bargaining, with certain exceptions.

It should be noted that the Norwegian authorities have been cautious in their use of compulsory arbitration and restrict it to situations in which life and health are deemed to be at risk (Seip, 2018). Ministers of Labour and Social Affairs, who are responsible for deciding when an intervention is necessary, have on several occasions expressed their regret at having to resort to compulsory arbitration and have recalled the responsibility of the social partners to avoid situations in which conflicts threaten to damage life and security.
ILO Conventions have on several occasions been invoked by trade unions in order to pursue their interests, for instance as regards compulsory arbitration. The ILO Committee on Freedom of Association (CFA) has on several occasions commented on Norway’s intervention in legal conflicts, in essence recommending that Norway should implement a system of minimum services rather than using compulsory arbitration. For instance, in response to a complaint from the trade union Industri Energi on the Government’s intervention in a strike in launderettes in 2014, the CFA concluded:

“Observing that the issue of the use of compulsory arbitration by the Government to end a legitimate strike and impose the terms of collective agreement in order to safeguard public health and safety has arisen in the country on various, while exceptional, occasions as attested by the previous complaints, the Committee encourages the Government to discuss with the social partners possible ways of ensuring that basic services are maintained in the event of a strike, the consequences of which might endanger the life or health of the population.” (CFA, Case No. 3147)

ILO Conventions should become part of the Norwegian Human Rights Act. A bill in accordance with this position was discussed in Parliament in the spring of 2019, but seems to lack the backing of a Parliamentary majority.

When a conflict is halted, a publicly appointed National Wage Board, with representation of the social partners, is called upon to determine the outcome. In the same way as the National Mediator and the Labour Court, this board has independent status (Alsos, 2010).
Social protection

Universal government schemes play a greater role in Norway than in other Nordic countries. The social partners have been active in the development of new welfare schemes and the outcomes are often a result of interplay between negotiations and new legislation (Alsos and Nergaard, 2015). The State pension and health insurance scheme (the National Insurance Scheme, introduced in 1967) was partly based on earlier agreement-based schemes. A collective agreement based early retirement scheme (AFP) was introduced as part of the wage settlements in 1988 and extended in the early 1990s. The scheme covers employees at workplaces covered by collective agreements.

The period of parental leave has also been increased considerably, from 18 weeks in 1977 (previously 12 weeks) to 49 weeks in 2019. This is a statutory scheme, but the increase in the number of weeks was a result of a compromise on incomes policy.

Since 2000, pensions have been on the agenda of the social partners and the authorities (Grodem and Hippe, 2018; Hippe and Pedersen, 2019). A major pension reform was initiated with the appointment of the Pensions Commission in 2001. Ten years later, in 2011, a new pensions system was implemented, which includes the adjustment of pensions for changes in life expectancy. It is based on non-financial

14 https://www.regjeringen.no/no/dokument/dep/kld/hoering/hoeringdok/2016/hoering-endring-i-introduksjonsloven-innfor-av-forsokshjemmel/Download/?vedleggId=8e1f-da12-5265-4de0-99cf-17ace18f6e7a (accessed on 10 May 2019)
defined contributions (the NDC-system) with flexible pensionable ages (from 62 years) on actuarially neutral terms. The AFP scheme was renegotiated to accommodate these principles and a compulsory occupational pension was introduced by law as from 2006.

The reforms of the pensions system have mainly been based on broad compromise and show that the social partners and the Government are willing to take on difficult issues.

**Gender equality and part-time work**

Norway is regarded as a country with a high degree of gender equality in working life. The rate of labour market participation among Norwegian women is high, but a large proportion of women work part-time, which is considered a barrier to gender equality. Involuntary part-time work is seen as being especially problematic. In 2017, 20 per cent of Norwegian women (excluding students) in part-time work were dissatisfied with their working hours.\(^\text{15}\) Both in hospitals and the municipal sector, the parties have signed letters of intent to increase the number of full-time positions. Most of the measures have been implemented in individual workplaces, while the parties at the central level have agreed on guidelines and recommendations. In addition, new legislation has been introduced to accommodate more full-time positions and strengthen the situation of involuntary part-time workers (Kavli et al., 2019). Part-time versus full-time work is also a subject of debate in wage bargaining. Despite extensive efforts, increasing the proportion of full-time positions in women-dominated occupations in health and welfare has been a challenge. However, working time among women has increased substantially over recent years (Nätti & Nergaard, 2019).

**Working environment standards**

Comparative international studies show that Norway is at the forefront in terms of working environment standards (NOA, 2018). The concept of the working environment is synonymous with health, safety and the environment.\(^\text{16}\)

Nevertheless, workers with lower educational levels often have more stressful jobs than others, as well as fewer opportunities for self-determination in the organization and performance of their work (NOA, 2018: 38).

