



Joint Committee of the Nordic Social Democratic Labour Movement

## **SAMAK's annual meeting on 10 February 2009**

### **Statement**

#### **Nobody manages on their own – endorsing the Nordic model in times of crisis**

Increasing numbers of wage earners lose their jobs every day. The unemployed and their families bear the brunt of the crisis.

We are not only facing a financial crisis. Thousands of jobs disappear every day, and the most important thing at present is to prevent mass unemployment

Timely and considerable efforts are needed from society. Too much too early is better than too little too late. The bank rescue package for the financial sector will no longer suffice.

Unemployment rates will grow even higher and inequality will become even more pronounced if we hesitate to implement targeted societal efforts.

#### **We need to act now**

Our primary task is now to prevent unemployment from exploding.

In November 2008, the Nordic social democrats and the Nordic confederations of trade unions of SAMAK met at a Nordic job summit. We now present the report "Nobody manages on their own – endorsing the Nordic model in times of crisis".

As social democrats and trade union movement we share the principles to guide our societies through the crisis. Focus is on cooperation, solidarity and joint active initiatives.

The basis will be the values of the Nordic model preferring unity over individualisation, safety over citizen marginalisation and protection of wage earner rights over social dumping.

In our view, we now need to focus on:

- targeted short-term measures to mitigate the impact of the crisis on companies and jobs
- measures for long-term protection and strengthening of the properties of the Nordic model – particularly forward-looking green growth benefiting the environment and the climate.

The report “Nobody manages on their own – endorsing the Nordic model in times of crisis” shows that:

- Powerful initiatives implemented in good time through targeted public investments cause unemployment to rise considerably less than where governments postpone assuming social responsibility. Norway’s red-green government has led the way through powerful initiatives implemented in good time. The Norwegian government is a clear role model to be copied by the other Nordic countries.
- Targeted public welfare investments create up to three times more jobs than attempts to stimulate the economy through tax reliefs.
- Coordinated European initiatives will lift employment in all European countries, but Denmark and Sweden are unfortunately the worst off in terms of crisis measures among the 13 strongest economies in the European Union.

We are facing a clear political choice. Joint societal efforts aimed at more jobs and forward-looking green growth or political passiveness that will only lead to increased unemployment and greater inequality.

### **Active measures against unemployment**

Being social democrats and trade union movement, we call for immediate measures against unemployment in all Nordic countries through targeted public investments in construction, renovation, infrastructure and education and training. The unemployed must be allowed to develop their competences. The new jobs to replace the old ones require increased education and training. Moreover, it is important to give priority to investments in research, innovation and specific initiatives in the fields of energy efficiency, sustainable energy and sustainable transport. These are initiatives capable of boosting employment here and now, countering the crisis and enriching us all in the long run.

Immigration means that the Nordic countries are increasingly characterised by diversity. Fiercer competition for work will also increase the importance of integration policy and the fight against discrimination. An effective crisis policy needs to be developed in dialogue with all groups in society.

### **The Nordic region and Europe are needed**

In the time to come, Nordic and European cooperation will play key roles in addition to the national initiatives of the Nordic countries.

In the Nordic cooperation realised through the Nordic Council and the Nordic Council of Ministers, we should enhance cooperation to eliminate border obstacles between the countries for students, researchers, labour and enterprises. We should strengthen joint research initiatives in the context of welfare, the labour market and education. The framework needed already exists in NordForsk

and the globalisation initiative launched by the Nordic prime ministers. The framework must now be applied in the work aimed at solving the crisis.

The Nordic governments are currently working well together in the context of international tax issues, one objective being to avoid international tax heavens. Launching joint Nordic studies of the causes of the financial crisis and its effect on the individual countries and the international economy should be contemplated.

At the beginning of 2009, economic forecasts suggested that the financial and job crisis will cost 3.5 million jobs in Europe in 2009.

The Nordic countries are all small, open economies. We depend significantly on the performance of our trading partners, particularly in the EU.

This being the case, we support the initiative of the Party of European Socialists (PES) of a “European pact on future employment”.

PES points out that we can create 10 million new jobs in Europe by 2020.

We are of the opinion that the financial and job crisis should be solved in conjunction with the climate crisis. We propose that the European pact on future employment be linked to special measures for the benefit of forward-looking green growth. In that way, we can make Europe the most competitive green economy in the world by 2020.

New rules in the financial sector are both a national and international task. Internationally, a main EU task is to secure the decisions needed – also in broader global cooperation. Stronger control of financial sector development is needed in particular. Financial supervision must be stepped up – also at the European level.

The impact of the financial and job crisis was felt even sooner and more dramatically in countries such as England and the USA. There, the crisis has already engendered greater inequality. The crisis is now seriously hurting the Nordic region, highlighting the importance of extensive and covering social protection and protection in the event of unemployment. The Nordic model offers reasonable financial security in case of unemployment and a possibility of competence development for the unemployed. This narrows the gap between citizens compared to many other countries.

### **Solidarity, cooperation and active joint initiatives**

One reason underlying the financial crisis was that a culture of greed and a less joint sense of responsibility had emerged. Solidarity, cooperation and active joint initiatives are truly called for now.

Hence, the crisis should also give rise to a reversal of recent years' unfortunate developments in Denmark and Sweden where private medical insurance schemes paid for by employers (with corresponding tax relief as in Denmark) and the erosion of unemployment insurance (with lower benefits, but higher indirect taxes as in Sweden) expose the universality and security of the Nordic model to a risk of disappearing. It is in times of crisis that the strength of the Nordic model becomes apparent as flexibility for companies and security for individual citizens.

Solving a crisis is also about the perspectives for the future society. The Nordic model proved its strength in the first phase of the financial and job crisis, and a social democratic-trade development of the Nordic model guarantees future work coupled with green growth. We are proud of the Nordic model, but much work is still needed to secure Nordic wage earners and their families – also in times of crisis.