



**Collective Bargaining
in the Finnish Metal Industry
and the impact of the EURO**

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Introduction:

This paper is intended as a general outline of labour market relations in the Finnish metal industry. It provides background for the European Metalworkers' Federation's (EMF) research project: "Collective bargaining under the conditions of the European Monetary Union (EMU)". The writer of this report has been a member of the research group since autumn 1997. The scope of this report is based mainly on the views of the Finnish Metalworker's Union. There are some topics in labour market policy, where the views, or at least the emphasis, of the other unions in the Finnish metal industry, could be unequal.

In the report, there is also a part concerning the situation in the Finnish economy, and especially in the metal industry. The development in the Finnish economy in the 1990's has been so exceptional compared to the other European countries, that it is impossible to understand the development and solutions in the Finnish labour market without knowing this background. Even before the 1990's, Finnish economic policy has not been very successful in smoothing out economic fluctuations. When considering the problem of asymmetrical shocks under the conditions of EMU, there can be severe difficulties with this problem.

Furthermore, the development in Finnish industry since the beginning has been very rapid. It is often said that we have had two structural changes in our industry : firstly, in the 1960's and secondly, in the 1990's. Earlier, the main export products of Finland were based on wood processing. Today, the products of the metal and chemical industry have also an important role in Finnish export. In the metal industry, the rapid growth of the electro-technical industry is the most visible characteristic in the 1990's. Another aspect is that, when compared to other European countries, the structure of the Finnish metal industry is a little bit different. For example, the share of the assembly industry and especially the car industry, is not so noticeable.

The main principle in Finnish collective bargaining, since the end of the 60's, has been the centralised incomes policy. This consensus or co-operation of social partners means that employers' and employees' associations and the state have tried to negotiate working conditions in relation to prevailing economic conditions. Of course, this has not been possible in every case, as there are also different views in the unions, in the employers' associations and in the whole of society, about this kind of centralised system and it's advantages and disadvantages.

In The Finnish Metalworkers' Union, there was, at the beginning of 1997, an explanation of the impact of the third stage of EMU. In this explanation, the impact that EMU could have on collective agreements, was particularly scrutinised. Since this explanation, some things have changed, the most important of all being that the third stage started and Finland became a member of EMU. In the fourth chapter of this report, there is a modified summary of this earlier explanation. The fifth chapter there are some basic facts about employment and production of Finnish metal industry and about economic growth in Finland.

1. Metal workers unions: Organisations and Politics

Around 1.6 million of the over 2 million working population are members of a trade union organisation. In addition to this, non-active members, such as old-age pensioners and students, account for 17 per cent of the total membership. There is a slightly higher percentage of women members than men.

In Finland, blue-collar and white-collar workers have separate organisations and separate collective agreements. The development in production and technology has changed the roles of blue-collar and white-collar workers, and it can be seen that there is a trend towards similar collective agreements. In some cases, a result-based wage is formulated in the same way within different personnel groups. At international union level, blue-collar and white-collar organisations have worked in co-operation since the end of the 1970's. Also, unions with similar interests are prepared to co-operate, regardless of the central organisation to which they belong.

Finnish employees are organised into three national confederations:

1. Finnish Confederation of Salaried Employees STTK
2. The Central Organisation of Finnish Trade Unions SAK
3. The Confederation of Unions for Academic Professionals in Finland - AKAVA

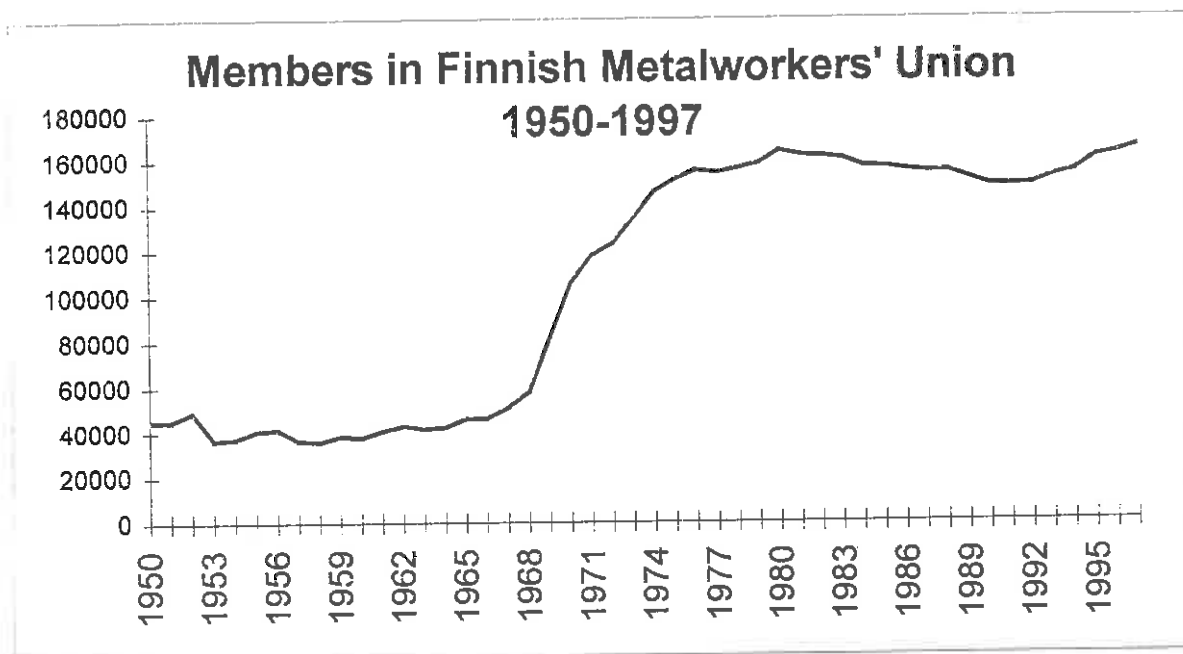
1.1. The blue collar employees' organisations

1.1.1. The Finnish Metalworkers' Union

The Finnish Metalworkers' Union is, with 164, 000 members, the largest union of industrial workers in Finland. Membership includes other workers besides ordinary metal industry workers, such as those employed in the electronic industries, car manufacturing and repair shops, cable production, mining, forestry repair shops, and the nationalised telecommunications industry. The percentage of females is about 20 per cent.

In the metal industry, a worker can become a member of the union's local branch. In the metalworkers union, there are 343 branches representing individual workplaces, regions or sub-sectors of the industry. Bigger workplaces have their own branches, whilst smaller ones organise their members into regional branches. In the metal industry, the level of membership is about 90 per cent, but in practice there are workplaces where the level is 100 per cent. The amount of members in the Metalworkers' Union can very clearly be seen the general development in the rate of organisation in Finland.¹

¹ See also Table A1. Development of Finnish trade union membership in the annex



The union has 343 (local) branches, which represent either individual workplaces, regions or sub-sectors of the industry. The union membership subscription is 1.35 per cent of gross wages. The 0.6 per cent on subscription is reserved for the unemployment fund. About 18 per cent of total union memberships subscription is transferred to the branches.

The union congress has the ultimate power in decision making. The congress is held every fourth year and the delegates are chosen by ballot from 14 regional electoral districts. In the last congress in 1996, there were 450 delegates. The congress elects the national council which consists of 59 members who are employed in the industry. The national council has the ultimate power in decision making during the period between the successive congresses. The congress also elects the executive committee, which has 19 members. Two of these members are full-time union officials, the president and the secretary. This kind of structure is very typical in Finnish unions, and also in white collar unions (except STL). The number of members in some bodies can vary depending on the total number of members and so on.

The union has concluded 11 collective agreements. The largest agreement covers approximately 100,000 employees.

1.1.2. The Central Organisation of Finnish Trade Unions - SAK

SAK is the largest national central organisation, with 24 affiliated unions and an overall membership of 1,200,000. Of the membership, about 45 % is employed in manufacturing, 30 % in the public sector and 25 % in the private sector. The percentage of females among the individual members is 46. A quarter of the members are under 30 years old.

