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The Nordic COVID-19 Relief Packages for Freelancers and Wage earners: When Inclusive Measures Fragments

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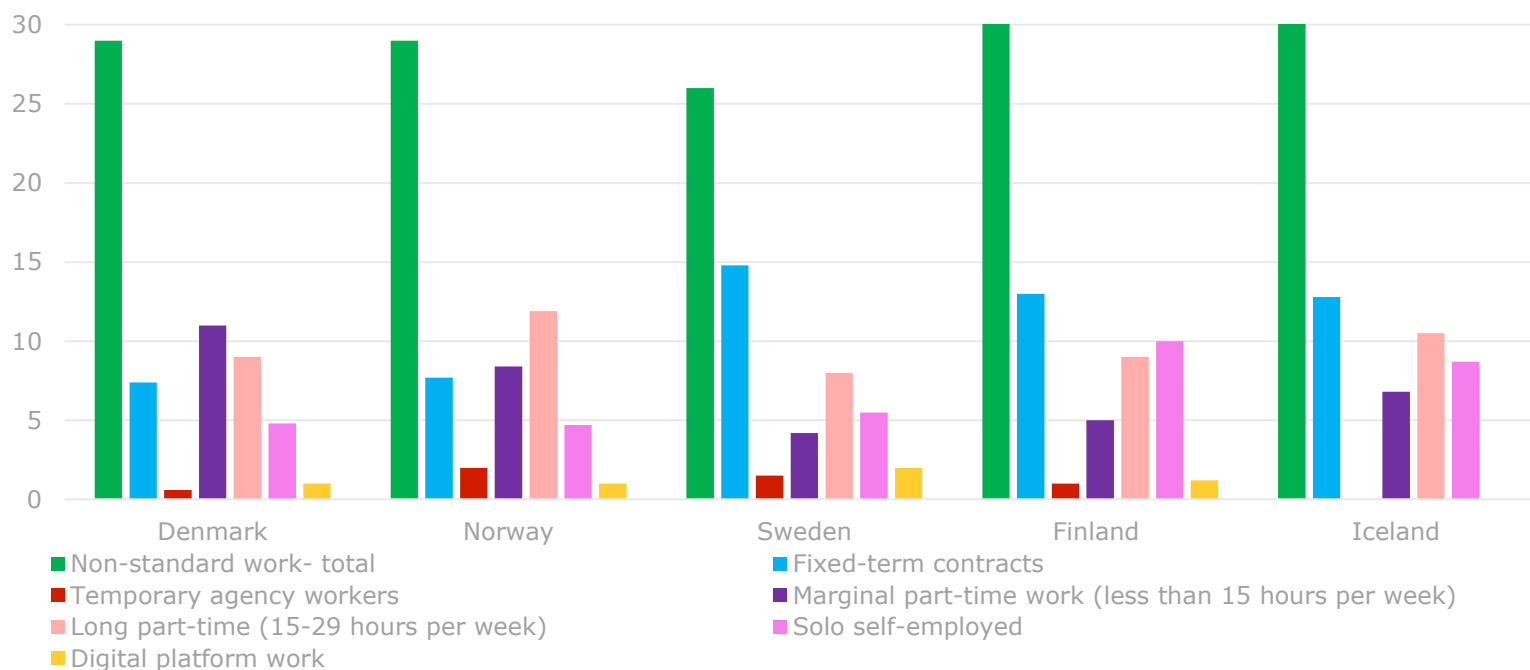
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Background: Non-standard work in the Nordics

- Non-standard work – all employed without a full-time open-ended contract (30+ hours per week)
- Nearly one in three are non-standard workers in the Nordics

Non-standard work in the Nordics as percentage of all employed aged 15-74 years in per cent (2015)



The Nordic labour markets in times of crisis

- **National lockdown** and containment measures introduced in most Nordic countries in March 2020
- **Shock effects** on the Nordic economies and labour markets:
- **Historical drops** in GDP in the first two quarters of 2020:
DK: -7,4%, SE: -8,6% ICE: -9,3%, NO: -5,1% Fin: -4,5%
- **Rising unemployment** in the Nordics – btw. 49.000 (ICE) and 210.000 (NO) lost their jobs or were temporary laid off in March 2020
- **Non-standard workers were particularly hard hit** – often work in the most crisis ridden sectors and less covered by social protection



