



# Policy Discussion Document for the 2020 ASÍ 44th Congress

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## INTRODUCTION

The 44th ASÍ Congress in 2020 takes place in the shadow of an economic crisis brought on by the Covid pandemic. It also takes place at the start of a period of big changes, due to technological development and the climate crisis. These changes will massively impact the labour market, and a transition from a consumers economy to a circular economy will lead to extensive changes to the way we work and live. Jobs will change, jobs will disappear and new jobs will be created. The labour movement must lead all these changes in order to ensure more equality and economic security for everyone.

The international labour movement has developed a framework - *Just Transition* - to guide the changes ahead. The goal is to protect people's rights and livelihoods through the changes to the way we work and live brought on by climate change while also tackling the impacts of new technology, artificial intelligence, and automation. Just transition means that the change ahead must be fair towards workers, especially those in sectors that will change or even disappear with technological change or with climate action. According to the just transition ideology, governments and the social partners must lead the social change and strive to create a general consensus about how to meet the challenges of the 21st century. This includes analysing the impact of public actions on different social groups and ensuring that these actions do not put a disproportionate burden on certain groups, and do not create more inequality. Special action is needed to counter the negative impacts on certain groups where applicable.

This discussion document proposes that *Just Transition* be the guiding principle in ASÍ's approach to the changes ahead in Icelandic society and the labour market. *Just transition* is the foundation to this draft policy that is presented in four parts: 1) A strong economy on sustainable grounds, 2) Labour market rights and social protection, 3) Education for the future, and 4) A just tax system that ensures equality and finances welfare.

The goal is to build a diverse, sustainable economy where everyone can find suitable work. This would require a labour market that is based on solid employment relationships, an organised labour movement and collective agreements, and a good balance between work, family-life and leisure. Everyone must be ensured economic security, regardless of their status. Social infrastructure must be strengthened with basic education, welfare and health care services must be made free of charge and accessible to everyone. This will enable Iceland to prepare for new technology and changes to the way we live and work.



## 1. A STRONG ECONOMY ON SUSTAINABLE GROUNDS – GOOD, GREEN JOBS

*Human-induced climate change is one of today's biggest threat, and it has already had an extensive impact on the economy and labour market, quality of life and people's income all over the world. Iceland has made commitments to reduce greenhouse gas emissions in order to mitigate global warming. Iceland is bound by these international commitments which will inevitably impact the labour market. These goals will not be reached without cost, but it will be more costly if Iceland does not act. The necessary transitions create opportunities for positive social changes, but if we do not pay careful attention, these changes could have a negative impact on society. Just transition is only possible with a strong labour movement.*

*Iceland is rich in natural resources. A sensible, sustainable use and protection of these resources is the way to sustain a strong, diverse economy. If Iceland wants to fulfil its climate commitments it must promote a more sustainable use of the country's resources. We have a duty to build a society that is sustainable, and where today's welfare is not at the cost of future generations nor at the cost of another nation's welfare.*

*Economies around the world are facing changes to the world of work due to new technology and technological development. With these changes comes the pressure on societies to use technology to increase prosperity and welfare, and to adjust to fast-paced changes. Social development and automation will change the composition of the labour market. Jobs will disappear in some sectors, and new jobs will be created in other sectors. Countries that respond and adapt quickly will be better able to use these changes to improve living conditions and increase competitiveness. We need a strong and flexible education system that meets the economy's changing needs and we need strong social infrastructures and economic security for this to happen.*

*On that foundation we will be able to create green, sustainable jobs provide decent living standards in every corner of the country.*

- Jobs that provide safe, healthy, and decent working conditions.
- Jobs that contribute to environmental protection.
- Jobs that encourage welfare and equality.
- Jobs that support innovation, and where Iceland's competitiveness is founded on inventiveness.
- Jobs that are founded on the already-existing knowledge and a strong infrastructure.

*These opportunities will not be created without clear policies and targeted action by the government in collaboration with the labour movement.*



## ASÍ'S POLICIES

### ***Impact of climate and technological change on the labour market***

The labour movement's role is to provide a clear policy for how to respond to changes in the labour market, so that just transition guides all policymaking.