The congress convenes every fifth year. The delegates are chosen by affiliated unions. The congress decides on the general policy lines to be followed during the coming period. Between the congresses, the general council (125 delegates), has supreme authority. It meets at least twice a year. The members of council are chosen by affiliated unions.

The executive board (25 members), is elected by the congress. It implements the decisions of the congress and the council. It also decides on the general direction to be taken by SAK. On the executive board, there is the chairman of SAK and representatives of affiliated unions, normally the presidents of the unions.

The SAK has 24 affiliated unions. The unions are organised according to the principles of Finnish industry. The largest affiliated unions are:

- The Trade Union for the municipal sector
- The Finnish Metalworkers' Union
- The Union of Commercial Employees
- The Construction Union

1.2. The white collar organizations

In the metal industry, there are three noticeable white collar unions :

- The Technical employees union - Teknisten Liitto
- The Union of Salaried Employees in Industry in Finland - STL
- Insinööriliitto

Today, the first two Teknisten Liitto and STL are considering merging and combining their activities. In the metal industry, they have had a common collective agreement, and they have had common regional offices since the beginning of 1998. A merger is time-tabled for the beginning of the next century.

1.2.1. The Technical Employees Union - Teknisten Liitto

There are about 73, 000 members in the union, of which 77% are men and 23% are women. Approximately half of the members are technicians or engineers and less than half work as foremen. The average age of members is 46 years old.

Today, Teknisten Liitto has 25 collective bargaining agreements in different branches. The main branches are: metal (33%), paper and mechanical wood (12%), chemistry (8%) and the consultation sector (6,5%).

1.2.2. Union of salaried employees in industry in Finland - STL

The union has about 50,000 members in salaried occupations in industrial administration. The major employers of STL members are the metal industry and the forest and wood processing industries. STL is the fifth largest organisation affiliated to the Finnish Confederation of salaried employees STTK and the second largest organisation in the private sector inside STTK.

Members pay an annual fee of 1.5 % of their gross salary. This fee includes membership of the unemployment fund.

The members of the central council are elected every fourth year. The voting procedure is internal. This council is the organ that appoints the chairman and the vice-chairman of the council and the board (chairman (president of the union), 2 vice-chairmen, and 13 members). It is the highest decision-making organ of the union. Unlike the other unions in the Finnish metal-working industry, STL holds no congresses.

STL has concluded 29 different collective agreements for the salaried employees in different industry sectors, which covers some 90 per cent of STL's members

1.2.3. STTK - The Confederation of technical employee organisations In Finland

STTK is the largest salaried employees' confederation in Finland, with a total membership of 650, 000 of which 137, 000 work in industry. Women represent about 67 per cent. Members are employed as salaried employees in the private sector, including industry and services, the municipal sector, including health and care facilities and in the state sector.

The rate of membership has been continually increasing since the 1960's, being now over 80 per cent.

The largest member-unions are:

- The Union of Health and Social Care Services (TEHY)
- The Confederation of State Employees' Union
- The Technical Employees' Union
- The Union of Salaried Employees in industry

1.2.4. The Confederation of unions for academic professionals in Finland - AKAVA

AKAVA represents workers with university-level, professional or other high-level training. AKAVA's membership rate is almost 80 per cent. At present, AKAVA members account for 14 per cent of the Finnish labour force. A little over 60 per cent of them are in the public sector, nearly 40 per cent are private-sector employees, and roughly 2 per cent are self-employed or entrepreneurs.

AKAVA has 32 affiliated member-unions. The largest are:

- The Finnish Association of Graduate Engineers
- The Trade Union of Education
- Union of Professional Engineers in Finland

AKAVA's membership rate is almost 80 per cent. At present, AKAVA members account for 14 per cent of the Finnish labour force. A little over 60 per cent of them are in the public sector, nearly 40 per cent are private-sector employees, and roughly 2 per cent are self-employed or entrepreneurs.

1.2.5. About political orientation in Finnish unions

Traditionally, the Finnish trade union movement and The Metalworkers' Union have co-operated with political parties of the labour movement. Officially and as it is declared, the union is independent of all political parties, but is ready to co-operate with those social movements which have same kind of aims as the Union has. In practice, the Social Democrats have had a dominant role in the majority of trade unions. Every fourth year in the election of the union congress, candidates are nominated, and electoral alliances formed, mainly by the Social Democrats and the Left Wing Alliance (former communists). Today, on the board of the union, the Social Democrats have 12 places and the Left Wing Alliance have 7 places. In the 1970's and 1980's, there was particularly intensive rivalry within the union between these political groups. Nowadays, however, it is recognised that, in practice, there were 'two organisations' in the union in those days. Today, this kind of "double organisation" does not exist anymore, and the co-operation between political groups is functioning very well.

Today, all unions and confederations declare themselves to be politically non-aligned. In practice, the confederations SAK and STTK are run by the Social Democrats, and AKAVA by the Conservatives.

1.3. The employers' organisations

When we are looking at the private sector in the Finnish labour market, the most important central organisations of employers are:

- TT - The Confederation of Finnish Industry and Employers
- PT - The Employers' Confederation of Service Industries in Finland

1.3.1. The Federation of Finnish metal, engineering and electro-technical Industries - FIMET

FIMET is the most important employers' organisation in the metal industry, and the biggest member organisation of TT (confederation of Finnish industry and employers). It has about 1,100 member enterprises (estimated about 12, 000-13, 000, mostly small, enterprises in the metal industry), which means that the organisation represents about 10 % of enterprises. However, the member enterprises account for 90 per cent of the metal industry's output, labour force and exports.

The total amount of the labour force in member enterprises is 145, 000 (estimated at about 185, 000 of the total labour force in the metal industry). This means that the membership rate is about 78 per cent of the total labour force.

FIMET negotiates the collective agreements in the metal industry.

1.3.2. TT - The confederation of Finnish industry and employers

In 1991, the Finnish employers confederation (STK) and the central federation of industry (TKL) joined together and renamed itself TT. The Organisation has 27 member organisations. In 1993 it had 6,000 member companies (-93) employing 420, 000 wage-earners in industry, transportation, and the construction and service sectors.

Approximately 5,600 companies are members of the confederation. These companies employ nearly 470,000 people. The member companies account for more than 75 per cent of the nation's industrial value and export income. Practically all export companies in Finland belong to the confederation. As a result of its large membership and the central economic role played by its member companies, the confederation is one of the key economic organisations in Finland. As in the employees' side this is true especially when considering the centralised incomes policy agreements. When collective bargaining is on the union level without any centralized incomes policy agreements, the member unions has the main role.

1.4. About the power base

1.4.1. Unionisation and membership

Wage-earners are organised mainly in accordance with the industrial union principle and only some, with the trade union principle.

The steep increase in union activity since the late 1960's has been further accelerated by the political integration of the trade union movement in 1969. Another reason for this increase has been the incomes policy agreements since the late 1960's, which have strengthened the movement's position in society as a whole. Since the incomes policy agreement in 1969, the employers have collected wage-earners membership fees, which are also tax deductible.

One important factor in Finnish organisation is the unemployment security system. The unemployment funds are organised and led by the unions. It is possible for someone to participate in the unemployment fund without being a member of the union. However, today there are only a few members in the metalworkers' unemployment fund who are not full members of the Union. It has been said that since the beginning of the 70's, membership of unions has been a "habit" in Finland.

1.4.2. The shop steward system

One very important aspect of the Finnish negotiating system, is the role of the shop steward in the workplace. Normally workplace has a chief shop steward and each department has its own shop steward. The shop steward is the representative of all the workers and local unions in the workplace. The first function the shop steward has is to deal with the employer and ensure that the employer abides by all previously made agreements. The second function is to make sure that the local union observes these agreements. Perhaps his most important function is his obligation to try to prevent so called 'wildcat strikes'. A shop steward's employment is protected by the law. Except in cases of serious misconduct, his employment contract may be terminated only with the consensus of the majority of the employees represented by him.