To secure health and safety in enterprises without safety delegates, the scheme of regional safety representatives (RVOs) was established by the State in 1981 as a

\(^{15}\) Analysis by the authors based on the Labour Force Surveys. See also Nergaard (2018b). This includes part-time employees who are dissatisfied with their working hours but who do not necessarily request full-time positions.

\(^{16}\) According to Lindøe et al., the concept of the “working environment”, as applied in a Norwegian and Nordic context, does not have a corresponding international meaning (2001: 17).
three-party cooperation between the Norwegian Labour Inspection Authority and the social partners. This scheme was first established in building and construction in view of the specific working conditions in that sector, and is financed by an annual fee paid by companies in the industry, where there is a high risk of accidents, injuries and health problems. The RVOs are safety representatives for workers who do not have their own safety representative, including single person enterprises. Their duties include contributing to improving safety and the working environment for all employees and single entrepreneurs. RVOs make unannounced visits to workplaces.

The role of the RVOs is to assess the conditions of temporary jobs and encourage companies to increase their efforts to improve safety. They do this by providing information on regulations, advising on solutions for working environment issues and pointing out shortcomings. In workplaces where there is no elected safety representative, the RVO has the same obligations and rights as an ordinary safety representative. RVOs are required to contribute to the election of a safety representative and the establishment of a working environment committee. RVOs can also shut down the work if they believe that there is an imminent threat to the health and safety of employees (Working Environment Act § 6-3). This also applies to single-person enterprises.17 In 2013, RVOs were established in hotels and restaurants and in the cleaning industry due to the challenging working conditions in those sectors.

### Measures to ensure safety at the workplace

All businesses with 10 employees or more must have a safety delegate. Safety delegates are employees who are appointed by their fellow workers, and their task is to protect the employees’ interests in matters concerning the working environment. They have a duty to inform both employees and the employer if they learn of circumstances that may result in accidents, etc. The employer has to consult the safety delegate on the planning and implementation of measures of significance for the working environment. Safety delegates have the right to stop the work if they consider that the working environment constitutes an imminent risk to health and life (section 6-3 of the Working Environment Act).

Working environment committees have to be established in businesses that normally have at least 50 employees. They have to endeavour to ensure a safe and secure working environment, for example, by contributing actively to the planning and follow-up of the company’s systematic work on health, safety and the environment.

In 2016, 81 per cent of the working population indicated that there is a safety delegate where they work, and 56 per cent reported that a working environment committee had been established.18

---


‘Old’ problems with new relevance

The enlargement of the EU (and the European Economic Area) in 2004 and 2007 brought new challenges to the Norwegian labour market. Due to a shortage of labour in sectors such as agriculture, construction, shipbuilding and cleaning, migrant workers were very welcome. However, a large influx of migrant workers from low-wage Eastern European countries raised questions concerning integration, wages, health, safety and protection against exploitation. According to register-based employment statistics, labour migration from Eastern and Central Europe (EU-11) accounted for about two-thirds of employment growth in Norway between the fourth quarter of 2001 and 2012, including residents and labour migrants on short-term stays in Norway (NOU, 2013:13 page 104).195

Labour migration from the EU-11 to Norway, 2007-18 (number of migrant workers)

Since 2006, successive Governments have developed measures to combat low-wage competition, social dumping and work-related crime.20 The extension of collective agreements has been an important measure, and had been introduced in nine industries by 2019.21 The bargaining partners have not always agreed on the need for general application. NHO’s stance has varied from strong resistance (shipyards) to

---

19 These numbers may include some posted workers, but not all of them, due to the way in which they are registered in employment statistics. There is no exact data on the number of posted workers (Næsheim, 2019).

20 The red-green coalition government, headed by Jens Stoltenberg, mainly addressed “social dumping”, while the conservative coalition government, headed by Erna Solberg, was mainly concerned to combat “work-related crime”.

21 Construction, farming/market gardening, cleaning, shipyards, electricians, fish processing, tour buses, transport of goods, hotels and restaurants.
strong support, for example in the cleaning sector, where they have worked with the Government to combat social dumping, work-related crime and violations of labour legislation.

Regulation has been adopted in a number of other areas, including the extension of the application of the Labour Clauses (Public Contracts) Convention, 1949 (No. 94), to the whole public sector, increased funding for the labour inspectorate and the introduction of RVOs, as noted above.