- The labour movement must be involved in the decisions and policymaking around climate action.
- All groups and stakeholders must be involved in moving society towards sustainability, and the cost and the opportunities that the changes bring must be distributed fairly.
- We need a macroeconomic analysis of how climate and technological change impact the labour market.
  - We need an analysis of the impact on different regions, sectors, jobs and social groups, so that we can respond to the anticipated changes with labour market, employment, education, and welfare actions.
  - We need to examine in which ways we can develop the labour market and the economy towards sustainability and carbon neutrality.
- We need a long-term strategy on how to build the future economy considering changes in society, climate, and technology.

### ***Changes in the economy and jobs***

Many of the jobs we know today will disappear, however new opportunities and new jobs will also be created. If we want to be able to use these opportunities our economy must be equipped with excellent infrastructure and a strong employment policy.

- We need much more investment in social services, transportation, telecommunication and electricity, all over the country, so that our infrastructures support job-creation.
- We need to accelerate the transition in energy:
  - The government must put more public resources into creating infrastructures for an energy transition in transportation, to accelerate the growth.
  - We need much more public investment in ecological public transportation, to accelerate their growth and improvement, and so they can become a realistic transportation option.
- We need to invest massively in innovation to build a diverse, sustainable economy, to create valuable, green jobs all around Iceland, and to shorten the value chains.



- We need to build towards a circular economy, and promote an economy where value is based on re-utilising, recycling and fully utilising resources, and to relieve the stress on our ecosystem.
- We need incentives that encourage and support existing businesses towards more sustainability, and that facilitate the creation of new, sustainable businesses.
- We need incentives for businesses to locate their operation, innovation, and production in regional areas.
- We need more foreign investment in sectors and jobs that coincide with Iceland's employment and environmental policies.
- We need stronger workplace democracy and an end to all discrimination between business forms and improved legislation around cooperatives, so that cooperative businesses become as attractive and economical as any other legal forms.

### ***Good, green jobs and a diverse economy***

We need an employment policy for Iceland that allows the creation of good, green jobs that support good living conditions for people in all regions of the country. Jobs that provide safe, healthy, and decent working conditions.

- An economy based on both a strong foundation of public sector jobs, and on progressive jobs in the private sector.
- An emphasis on new jobs where value is created using technology, innovation, and knowledge.
- An effort to create more jobs in the industrial and technical sectors.
- An emphasis on good jobs in the fishing and food industry that are based on value-creation and full utilisation of resources.
- Sustainable tourism that is not based on unrestrained growth in the number of tourists, but rather on increased value.
- More celebration and support towards jobs in the arts, culture, and entertainment.

### *Further reading*

[https://www.asi.is/media/314748/tekjuskirting\\_jofnudur\\_afgreitt-til-asi-thingsins\\_sms-copy.pdf](https://www.asi.is/media/314748/tekjuskirting_jofnudur_afgreitt-til-asi-thingsins_sms-copy.pdf)

[https://www.asi.is/media/314749/taeknithroun\\_skipulagvinnu\\_afgreitt-til-asi-thingsins\\_sms.pdf](https://www.asi.is/media/314749/taeknithroun_skipulagvinnu_afgreitt-til-asi-thingsins_sms.pdf)



[https://www.ilo.org/weso-greening/documents/WESO\\_Greening\\_EN\\_chap2\\_web.pdf](https://www.ilo.org/weso-greening/documents/WESO_Greening_EN_chap2_web.pdf)



## 2. LABOUR RIGHTS AND SOCIAL PROTECTION

*The Icelandic economy and labour market will go through massive changes over the next years. The changes have already begun, as a result of more environmental awareness and technological change, especially artificial intelligence and growing automation.*

*Many jobs are disappearing or changing, and new jobs are being created. We are also seeing extensive changes in the organisation of work, and the relationship between those who sell their labour and those who buy it. The effects of these changes include less job safety, as well as precarious working conditions that replace the traditional employment relationship between the worker and employer that is founded on collective agreements.*

*In order to tackle these changes we must support the pillars of our labour market model, which is based on strong workers' associations, collective agreements that cover the whole labour market, rules on employment relationships, and a safety net that ensures income security for everyone. We also need strong supervision that makes sure that wages and workers' rights are respected, and strict penalties for wage theft and other violations.*

### ASÍ'S POLICIES

#### ***Organisation of the labour market and the interests of workers<sup>1</sup>***

We need legislation that provides a framework around the rights and obligations of workers and employers with a platform for communications between the authorities and the social partners about the protection and promotion of a healthy labour market. A framework that is based on the Nordic labour market model and that promotes a “just transition” in the labour market. Where:

- Collective agreements are the principle when determining wages and other work terms.
- The workplace inspection and authorities, in collaboration with the unions, have a clear authorisation to request information from employers about their fulfilment of collective agreements and where penalties for violations are codified by law.