In large companies (i.e. over 400 employees in metal industry), the chief shop steward is paid in full by the employer. In very small companies, it is possible that there may be no shop stewards. In Finland, the shop steward system has a more solid standing than in many other European countries, and the position of the shop steward is guaranteed by collective agreements. Earlier, representative bodies, such as work councils, never succeeded in gaining a significant role in Finland. Informally, especially in large companies, the shop steward can be a key figure when questions concerning personnel policy, employment and PR (social relations), arise.

The Shop steward's formal task is to represent the workers in all questions concerning their relations with the employer. Besides this formal task, in many enterprises the shop steward plays a very important role in many other areas which are not regulated by any law or agreement, for example development of work organisation. In most cases, shop stewards have a very noticeable role in local politics and in some cases, national politics too.

1.4.3. Work councils

The purpose of the co-determination in companies Act (1978), is to improve working conditions and improve the relationship between both the employer and the employee, and between the employees themselves. In the Act, there is the list of matters that require the co-operation of both parties. In most cases, co-operation consists of consultation and the imparting of important information. Before a decision is taken, the employer has a duty to discuss the reasons,

possible effects, and alternatives, with the employees or personnel representatives concerned. The employer must also give them any information which is necessary for them to have in order to understand and discuss the matter. If the management and the personnel both wish, then this kind of co-operation can happen in work councils. In this way, the Finnish work council has a totally different role to that of councils in other European countries.

1.4.4. The Supervisory board

Earlier, before 1991, employee participation in company decision making was organized on a voluntary basis. In 1989, the central labour market organizations came to an agreement about the basic lines of employee representation. The legislation came into force in 1991. The law applies only to enterprises with more than 150 employees. The law is based on the idea that the employer and the employees can agree on the best model for employee participation. Very often in the metal industry, these representatives are elected to the plant's management team. On some questions, such as the election of management and in industrial disputes, these representatives' rights to participate are restricted.

Experiments of this kind of representation among the metalworkers' union, vary. In some cases, it was considered that there was very little opportunity to try out the experiment, whereas in others, a lot of experimentation was carried out, often with impressive results. In all areas of Finnish organisation, however, it is considered to be a good channel for information.

1.5. Future strategies facing changing political and socio-economic conditions.

1.5.1. Political situation

The Metalworkers' Union negotiates collective agreements with various employers' organisations, mainly with the federation of Finnish metal, engineering and electro-technical Industries (FIMET). The largest agreement negotiated by the Union covers about 100, 000 employees. The collective agreements are nation-wide.

In some studies, the Finnish labour market system has been referred to as a corporatism. This means that there are close relations between the system of political parties and the labour market system. In practice, unions, employee's' organisations and the government, maintain active and close collaborative relations with each other.

At the beginning of the 1990's, when we had a government led by the alliance of the Agrarian Party and the Conservatives, relations between the trade union movement and the government, were very poor. The government made some propositions which were designed to lower the standard of unemployment security. Similarly, the former minister of finance spoke about the possibility of continuing membership of unemployment funds but ending membership of un-

ions. One reason for this was the economic recession that Finland had been suffering from since 1991. This recession had partly been caused because of a sense of panic within the government, and a subsequent number of mistakes and misjudgements made in their economic policy. For example, there were three separate occasions on which the government of that time narrowly avoided a national strike.

Since 1995, after the last parliament elections in Finland, there has been the so called "rainbow" government-coalition (the Social Democrats, the Conservatives, the Left-Wing Alliance, the Green Party and the Swedish party) led by the Social Democrats. Since the election of this government, relations between the unions and the government have been better.

1.5.2. Globalisation

In trade union circles, it has been said for many years, that globalisation, together with the development of the free market, makes economic competition harder. It has been also underlined that when striving to maintain our enterprise's competitiveness, the tasks are two-fold. In the bargaining policy, the firms must fix competitive prices. This can be partly achieved by improving standards of productivity. It has to be remembered that today it is not possible to achieve these aims without creating a high level of co-operation between everyone working in the company, and taking full advantage of employees' knowledge and creativity. In this kind of activity in the trade unions' side there has emphasised the importance of vocational training.

The Second aspect of maintaining competitiveness, is connected to so called 'real competitiveness'. Maintaining real competitiveness demands investments in research and development, and marketing. It is often noted that the Finns are very capable at producing high quality products, but are poor at marketing and selling them.

In the discussion of globalisation and it's effect, one very important topic has been the situation in the Finnish-owned metal industry abroad. In the latter half of the 1980's, the Finnish-owned plants grew very rapidly. In 1990, there were more than 80, 000 employees working abroad in Finnish-owned metal firms. Since 1990, this growth has ceased. In 1996, there were about 65 - 70, 000 employees working in those firms.

Another topic of discussion concerning globalisation, has been the development and significance of foreign ownership in the Finnish economy. Foreign ownership of Finnish firms has grown very rapidly, and today in some very important firms (for example: Nokia, Tamrock, Kvaerner Masa-yards), foreign owners own the majority of the company.

The third topic in the discussion of globalisation, has been the impact of the development of the Baltic countries and Russia. In Baltic countries and especially in Russia, there are very low labour costs, ineffective labour legislation and insufficient health and safety regulations. Some jobs have already been transferred to plants in Estonia. This is now a serious threat, especially in assembly work in electronic circuits. From the beginning of the 90's, the Finnish Metalworkers' Union has co-operated with Estonian and some Russian, trade unions, for training in organizing unions and dealing with employers.

1.5.3. Networking in production

Sub-contracting has been proportionally large in Finnish industry. However, since the beginning of the 80's, it has grown very quickly. Earlier, firms were production entities which made all they needed, and the production chain was almost totally integrated and mainly owned by one enterprise. Today, enterprises are very accurately concentrating on their core competence and other functions are being transferred to sub-contracting or totally outsourced. In this gradual development of networking, there are different phases, of which the latest is a network enterprise.

The first impact of this networking, is that the production units become proportionally smaller. It has always been one of the basic problems in Finnish trade unions, that such activity has been more successful in bigger firms than in smaller ones. This is still the case, and, if anything, the problem is becoming worse for smaller firms. It is obviously more difficult to look after employees' interests within many small firms than within a few big ones. Besides, there can be even contradictions in the employees' views in core enterprise when comparing the employees' views in sub-contracting enterprises.

Another aspect in this development of subcontracting or networking, is the problem of the "grey economy". In many cases in the market, there are enterprises which do not take care of their social duties. This means that those enterprises are not paying obligatory contributions to social security.

In the most recent negotiations, the confederations and the unions tried to formulate a set of rules concerning this subcontracting activity, but the employers' organisations were not interested in this topic, particularly in the service sector. The confederation has also launched a campaign on this topic. This was aimed at getting citizens to pay attention to cases where taxes and social security costs were not been paid.

1.5.4. Privatisation

As in other countries, some public sector tasks have been privatised. Here, it has been found that this privatisation and competition between producers, has made working conditions

worse. According to newly published opinion polls, the majority of Finnish people don't like this kind of privatisation. Even the majority (52 %) entrepreneurs' organisation now has this opinion.

The Metalworkers' Union presupposes that the majority stakes in the ownership of state-owned enterprises, must be retained by the state.

It can be seen that the welfare state has many spokesmen in Finland. About three quarters of Finnish people think that it is not reasonable to decrease taxes if it must be financed by a lowering of the standard of social security and public services. Almost as many think that this lowering of taxes must be done by transferring the focus of taxation to the taxes for real estates, capital and environmental hazards.

2. Institutional Structure, involved Actors, and different Levels of Collective Bargaining

2.1. Status quo analysis and some challenges and tendencies of the collective bargaining system

Since the beginning of the trade union movement at the end of the 1800's in Finland, unions have aimed at achieving collective agreements. However, because of the negative attitude towards collective agreements within the employers' organisation, this meant that, in practice, there were no collective agreements made until 1944. Significant changes in the development of the Finnish collective bargaining system occurred in the latter half of the 1960's, when the Finnish union movement reunified and the centralised incomes policy started.