In January 2015, the Government launched a strategy to strengthen efforts to combat work-related crime and violations of labour legislation. The strategy was revised in 2017 and 2019. The measures were devised in consultation with the social partners, and are being followed up through broad-based cooperation. The main strategy is broad and sustained cooperation between all actors in organized working life and improved coordination between public agencies to ensure that their joint efforts are as effective as possible. Through prevention and other measures, the Government is aiming to reduce the market space for criminal operators, by making it easier to find the serious operators and more difficult for rogue operators to offer their services. This will be done, among others, through initiatives targeting public and professional purchasers based on raising consumer awareness. The Government also wishes to increase knowledge of work-related crime, including its scope, causes, consequences and development, with a view to effectively preventing and combating such issues as tax crime, the use of unregistered workers, the exploitation of labour in violation of the law and collective agreements, and human trafficking. **This is the area where Solidaritet Norge has a strong position and greatest successes.**

---

The three pillars

We have looked at the values and we have looked at the results. But how has Norway managed to translate good values into good results - and that for decades after decades? We know from all aspects of life that good intentions alone are not enough. It is summarized in the figure below. It shows that the Norwegian/Nordic model must to have three basic pillars: good financial management of the country, good public welfare and a well-organized and decent working life.

Recently, the largest scandal historically regarding to the NAV (Public Social Security Sector) in Norway has unfortunately undermined trust to the model. That is why it is important to remember that nothing is given once and forever.
<table>
<thead>
<tr>
<th>Country</th>
<th>Early 1990s</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>Multi-level negotiations. Negotiations at the sectoral level, where the agreement reached by the export industry sets the pattern. Coordination via LO and DA's coordination and via linkage by the mediating institution and statutory coupling of private and public wage development via regulation. Government intervention in prolonged conflicts. Local negotiations in many branches.</td>
<td>Multi-level negotiations. Negotiations at the sectoral level, where the agreement reached by the export industry sets the pattern. Coordination via LO and DA's coordination and via linkage by the mediating institution and statutory coupling of private and public wage development via regulation. Government intervention in prolonged conflicts. Considerable leeway for local negotiations on wage and working hours in most branches.</td>
</tr>
<tr>
<td>Sweden</td>
<td>Multi-level negotiations. Sector-level negotiations supplemented by local agreements. Some coordination in LO; SAF has withdrawn. The Rehnberg Commission steps in to ensure coordinated wage increases in line with the export industry agreements.</td>
<td>Multi-level negotiations. Sectoral level negotiations, with the export industry agreements setting the pattern according to Industriavtalet. Coordination via LO and SN. The mediating institutions ensure coordination in line with the export industry agreements. Increased leeway for local negotiations on wages and working hours.</td>
</tr>
<tr>
<td>Norway</td>
<td>Multi-level negotiations. Combination of sectoral level and main organisation negotiations according to the front-runner model, with the export industry setting the pattern. The mediating institution contributes to coordination in line with the export-industry agreements. The government can ask Rikslønnsnemnda for binding arbitration in disputes. The solidarity alternative firmly establishes the principle of wage restraint, and central criteria for agreements on local wage development.</td>
<td>Multi-level negotiations. Combination of sectoral level and main organisation negotiations, with the export industry setting the pattern (so-called front-runner model). The mediating institution contributes to coordination in line with the export-industry agreements. The government can request Rikslønnsnemnda for binding arbitration in disputes. The solidarity alternative and the front-runner model continue to govern the bargaining system. The central criteria for local agreements are retained, and there is an extension mechanism for minimum wages thus far in four branches.</td>
</tr>
<tr>
<td>Finland</td>
<td>Income policy tripartite negotiations between confederations and government with the export industry’s situation as the basis for sectoral level agreements, which are made universal (if 50 per cent coverage or more). After significant conflicts, coordination was reinforced towards the end of the economic crisis. Limited leeway for local wage bargaining in most sectors.</td>
<td>EK withdrew from income policy in 2007–2008, because the Federation of Finnish Technology Industries (Teknologiateollisuus) wanted local negotiations and increased flexibility. In 2011 and 2013, new income policy agreements were reached at the confederation level. The question is whether this is permanent. Limited leeway for local wage bargaining in some sectors.</td>
</tr>
<tr>
<td>Iceland</td>
<td>Tripartite income policy negotiations between the labour market parties and the government led to recommendations on wage increases. ASI and VSI cannot bind the member organisations.</td>
<td>Tripartite income policy negotiations between the labour market parties and the government intensified in light of the crisis in order to restore macroeconomic governance, but also wage earners' purchasing power.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Agreements at the organisation or local level set the actual wage increase and minimum pay rates, which are statutory.</td>
<td>Agreements at the organisation level set the actual wage increase and minimum wage, which is extended by law.</td>
</tr>
</tbody>
</table>
REFERENCES


Meld. St. 41 (2016-17). Klimastrategi for 2030 – norsk omstilling i europeisk samarbeid


NOU 2013: 13 Lønnsdannelsen og utfordringer for norsk økonomi.


