

Norwegian parties grant government emergency powers as coronavirus leads to record rise in unemployment

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Norway's major political parties reached an agreement Saturday to suspend parliament for at least a month, granting the minority right-wing government led by Conservative Party Prime Minister Erna Solberg the power to rule largely unchecked during the coronavirus pandemic. COVID-19 has spread rapidly in the Scandinavian country of just 5.4 million people, infecting over 2,900 and killing 13 to date. The economic crisis it has triggered has already had a devastating impact, with unemployment rising five-fold this month.

The parties, including the opposition Labour Party, Socialist Left, and right-wing populist Progress Party, agreed to permit the coalition to change laws without consulting parliament for at least one month. The government, consisting of the conservative, Liberal, and Christian Democrat parties, initially pushed for the emergency term to last six months, and this could still occur if parliament agrees to extend the emergency powers in late April. The opposition Labour Party touted a provision in the agreement that allows one third of deputies to overturn any government measure. However, all parties are on board with the government's coronavirus response, which, like other countries, is to give billions to the banks and big business and rations to working people.

In a televised address to the nation on 18 March to justify the government's push for emergency powers, Solberg cast herself as a national figurehead and appealed for "national unity" against the pandemic.

On 12 March, she announced the closure of schools, universities, and other public institutions. Bars and restaurants have been allowed to stay open, so long as they can keep customers at least 1 metre apart.

However, a decline in customer numbers has led many to close.

Solberg announced Tuesday that the shutdown will continue until 13 April.

In proportion to its small population, Norway's infection rate surpasses many European countries. Norway has registered 535 infections for every 1 million inhabitants, compared to 406 in Germany, 342 in France, 322 in Iran, and 324 in the Netherlands. However, the infection rate remains well below that in Europe's worst affected countries, like Italy and Spain, which both register rates of infection of well over 1,000 per 1 million inhabitants.

On 16 March, Oslo's University Hospital, the capital city's largest, announced it would have to relax quarantine restrictions on staff in order to maintain necessary levels of care to its patients. Hospitals across the country have noted a significant number of younger patients requiring intensive care treatment, with 11 patients under the age of 50 receiving intensive care as of March 19. At lunchtime yesterday, some 59 patients of all ages were registered as in critical or serious condition.

Dag Jacobsen, head of Ullevål Hospital's intensive care unit, told *Aftenposten*: "What's new is that even younger, healthy people get the disease and in its serious form. So, they need help from the respirator. It is still the case that the elderly and those with chronic illnesses are the majority. But now we see that young and healthy are being hit unexpectedly."

Although Solberg's government formally declared that the emergency powers would be restricted to combatting the coronavirus, the government made clear that the scope would be extremely broad. "We do not

know in what context they will be used,” Justice Minister Monica Maeland said of the powers. “We will have to see from case to case.”

These measures will be used above all to funnel vast quantities of funds into the coffers of big business and the financial elite. The government has promised at least 100 billion Norwegian crowns (about €8.5 billion) of guarantees for companies to obtain loans and issue bonds during the crisis. But Solberg indicated even more could be made available, stating that her government would “do what’s needed and spend the necessary funds to secure the Norwegian economy and support Norwegian businesses, big and small.”

The airline industry alone is to receive backing for loans of up to 6 billion Norwegian crowns (around €500 million). Norwegian Air, which has laid off almost its entire workforce, reacted by saying it was “very grateful” for the bailout.

In addition to direct government backing, the banks and big business have also benefited from two rate cuts by Norway’s central bank, reducing interest rates from 1.5 percent to 0.25 percent. This triggered a rebound on the Norwegian stock exchange of more than 5 percent, following several days of sharp declines. In addition to COVID-19’s economic impact, the stock market selloff was triggered by a sharp decline in the price of oil, which also saw the Norwegian crown fall sharply in value against the US dollar.

While these vast sums are being made available to big business, support for workers is much more modest, despite unprecedented joblessness.

According to the Labour and Welfare Agency (NAV), unemployment stood at 10.9 percent on Tuesday, up from just 2.3 percent at the end of February. This is the highest rate of unemployment in Norway since the Great Depression. “The development of the last two weeks is without comparison,” remarked NAV chief executive Sigrun Vaageng.

NAV figures show that those worst impacted are workers in the sales and retail sector, where unemployment shot up by 150 percent over the previous week. Tourism and transport workers and employees at companies providing services to the oil sector have also been severely affected.

The wave of layoffs was facilitated by the government’s move to slash the mandatory notice period from two weeks to just two days. Under

Norwegian law, a company temporarily laying off workers previously had to continue paying their full salary for 15 days after the layoff. Now, that period has been cut to two days.

Although the government has agreed to pay 100 percent of salaries for laid-off workers for 20 days, workers in industries like tourism, hospitality, and the service sector face not weeks but months of uncertainty due to social distancing measures and a massive economic contraction. Moreover, NAV continues to demand that workers who sign on as unemployed be willing to take a job in another part of the country, in another industry, or at a lower pay rate than their previous employment.

Taking advantage of the relaxed redundancy regulations, many major companies have laid off thousands of workers, including Norwegian Air and the Swedish fashion concern H&M, which cut 2,000 jobs in Norway.

The Norwegian government’s pledge of virtually unlimited resources to prop up major companies and the financial system stands in stark contrast to the fiscal discipline it has preached for the population over recent years. Although Norway is a comparatively rich country, with the world’s largest wealth management fund, the “oil fund,” worth close to \$1 trillion, successive governments have imposed strict controls on the amount of this vast wealth that can be used on public spending.

At the same time, Solberg’s regressive tax reforms since 2013 have imposed tight restraints on state budgets and accelerated the growth of social inequality. “Changes to both income and inheritance tax as well as changes to indirect taxation are all pulling in the direction of less distribution (of wealth),” commented a Statistics Norway researcher following a study into the impact of tax policy changes in 2019. The report found that the cutting of income tax from 28 to 22 percent and a similar reduction in business tax from 28 to 22 percent has led to a rapid acceleration of income inequality since Solberg came to power.



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