Since the beginning of the 80's, on the employers' side, employers have constantly complained that this centralised system is too complicated and impractical. It has also been said that the system must be reformed so that simple and effective negotiations can occur at a work-place level.

The collective agreement system in general can be described as follows:

Type of agreement	Employers' organisations	Employee's organisations
Centralised agreements; General agreements	Employers' central organisations	Employee's central organisations
Branch-level Collective Agreement	Employers' union	Trade union
Locally settled agreement	Enterprise	Employee/Shop Steward
Contract of employment	Enterprise	Employee

The collective agreements are negotiated by unions. The agreements made by unions are usually industry-specific and national, covering the entire country. The agreements are often based on a general incomes policy agreement, which is negotiated by the central organisations of both the trade unions and the employers' organisations and the government.

Type of agreement	Employers' organisations	Employee's organisations
Centralised agreements; General agreements	The confederation of Finnish industry and employers	SAK, STTK, AKAVA
Collective Agreement	The federation of Finnish metal, engineering and electro-technical Industries (FIMET)	The Finnish metalworkers' Union The Technical Employees Union (TL) The Union of Salaried Employees in industry (STL)
Locally settled agreement	Enterprise	Employee, Shop Steward
Contract of employment	Enterprise	Employee

The metalworkers' union formally negotiates and draws up collective agreements with the employers' organisation, the federation of Finnish metal engineering and electro-technical Industries (FIMET). Usually, a collective agreement is based on a general incomes policy agreement, which is agreed between the central organisations of both trade unions and the employers' organisation and the government.

The usual duration of collective agreements has been from one to two years. The usual term of cancellation has been two months.

2.1.1. The stages of agreements

The central level

Between 1968 and 1998, collective agreements have been mostly based on centralised incomes policy agreements. Only some negotiation rounds have completely failed to negotiate centrally agreed contracts or guidelines. In the 1990's, collective agreements were made at a decentralised level without any centralised agreement, only in the years 1994-1995.

Earlier, before 1968, the most important level in collective agreements was the union level. After 1968, from the beginning of the country-wide incomes-policy era, collective bargaining started from the central organisation level. These central agreements have established the guidelines for concluding agreements in industries such as the metal industry. The central organisations can now no longer oblige any union to accept an agreement.

From the unions' point of view, the general incomes policy agreement has been the channel for influencing decisions on taxation and social policy. The government has usually demanded that the wage increases should be very modest. In exchange for this, they have promised some reform, in areas such as employment policy, social policy, taxation and prices. The government has also, in some cases, provided a co-ordinator for these negotiations.

The traditional problem with the centralised incomes policy has been the lack of opportunity to make necessary modifications in collective agreements within some branches. Many branches have had particular problems solely within the branch and the internal workings of that branch. In the metal industry of the 1990's, there has been a 'continuing negotiation process'. This means that, besides normal negotiations concerning a new collective agreement, there are continual negotiations relating to some special topics. This happens, for example, in some small groups which have been formed by the employers' organisation FIMET and the metalworkers' union. This has been one method by which to improve the collective agreement in the metal branch. This kind of continuing negotiation process is not so common in other branches in Finland and this has meant that they have had difficulties concerning special topics in a centralized incomes policy. The metalworkers' union has stressed that the criteria for successful collective agreements, is not the model, but the content of these agreements made by it. Another point is, that if centralised incomes policy agreements are to be made, they must cover all important parties in the labour market.

It has been said many times in Finland, that the centralised incomes policy is a too heavy, complicated and restrictive apparatus for negotiating collective agreements. However, between 1990 and 1998, there has only twice been agreements made without any centralised incomes policy agreement. In times of weak economic conditions, especially during the severe economic recession at the beginning of the 1990's, these settlements helped to stabilise the Finnish economy. The union movement has aimed mostly to achieve an increase in employment and a slower inflation rate through these settlements. Nevertheless, and seemingly in the

future, these settlements may be less restrictive and more wide-ranging and flexible. In the very long term, there appears to be a trend towards the enterprise or workplace level in collective agreements.

One aspect is particularly important when dealing with the significance of centralised incomes policy agreements, namely, the part which unions play in society as a whole. The Finnish metal workers' union plays an especially important role when these agreements are made, thereby emphasising its influence on many social issues. Another factor to take into account in Finland, is that decision makers of state, industry and labour market organisations are often personally known to each other.

The union level

When the central organisations have reached a centralised incomes agreement, the employers' association and trade union negotiate the collective agreement. In collective agreements, final details for the particular industry concerned, need to be worked out.

In collective agreements, there are minimum terms of employment to which the employees are entitled. Collective agreements cover the following :

- minimum levels of pay
- working hours
- pay during sick leave and maternity leave
- overtime and overtime pay
- pay entitlements for national holidays
- annual holiday and holiday pay

The company level

When the negotiations at confederation and union level are concluded, the agreements are adapted to the demand of enterprises. An agreement made by the union can be adjusted at company level. At company level, however, nationally negotiated conditions cannot be downgraded. In recent years, additional possibilities for local bargaining have been included into collective agreements, such as terms concerning working hours.

Since 1971, the principle of common obligation on collective agreements has been applied to the Finnish labour market. This obligation means that also those employers who do not belong to any employers' organisation have to follow the current agreement for their specific industry. This principle is applied when more than 50 per cent of employees in the industry are working

for organised employers. Today, the main opposite party, the Agrarian Party, has proposed that this principle should not have to concern the smallest enterprises, for example, those employing not more than 5 employees. This matter is currently under discussion, but so far, it has been rejected by the unions and Social Democrats, the Left-Wing Alliance and even by some representatives of bourgeois parties.

The majority (81 %) of Finnish people think that the minimum working conditions must be regulated by collective agreements; 61 per cent believe that the situation would be worse if all the working conditions were negotiated at company level.

The unions in the metal industry have stressed that if negotiations are to occur at company level, the nation-wide collective agreement must be applied to these negotiations. They will not accept the possibility of downgrading the national regulations agreement. Therefore, the unions require that, when negotiating at a local level minimum national conditions must be applied. In Finnish labour market dialect, the collective agreement has earned the name 'tailgate.'

The individual level

When a person is hired to work in some enterprise or workplace, he makes a contract of employment with an employer. This contract must include the minimum rights which are stated in the national collective agreement.

3. Main issues of collective bargaining and its outcome

3.1. Collective bargaining strategies

In the centralised incomes policy, the strategy of the unions has been to stabilise the economy. This means that the aim in negotiations has been to try to improve employment opportunities, through rapid economic growth, whilst at the same time trying to avoid inflation. In collective agreements, this has been done with very moderate wage increases that still succeed in increasing the purchasing power of the employee. This kind of strategy has presupposed some kind of tax reductions in income taxes, which have been made by the government. In wage increases, there have been the so called "solidarity principle", which means that the increase ought to be the same amount in every industry and in every workplace in the whole country. The biggest difference in the views of Finnish trade unions concerns just this kind of principle: the unions of the highest paid employees (mainly in Akava), demand that wage increases must be carried out on a percentage basis, whereas the unions of the lowest paid employees (mainly in SAK), demand that they must be quoted in terms of the amount of money, that is, in Marks and Pennies. The difference in these views can also be seen in demands concerning tax solutions.

The last incomes policy agreement covered about 98 per cent of wage-earners. It was made in December 1997. On 1.1.1998, the general wage increase was 100 Pennies per hour or at least 1.6 per cent. The same kind of rise should occur at the beginning of 1999. With the tax solution, this means that the net income for an average industry worker or SAK-family, will increase by 3.4 per cent in 1998 and by 3.9 per cent in 1999. In the agreement, there is an index clause (3 per cent) for securing real wages and purchasing power.