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<sup>1</sup>Act on labour market rights No 55/1980 <https://www.althingi.is/lagas/150b/1980055.html> form a basis to build on and develop in the light of the Act's limitations and the changes that are now taking place in the labour market and in the organisation of work because of environmental awareness and technological change.

See also a report from a workgroup appointed by the Minister of Social Affairs, from January 2019: <https://www.stjornarradid.is/efst-abaugi/frettir/stok-frett/2019/01/31/Skyrsla-samstarfshops-um-undirbod-og-brotastarfsemi-a-innlendumvinnumarkadi/>

og yfirlýsingu ríkisstjórnarinnar frá 3. apríl 2019: [https://www.stjornarradid.is/library/01--Frettatengt---myndir-og-skrar/FOR/Fylgiskjol-i-frett/STUDNINGUR.4\(vef\).pdf](https://www.stjornarradid.is/library/01--Frettatengt---myndir-og-skrar/FOR/Fylgiskjol-i-frett/STUDNINGUR.4(vef).pdf).





- A formal platform is set up with the government, public institutions, and the social partners, to communicate and monitor the situation in the labour market at any given time (including criminal activity) and determine what actions are needed.

### ***Sustainability, technological development and the organisation of work<sup>2</sup>***

The labour movement demands that new technology and changes in the world of work are used to benefit workers and not companies and that the future of work is based on opportunities for better living conditions, shorter working hours, good work-life balance, and economic security:

- Companies need to be made responsible towards their workers through technological change and changes in the organisation of work. To that end, we need rules that ensure that workers are represented in the boards of companies. We also need stronger rules that ensure the workers' right to information and their involvement in all major decisions made regarding the company.
- We must support and safeguard the status and rights of those workers who lose their jobs due to technological change, new environmental policies, or a new organisation of work.
- We must ensure that changes in the labour market lead to improved workers' rights and support more sustainability.

### ***Employment relationships based on economic security and rights<sup>3</sup>***

We need legislation that provides a framework for "employment relationships" for rights and obligations of workers and employers, legislation that:

- Covers most types of employment relationships between those who do the work and those who buy the work.
- Provides a framework for employment contracts that are specific and dictate the work relationship and rights and obligations, and where certain basic rights are respected.
- Employers should have a firm obligation to make such agreements, and that failure to do so will lead to penalties that go to the worker.

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<sup>2</sup>ASÍ's policy on technological development and the organisation of work, from the 2018 ASÍ Congress, provides a good basis to build on and develop further [https://www.asi.is/media/314928/stefna-um-taeknithroun-og-skipulagvinnu-vinnunnar\\_loka.pdf](https://www.asi.is/media/314928/stefna-um-taeknithroun-og-skipulagvinnu-vinnunnar_loka.pdf)

<sup>3</sup> [https://www.asi.is/media/316548/tilskipun-um-gagnsae-og-fyrirsjaanleg-radningarskilyrði\\_minnisblad-12112019\\_hg.pdf](https://www.asi.is/media/316548/tilskipun-um-gagnsae-og-fyrirsjaanleg-radningarskilyrði_minnisblad-12112019_hg.pdf)



#### ***Labour market measures and welfare in the labour market<sup>4</sup>***

- We need to strengthen the labour market safety net to help workers tackle the change in the labour market and the reorganisation of work and help them strengthen their position.
- The law on unemployment insurance must be revised to ensure economic security for everyone who loses their job and that jobseekers have an opportunity to use the period of unemployment to improve their job prospects through education or other means.
- Provide more study opportunities for workers and strengthen the continuing education system.
- Work against any negative impacts on those labour-market rights that are based on accrual and generally assume a traditional employment relationship, such as pension rights, sickness right and holiday rights.
- Strengthen the vocational rehabilitation system.