COVID 19 help-packages and non-standard workers

- Nordic governments launched more than 130 help-packages to assist businesses and workers:

Relief packages relevant to Nordic workers:

- Temporary lay-off schemes
- Changes to social protection
- Targeted support for freelancers and solo-self-employed
- **Differ from the 2008- financial crisis responses** – cover much broader groups, including non-standard workers
- **Relief packages often developed in close collaboration** with social partners and with broad support of other political parties



Main aim and key question

Aim: *To explore if the Nordic relief packages contribute to different signs of labour market segmentation in times of crisis.*

Research question: *How are distinct groups of workers such as non-standard workers vis a vis "standard" workers (individuals with full-time open-ended contracts) covered by the relief packages in the individual Nordic countries?*

Focal point: Temporary lay-off schemes, changes to social protection and support for freelancers and solo-self-employed

Time period: from March to August 2020.



Data and used methods

Most similar research design – the Nordic countries

Empirical material:

- Interview with key stakeholders
- Labour force survey data in each of the five Nordic countries
- Policy documents, social partners' position papers and parliamentary debates.

Analytically, seeking inspiration from the segmentation literature and welfare state literature



Signs of segmentation? Inspiration from the welfare & segmentation literature

Table 1: Nordic COVID 19 relief packages and signs of segmentation

	Standard-employment	Non-standard employment
Targeted relief packages	a) Reinforces segmentation tendencies	b) Increase segmentation tendencies
Universal relief packages	c) Maintain segmentation tendencies	d) Reduce segmentation tendencies

Temporary lay-off schemes – introduced in all Nordic countries

Nordic temporary lay-off schemes:

- Aim to protect job and income security for workers in crisis-ridden companies
- Different measures, different coverage

Targeted schemes: DK, SE

- Protect primarily standard workers in crisis-ridden companies
- Differing levels of compensation: Unemployment benefit level to full-wage compensation

Universal schemes: NO, Fin, ICE

- Protect all employees, including most non-standard workers
- Freelancers and solo-self-employed excluded, except for Iceland
- Differing levels of compensation: Full-wage compensation to unemployment benefits

→... point to differing signs of LM segmentation



Temporary changes in Nordic social protection

Examples of temporary changes:

- Aim to expand access to income support/unemployment benefits, sick pay
- New social benefit schemes to cover non-standard workers
- Different measures across the Nordics

Universal measures:

- **Sick pay** – expanded to all workers, including freelancers and solo self-employed: NO, ICE, SE and Fin – not DK
- **Unemployment benefits**- suspension of eligibility criteria – FIN, NO

Targeted measures:

- **Sick pay** – lowering eligibility criteria (DK)
- **Unemployment benefits**: lowering eligibility criteria (DK, SE, Fin, ICE)

→ *different approaches – shaping different risks of inequalities*



Relief packages for freelancers and solo self-employed

- **New social benefit schemes** to protect freelancers and solo self-employed – all Nordic countries, but important variations
- **Targeted measures:** to cover running costs & provide income security– often tied to previous turn-over, minimum earnings and income-loss
- **Universal measures:**
 - Rights to sick pay (NO, Fin, ICE, SE) – not DK
 - Rights to unemployment benefits/ income support irrespective former rights to social protection under ordinary system (NO, Fin, ICE, SE) – not DK

→... Targeted measures intended to cover cracks in Nordic social protection, but many struggle to meet eligibility criteria



Summing up

- **The Corona crisis exposes cracks** in the Nordic social and employment protection
- **Nordic governments launched initiatives**, explicitly to address gaps in social protection - mix of universal and targeted measures
- **But** many NSW esp. freelancers and start-ups struggle to qualify for support despite good intentions
- **Who is successful?** – NO; FIN, ICE perhaps more so than SE and DK in creating an encompassing safety net
- **Analysing a moving target** – creates challenges
- **A comparative perspective** exposes cracks and new opportunities for policy learning and insights