The net income for an average SAK-family will increase by 3.4 per cent in 1998 and by 3.9 per cent in 1999.

The general rise is 100 Pennies per hour or at least 1.6 per cent starting from the pay period that begins on 1.1.1998 or the nearest date after that. A further rise of the same amount will be given at the beginning of 1999.

The job-related hourly wages will rise on 1.1.1998, so that the lowest figure in the classification according to the standard prices of necessities will rise by 100 Pennies, but the relations between wage figures will be unchanged. At the beginning of 1999, the job-related hourly wages will again rise accordingly.

Special benefits will be increased during the years 1998 and 1999. Other changes were:

- Sick pay in short-term employment : In short-time employment (less than one month), the employer will pay, as sick pay, 50 per cent of the employee's individual time rate. This sick pay will only be paid for work-days during a period of nine weekdays at the most, and it will not be paid for the first day of the sickness.
- The wages during apprenticeship training were improved.
- Experiments with one single overtime work concept were carried out.
- Principles concerning compensation for overtime work can be made simpler by local agreements. This system would replace the overtime work per day and per week.
- The increase for Sunday work as well as the compensation for weekly free-time would remain unchanged. The agreement contains details concerning this experiment with this one single overtime work concept.
- There will be continuous negotiations during the agreement period on a number of issues.
- There are working groups dealing with issues such as bonuses, their limitations and the possibilities to agree locally on bonuses.
- Some working groups will deal with : maintaining of wage structure, compensation for travel expenses, influence of changes in vocational training, questions relating to working

hours, and work-place related experiments with wages/salaries that concern the whole staff.

- In the car and car repair branch, a new experimental wage structure will be introduced at the beginning of 1998. The old and new wage structures will operate in parallel. The new structure includes compensation for vocational examination to the employee.

New collective agreements in accordance to the incomes policy agreement have been concluded in all branches of the Finnish metalworkers' union.

3.2 Wages

A very important change in the structure of the Finnish collective agreement in the metal industry, was the implementation of a new wage system in the mid of the 1980's. Prior to this, there had been many difficulties with the old wage system in companies and also with union action. This development process started at the end of the 1970's and the new system was formally in practice from the middle of the 1980's. There have been at least two important changes due to this process. Firstly, it slightly moved the scope of the negotiating process to the work-place level and also heralded the beginning of co-operation between employer and employees at this level. Secondly, It proved to be a very significant training and learning process.

In the collective agreement for the metal industry, there are three ways in which the wage grading system can be applied :

- Rough grading - with 3 wage groups
- Normal grading - with 9 wage groups
- Analytical grading - with 12 groups

Rough grading is intended mainly for small enterprises. The grading with 12 wage groups is intended for work-places which have earlier used the "accurate" or "analytical" wage grading system. The main system is the grading with 9 groups. The wage group is determined by the qualifications required for the work. When the wage group is defined, the job-related hourly wage and a worker's basic wage, is cleared. Besides the basic wage, personal additions must also be included in a description of an employee's personal wage. Personal additions are determined by the personal features in the work, such as the tenancy of occupation, versatility, result and skills involved. The personal addition must be from 2 to 17 per cent of the basic wage. The distribution of personal additions must obey the normal curve in every wage group or in the relevant group of employees.

In 1996 (the fourth quarter), the distribution in this groupings were as follows:

Wage group	Male Persons		Female Persons	
	Count	Percentage	Count	Percentage
A	27,940	55.5%	874	6.1%
B	19,574	38.9%	7,112	49.9%
C	2,807	5.6%	6,270	44.0%
Total	50,321	100.0%	14,256	100.0%

Today, however, it appears that this wage system may be a little difficult to update, especially as far as small companies are concerned. The Metalworkers' Union has emphasised that there is now the opportunity of determining wages within companies. It is not necessary, in every case, to use the most analytical method to calculate wage grading. During the last few years, result based wages have become proportionally more common in the Finnish metal industry.

The basic wage forms in Finnish metal industry in 1990 and in 1996 were :

	1990	1996
Time rate	52.5 %	52,3 %
Piecework pay	28.5 %	8,4 %
Bonuses	14.1 %	40,3 %
Other	4.9 %	0.0 %
Total	100.0 %	100.0 %

In the 1990's, the share of piecework pay has declined considerably. In the same period, the share of bonuses has increased from 14 to 40 per cent. The most common changes in the future will be the change from the time rate form to a result based one. Another note-worthy change in the period outlined above, is that the share of wages based group working, has increased from 43 per cent to 53 per cent.

In time rate work, the personal basic wage must be paid. Besides this, there may also be an addition for time ` rate to add.

In piecework pay, the minimum is the basic wage. When working at a performance rate which exceeds the normal (100) by at least 20 per cent, the basic wage plus twenty per cent extra, must be paid.

Earlier, white collar workers (technician and salaried employees) had different kinds of collective agreements. Since 1.4.1998, they have had the common collective agreement. In this new agreement, there is the new wage grading system, which is being implemented right now. The new system should be in full operation by the beginning of 1999. The basic

principle is the same as that described earlier. There are 10 wage groups and the main principle in defining basic wages is the qualifications required for the work. In the case of professional engineers, the collective agreement does not include orders concerning wages.

Result based wages are more general in big workplaces. According to the survey of the employers' organisation, result based additions were paid in 57 per cent of all work-places. In work-places smaller than 20 employees, the percentage was 20. Result based wages were paid more generally for white collar (58 %) workers than for blue collar workers (45 %).

The share of the result based wage in the total wage is normally under 10 per cent. Only about 16-18 per cent has a higher share. In almost half of these cases, the share of result based wages was from 1-5 per cent of the total wage.

The share of total wage	Blue collar employees	White collar employees
0	1,3	13,1
1 - 5	43,6	35,9
6 - 10	39,1	36,4
11 - 15	11,7	12,5
16 - 20	0,6	0,3
20 -	3,7	1,8

The basis of the result based wages were in absolute numbers (in some enterprises, there can be more than only one or two bases) :

Basis	White collar	Blue collar
Result	154	93
Productivity	86	45
Operating profit	56	36
Improvement in the use of capital	34	12
Turnover	34	14
Quality of custom service	34	22
Cost saving	32	21
Production time	22	37
Quantity of stocks	19	16
Value added	5	37