#### ***Status and role of trade unions<sup>5</sup>***

Trade unions play a key role in protecting the interests of workers with regards to wages and other rights towards employers and the authorities. To be able to fulfil this role in the best possible way, trade unions and their federations must continue to develop their operations and organisation to align with a changed situation. Among the challenges that the labour movement is facing are:

- Negotiating collective agreements for all jobs - further developing sectoral agreements.
- Protecting the interests of and organising workers, both those in traditional and untraditional employment relationships, including gig workers.
- Improving the status and protection of union representatives towards their employers so they can fulfil their role without the fear of losing status or income.
- Ensuring a simple and smooth transfer of rights within the labour movement's welfare system when members change jobs or move to a different location.
- Promoting collaboration between trade unions and their federations in Iceland, as well as internationally.

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<sup>4</sup>See e.g. Réttta leiðin - Frá kreppu til lífsgæða fyrir okkur öll <https://www.asi.is/media/316526/asi-rettaleidin-baeklingur.pdf>

<sup>5</sup>See e.g. Réttta leiðin - Frá kreppu til lífsgæða fyrir okkur öll <https://www.asi.is/media/316526/asi-rettaleidin-baeklingur.pdf>



- Ensuring that trade unions can fulfil their primary obligations, both in negotiating collective agreements and providing service to their members.



### 3. EDUCATION FOR THE FUTURE

*Changes in employment and the labour market brought on by new technology and new ways to work call for new strategies and changed procedures. The changes entail new social challenges and opportunities for people, companies, and for society as a whole. Innovation, fast technological change, and the impact of climate change on the labour market mean that people must constantly renew their knowledge and skills. Everyone must have opportunities to improve their competence, seek education, and improve their prospects on the labour market. The goal is for everyone in the labour market to benefit from the impact of technological change on the economy. The labour movement must protect equal access to continuing and life-long education, irrespective of economic status and residence. Looking forward, we must promote an economy that is founded on a healthy labour market, just transition, sustainability, initiative, and innovation.*

#### ASÍ'S POLICIES

- The whole education system<sup>6</sup> needs to be mapped regarding its structure, the study options available, financing, target groups, demography, and residency. When the mapping has been completed, proposals should be made for the future structure of a cohesive education system that includes both formal and informal education. Everyone must have access to education, regardless of residence. Knowledge and skills must benefit both the economy and individuals into the future, and innovation and entrepreneurship should be the primary goals in education.
- We need a [skills policy](#) for Iceland and the authorities must immediately appoint a workgroup for that task. The workgroup should consist of representatives from the social partners, the education system, and the authorities. The goal is to ensure that the availability of education matches the needs of society at each time, and the interests of workers. We need to gather good knowledge, that is based on [skills anticipation](#), about job opportunities in different sectors over the next years so that we can form a comprehensive policy for education, labour market and employment.
- We need more study options in continuing education that takes aim of the needs of individuals, the labour market and today's society. People must be given opportunities to improve their competencies and develop new skills so that they are able to transfer to other jobs and sectors. The goal is for everyone in the labour market to benefit from the changes in the economy brought on by technological and climate change and that continuing and life-long learning help guide the labour market into a more sustainable economy. New skills and knowledge must be used to promote sustainable

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<sup>6</sup>This refers to the education system as a whole; preschools, primary and secondary schools, university and the adult education system.



development of society, the labour market and lifestyle as well as supporting cultural diversity and gender equality.

- For vocational education on secondary-school level to be strong and efficient, its composition and supply must correspond to the economy at each time and future prospects. We need more emphasis on vocational education on all school levels as well as the promotion of critical thought and innovation. We need more vocational study options on secondary-school level and a much stronger Workplace Study Fund (Vinnustaðanámssjóður) to support those in apprenticeship training. The authorities must consider the needs of those living far from the educational institutions with limited study options in their home regions.
- We need a new school level for professional higher education in order to improve access to universities for those with vocational education. Further developing professional higher education options will help meet the economy's need for diverse education and training. Those who enrol in technical or vocational studies must be able to complete their studies uninterrupted and not end up in a blind alley.
- [Validation of prior learning](#) must be strengthened on all school levels, and people must have access to study and training options after validation. Validation of prior learning is one of the most powerful tools to validate people's capabilities, and it also encourages further studying.
- Society must pay special attention to the needs of immigrants and other vulnerable groups. We must recognize the knowledge and education that immigrants bring and acknowledge its value. Everyone must have equal access to opportunities and all inequalities and discriminating practices must be fought. Everyone should be able to have a decent job and equally valuable jobs should be paid equally.



