



Alþýðusamband Íslands

ASI Policy on income distribution and equality

The ASI 43rd Congress demands a society with fair income distribution, equal opportunities and equality. A society where workers have decent wages and rights in the labour market and the public at large has secure housing and a strong welfare system financed with a just tax system.

There is a growing inequality in wealth and income in Iceland. This development is unacceptable. Inequality reduces social mobility, economic and political stability and has a negative effect on economic growth, the economy and future living conditions. It is an ongoing challenge for the labour movement to work for an equal society, equal opportunities and a fair income distribution. Everyone should have a secure job and a reliable livelihood.

Worker tax burden has increased in recent decades. This development is most onerous for the lowest income group. The personal tax credit has not kept up with wage development and there have been cuts in child benefits and housing benefits. The fiscal plan reveals the government's policy to weaken these systems even further, while at the same time people in the highest wage category enjoy the benefit of fewer tax brackets, low capital income tax and discontinuation of the wealth tax. Technological changes, increased automation, financialisation of the economy and exploitation of collective resources call for a review of the tax system and funding of social projects.

Educational opportunities are a very important factor in equalising living standards, especially for those with little education and where the nature of jobs is changing, calling for increased knowledge and skills due to technological development and increased automation. In recent years the labour movement has negotiated a strengthening of vocational training funds and fought for matching contributions from the Treasury in this field. Following the banking crisis the authorities reduced contributions to those with the lowest education level by a third in real terms and if the fiscal plan is not modified no change is expected. It is also important to develop competence validation for jobs and to ensure that competence obtained by workers through studies and work be reflected in their wages and constitute a recognised part of wage earner educational progress.

A growing number of people live in difficult circumstances, with an overburdening cost of rental housing, and these are predominantly low income groups, young people and foreign workers. Rent has gone up considerably in recent years and those who rent become trapped in that system. More and more people are forced to take on additional work to make ends meet. Such circumstances can institutionalise inequality and keep people trapped in poverty. In the long run such circumstances lead to impaired health.

A growing number is vulnerable to violations by employers of their labour market rights. More and more are forced to accept precarious work or bogus self-employment. This group is very vulnerable and has the effect of keeping wages down, diminishing worker wage insurance cover and employer responsibility of the safety and health of these people.

Unions are increasingly tackling violations of various nature, systematic wage theft, labour market dumping, false bankruptcies, undeclared labour and even slavery. Such offences undermine a healthy labour market and the foundations of society. They constitute oppression that leads to poverty and increased inequality.

In spite of the labour movement's fight for decades there is still a gender-based wage discrimination in the Icelandic labour market. The Act on Certification of Equal Pay requires that wage structures in companies and institutions be based on objective criteria and that they do not constitute a gender-based discrimination. It is a fact that there is wage discrimination in the Icelandic labour market, on the basis of criteria such as gender, age, origin and nationality. Discrimination is never justifiable.

ASI Policy

- The increased inequality in income and property in recent decades be put right.
 - Means be sought to decrease the pay gap in companies and institutions, for example by presenting the pay gap in annual financial statements.
 - ASI rejects payments of super bonuses and excessive dividends to owners and reaffirms the labour movement's demand for a society with a just division of pay, equal opportunities and a healthy economy. Payments of super bonuses and excessive dividends go against these objectives, good ethics and a sustainable economy.
 - It is important for the representatives of workers in the pension funds act according to the labour movement's policy.
 - Pension fund ownership policy and its implementation reflect the emphasis on equality and improved morality.
 - Board Directors in pension funds act to ensure that company workers benefit from their profitability no less than the shareholders.
 - The effect of parliament legislation always be considered with respect to equality.
- The government's tax shift in recent decades has lessened the tax burden of those with the highest wages and increased the taxes on lower and mid income groups. This must be corrected.
 - The tax system be used as an actual tool for social justice. Taxes on low income groups be lowered, the lowest wages made tax free by raising the personal tax credit which will be linked to rising wages and automatic tax increases on the lowest income groups prevented.
 - Housing and child benefit systems be reinstalled and the policy to limit that support to those with the lowest income be cancelled.
 - The highest incomes in society be taxed with a separate high income tax bracket.
 - A net wealth tax be levied and the rate of the capital gains tax increased in order to achieve an acceptance by society and to counter increased inequality when it comes to property.
 - Tax evasion be addressed with increased tax inspections.

- Users of common resources be made to pay a fair fee.
 - Grants from union sickness funds be tax free.
- Increase opportunities for wage earners to get education and skills, have this recognised and realised in their wages.
 - Teaching of Icelandic be promoted, made accessible during working hours and provided in a language that students can easily manage.
 - A methodology must be developed for deciding wages on the basis of validation of competence with respect to jobs.
 - Public allocations for education and instruction must be increased across the entire working life.
 - Education on rights and obligations in the labour market be a part of primary and secondary school curricula.
- Immediate action be taken to address the crisis in the housing market in order to provide everyone with reliable and good housing.¹
- Violations in the labour market be eradicated. That will only be accomplished by increasing surveillance dramatically, granting more authority and coordinated measures by regulators.
 - Violations in the labour market be met with tough penalties and fines on violating companies in cooperation with the labour movement.
 - Laws on workplace inspections to include all of the labour market.
 - A legislation be set to stop false bankruptcies, having an immediate and real effect.
 - Legislation on subcontractor liability to be extended to all the labour market.
- Union authorisation to protect the rights of own-account workers be strengthened.
- Measures be taken to close the pay gap by all available means. The Certification of Equal Pay and a correct implementation of the Equal Pay Standard are important steps in this direction.

ASI Tasks

- Be a leading actor in securing reliable and careful measurements of the level of inequality in Iceland, including the pay gap within companies.
- Form and implement the labour movement's vision for developing the tax system based on the interest of workers.
- Fight for coordinated supervision of labour market violations, including tax evasion and wage theft.
 - Promote increased cooperation and unification of regulators.
 - Initiate publishing a “black list” of the names of companies and individuals who repeatedly violate worker rights.
- Fight for increased financial participation in educating workers with little formal education and groups where the nature of jobs is changing due to technological development. That a system for competence validation be developed to have jobs and competences reflected in wages.
- Public funding of non-profit housing foundations be increased dramatically.²
- Provide leadership in keeping the authorities and employers on their toes in observing the Act on Certification of Equal Pay and extend the certification such that it includes all discrimination.

¹ There is a separate discussion on housing issues in another policy document/resolution.

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- Take the initiative in putting together guidelines for ASI member unions and shop stewards in accordance with the Act on Equal Pay Certification.