3.2.1. Wage drift

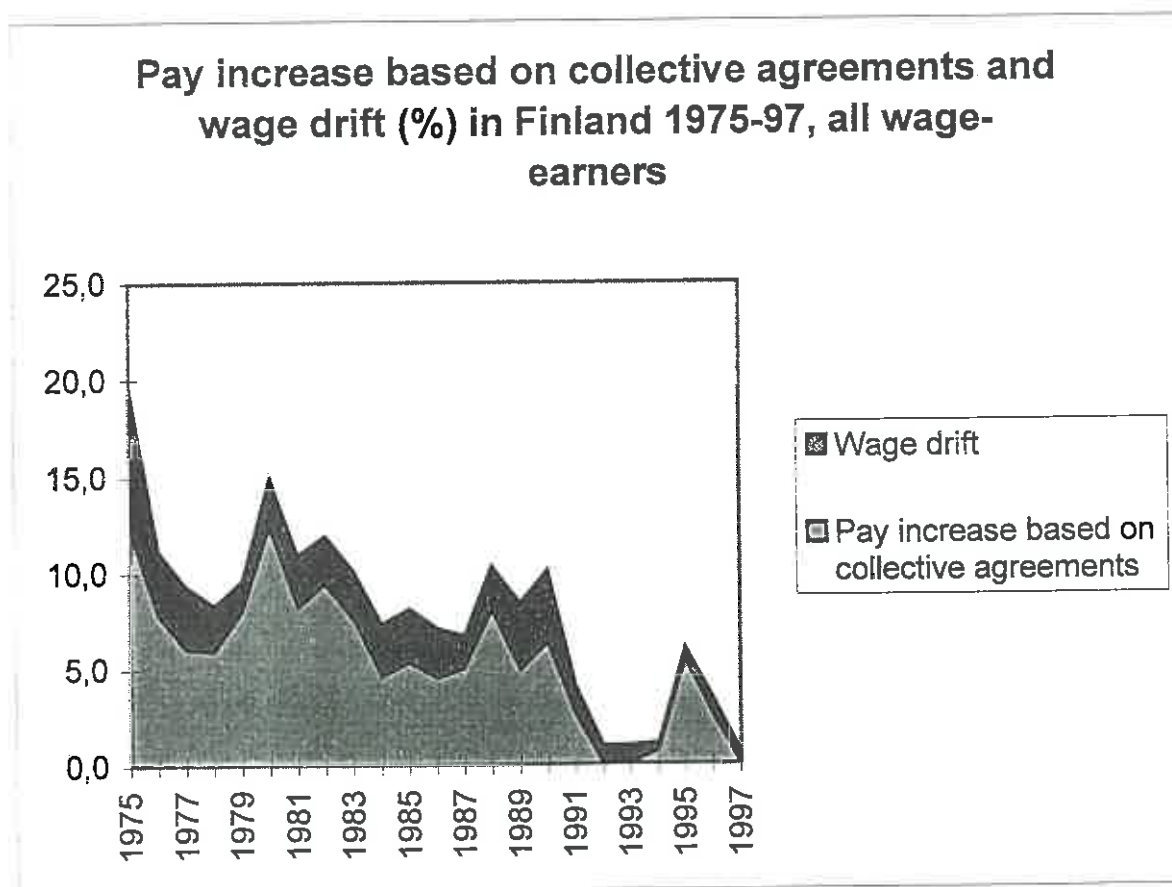
The development of wages in the metal industry between 1990 and 1996 has been as follows (in the statistics, the clear wage drift cannot be calculated. Instead, the plant level factors are given).

	1990	1991	1992	1993	1994	1995	1996
Based on collective agreements	4,7	1,3	-	0,5	2,6	6,9	2,2
Reduction of working time	1,3	-	-	-	-	-	1,3
Plant level factors	5,0	1,9	1,0	1,5	1,7	0,9	1,4
Total	11,0	3,2	1,0	2,0	4,3	7,8	3,7

3.2.2. Development of effective income

3.2.2.1. Collectively agreed wage increases

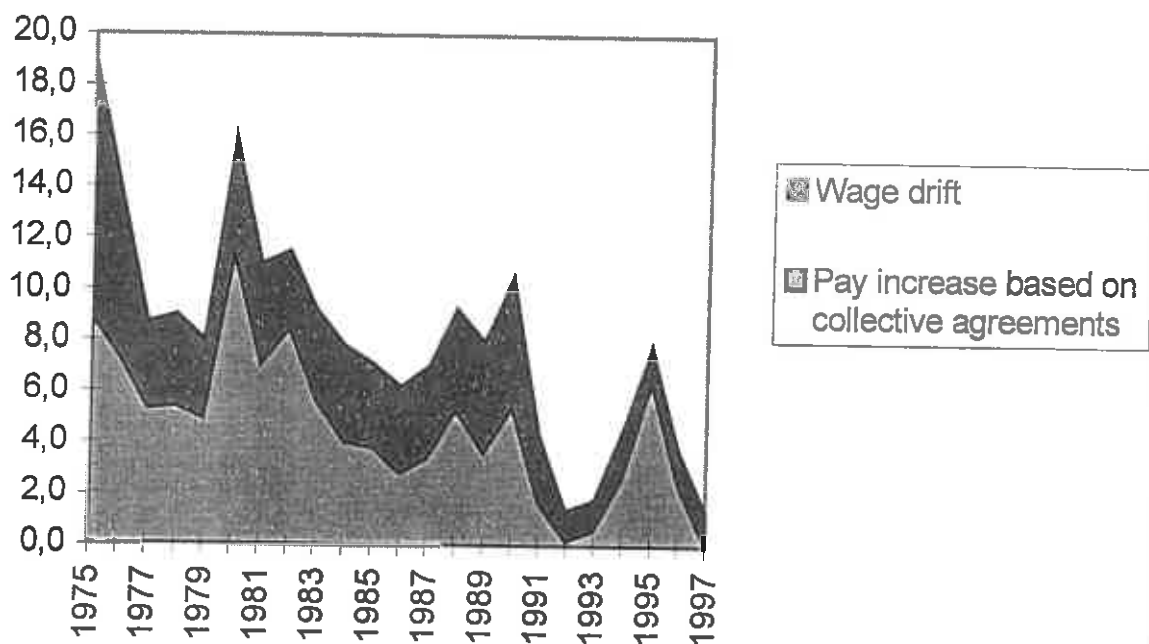
Earlier, it was typical to have proportionally high nominal wage increases and/or proportionally high wage drift. In the 1990's, the nominal wage increases have been very moderate.



When considering the development of industrial workers' wage increases, it has been as follows):

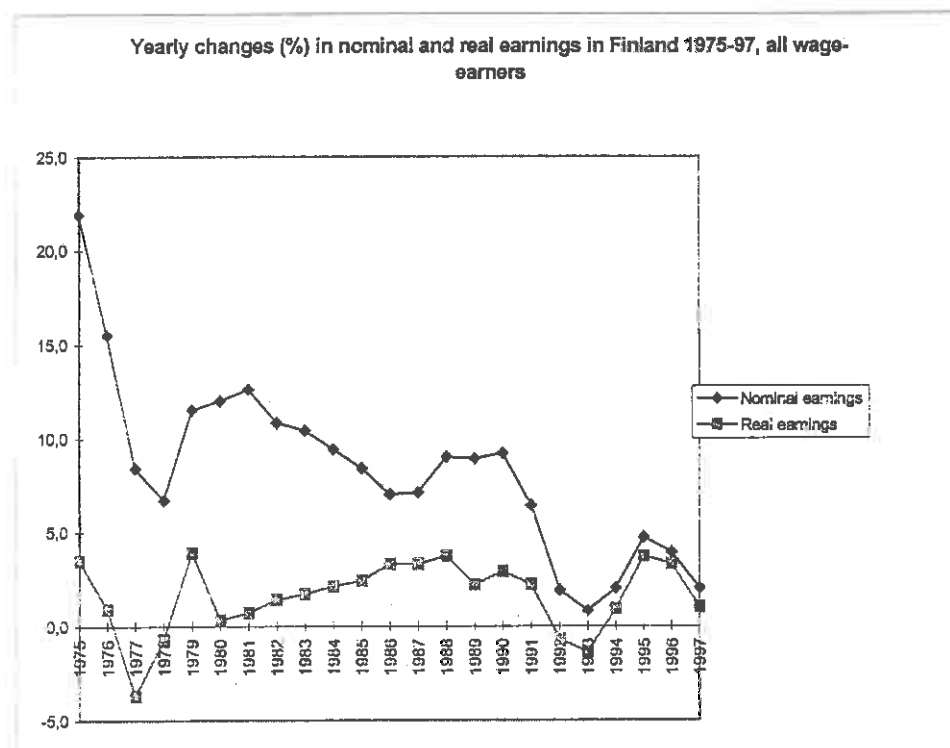
	Agreed increase (yearly average)	Wage drift (yearly average)
1975-84	6,8	4,6
1985-94	3,2	2,9
1995-97	1,4	2,6

Pay increase based on collective agreements and wage drift (%) in Finland 1975-97, blue-collar workers in industry



3.2.2.2. Real earnings

Earlier, it was typical to have proportionally high nominal earning increases but not so high increases in real earnings. In the latter half of the period, it has been the opposite.