## 4. A JUST TAX SYSTEM

*Inequality poses a threat to living standards, life expectancy, and health. Inequality is maintained by an unjust tax system that taxes the income of capital owners and multinational companies differently than salary income. An unjust tax system, underfunded supervisory institutions, and insufficient actions from the authorities have created ways for individuals and multinational companies to evade paying into society's mutual funds. A workgroup appointed by the finance ministry estimated that tax evasion could amount to a hundred billion, which corresponds to around 3-7% of the GDP, every year<sup>7</sup>.*

*An expert group on a revision of the income tax and benefits systems recently reported that rules about calculated remuneration and taxing of small companies are likely being misused and that a portion of companies use a systematic transferral between wages and capital income<sup>8</sup>. Back in 2010, the International Monetary Fund pointed out the same flaws in the system for calculated remuneration<sup>9</sup>. The Icelandic authorities' response to indications of tax avoidance and tax evasion have been little and late.*

*The consequences of Covid-19 demonstrated the importance of secure health care, a strong welfare system, secure income, and a social safety net. When society loses hundreds of billion krónur every year to tax avoidance and tax evasion, it weakens all our infrastructure.*

*The tax system should support social cohesion and equality and provide a foundation for the country's welfare. International institutions recommend using the tax system to fight inequality. A just tax system will play a key role in financing a welfare system that is able to tackle the consequences of Covid-19 and the major challenges brought on by climate and technological change. The tax system must be able to adequately finance the following social infrastructures:*

- Health care that is free of charge and accessible for all.
- Service and care for the elderly, disabled, and children.
- Access to a wide range of education on all school levels as well as continuing and adult learning that can be an entryway to good jobs.
- Safe, affordable housing for everyone.
- Service and support for jobseekers and those affected by changes in the labour market.

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<sup>7</sup>See <https://www.stjornarradid.is/lisalib/getfile.aspx?itemid=5ea38a59-572d-11e7-941c-005056bc530c>

<sup>8</sup>See <https://www.stjornarradid.is/library/02-Rit--skyrslur-og-skrar/Endursko%C3%B0un%20tekjujuskatts%20og%20bo%CC%81takerfa.pdf>

<sup>9</sup>See <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Allocating-Business-Income-between-Capital-and-Labor-under-a-Dual-Income-Tax-The-Case-of-40078>



- Public insurance, maternal/paternal leave, unemployment insurance, and financial support that provides decent living standards.
- Economic security for those outside the organised labour market, including immigrants and gig workers.

*These challenges cannot be tackled without a tax system where the wealthiest pay their share into our public funds.*

## ASÍ'S POLICIES

### ***A tax system that contributes to social cohesion, ensures equality, and is able to fund our welfare systems***

ASÍ calls for action against the injustices that are built into the current tax system. Changes to the tax system to ensure that it can fund our welfare systems and that everyone contributes.

- A special tax bracket for the highest incomes.
- Reforms of the capital and capital income tax systems to promote equality and fairness:
- That all capital income over a certain limit is subject to the same tax as earned income, including municipal tax.
- A wealth tax to fight the growing wealth gap.
- Changes to inheritance tax so that it is progressive, with a high tax on the highest inheritance but little or no tax on low-income and medium income groups.
- An income threshold in tax on capital income, wealth, and inheritance, to promote equality.
- Reforms in the system for calculated remuneration, and in taxes on small companies, to prevent the tax evasion we see in the current system.
- A system that ensures that those who use our public resources pay a fair fee for it, and a policy around those resource fees.
- A part of the resource fees should go to the regions where the value is created.
- Higher fishing fees so that the public is guaranteed a share in the extra profits that are created in the fisheries.
- Guarantee that the profits from any kind of energy use goes to the public.
- An arrival fee on tourists.



- Green taxes are used to decrease the negative impacts of economic activity and to reach climate goals, and money is used to ensure adjustment and a just transition. Considering a frequent flyer tax.
- Tax control is greatly strengthened and enough funds, staff, and knowledge are secured for the tax authorities so that they can process complicated cases.
- The tax authorities must be able to enforce the rules on CFC companies, transfer pricing and thin capitalisation.
- Special effort to fight against the use of tax havens and illegal transfer pricing and to prevent tax avoidance and tax evasion.
- For companies to receive financial aid from the authorities, they should be required to give the tax authorities full access to their records and have no relation to tax havens.