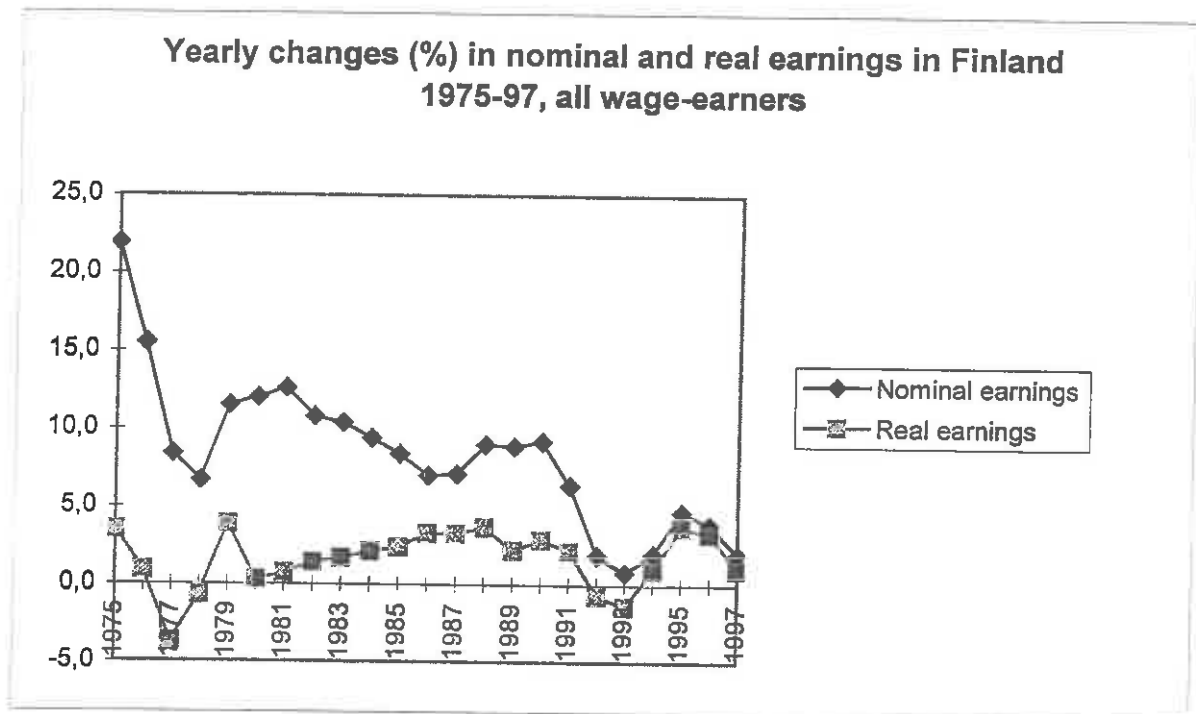
When considering all wage-earners, the development in earnings has been as follows :

	Nominal earnings (yearly average)	Real earnings (yearly average)
1975-98	11,9	1,0
1985-94	6,1	1,9
1995-97	3,5	2,7

If we are considering only real earnings, we cannot get a very clear picture about the development of purchasing power. That is because since the latter half of the 70's, there have been remarkable changes in taxation. The taxation of wage-earners depends on, among other things, conditions relating to the employee's home and family relations. That is why the conditions of all wage-earners must be taken into account when making decisions about tax. Unfortunately, statistics concerning the development of disposable income in the metal industry or Finnish industry in general, are not available.

Real earnings and real disposable income (all wage-earners) are as follows :

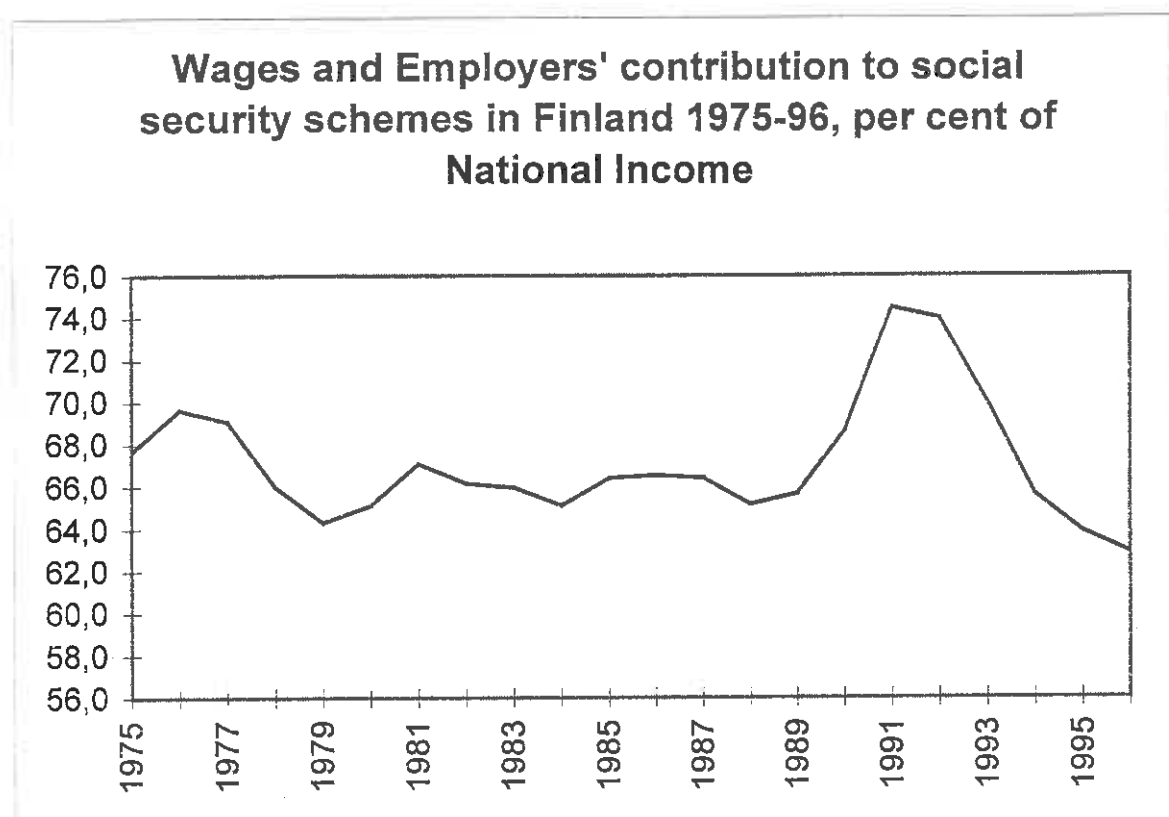
	Real earnings (yearly average)	Real disposable income (yearly average)
1975-98	1,0	2,5
1985-94	1,9	0,9
1995-97	2,7	4,0



At the beginning of the period commonly referred to as the 'incomes policy era', between 1967 and 1968, Finland employed a widespread index clause system. This covered not only collective agreements but also interest rates, rents, pensions and so on. It was like a built-in inflation automate in our economy. The system was almost totally abolished in 1968 and after this time, only a few occasions arose where it was possible to employ an index clause system. After the second oil crisis, index clauses were again implemented in collective agreements. However, the attitude then was, and still is, that index clauses should only be used for unforeseen price shocks and other exceptional circumstances.

3.2.2.3. Wage-earners' incomes as a proportion of the national income

The wage ratio has declined significantly in the 1990s. This development clearly reveals that the Finnish economy had a tendency to overheat at the end of the 1980's, when the wage ratio was at an exceptionally high level.



3.2.2.4. Development of unit labour costs

In considering the development of total labour costs we must take account the development of indirect wages and employers social security schemes.

Indirect wages consist of (metal industry 1996):

	Per cent of total labour costs
annual leave	17,0
public holiday	4,7
sick pay	3,2
others	3,6
Indirect wages, total	28,5

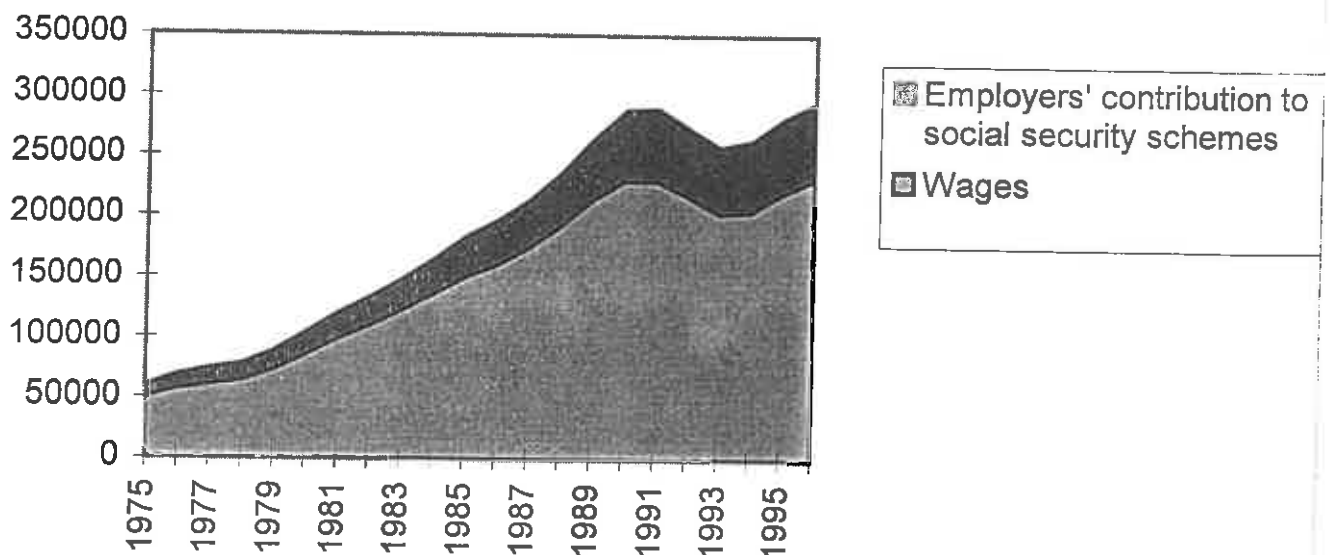
Social costs consists of (metal industry 1996):

	Per cent of total labour costs
Social security	6,5
Pensions	23,8
Accidents	2,9
Unemployment	4,1
Group life insurance	0,1
Social costs, total	37,4

The basic structure of total labour costs in metal industry has developed as follows:

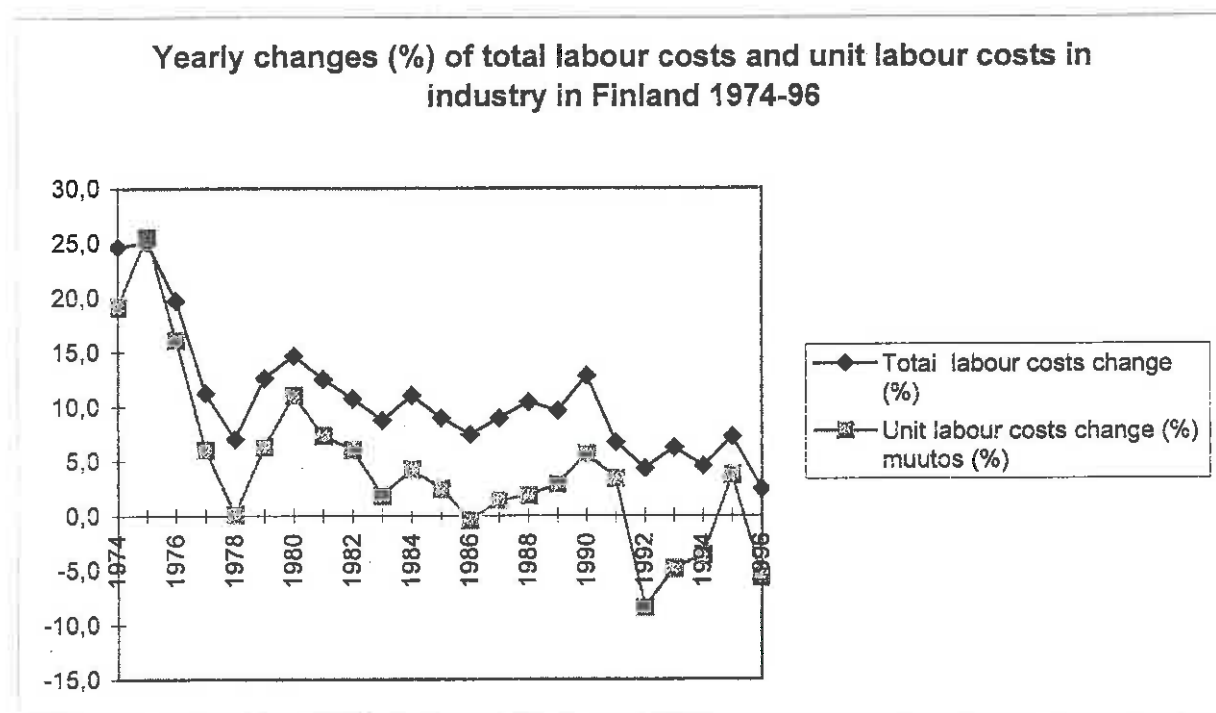
	Direct wages	Indirect wages total	Social costs total	Total labour costs
1970	100	10,2	15,9	126,3
1980	100	21,6	28,3	149,9
1990	100	26,6	34,8	161,4
1996	100	28,5	37,4	165,9

Wages and Employers' contribution to social security schemes in Finland 1975-96



The average yearly change in total labour costs 1974-96 was 10,7 per cent.

	Yearly change (%)
1975-84	13,3
1985-94	8,0
1995-96	4,8



3.3 Working time

The development of the total working time per year in the metal industry is as follows :

Year	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Hours	1,824	1,824	1,840	1,840	1,824	1,824	1,792	1,784	1,776	1,744
Year	1990	1991	1992	1993	1994	1995	1996	1997		
Hours	1,716	1,716	1,732	1,732	1,716	1,724	1,724			

Working time in the Finnish metal industry :

1. Collectively agreed working time:	weekly 36,6 hours; yearly 1724 hours
2. Number of collectively agreed holidays:	12,5 "Pekka's days" (=100 hours) 8 holydays in this year (twelfth day, Easter etc.)
3. Number of legal holidays:	30 days (2,5 days per month)
4. Number of actual working days:	215,5 days
5. Overtime	The yearly maximum in the metal industry is 250 hours (+80 hours if agreed locally). The amount of overtime has varied between 2,5-4,0 per cent of working hours between 1990 and 1997 :
6 Effective working time (yearly) in metal industry (1996)	1542 hours (in 1996).

On the question of working hours, the Finnish Metalworkers' Union emphasises the following principles:

- Comparisons of working hours should be based on annual working hours. This is because the use of any other kinds of figures causes practical problems in the calculation.
- In general, in the matter of shortening working hours, successful examples from the most developed EU countries, are followed. This is because it is essential that the Finnish metal industry should be placed on the same level of development as its main EU competitors.
- The shortest annual working time should be allocated to those who are employed in three stage shift work and underground mining work.
- The union supports the shortening of working hours by experimenting with various models of working hours. These experiments must be agreed upon locally and participation must be voluntary.
- The union is ready to accept a voluntary shortening of working hours and, consequently, a lowering of the employee's level of income.
- In order to shorten the total of working hours, the overtime system that currently enables extra production to occur, should be abandoned. The working hours which would be freed through this should be filled by recruiting more workers into the labour force.
- It should be possible to agree upon compensation for overtime work so that the money paid for it could be exchanged for extra hours of free time during the employee's working week. In addition to this, it should be possible to extend this exchange into the employee's free time, which is mentioned in the Holiday Act.

- The first step towards shortening working hours should be taken by reducing the maximum number of hours that an employee is allowed to work. This would automatically reduce the amount of overtime that an employee would be allowed to do.
- The benefits for short-term jobs should be proportionally the same as those for long-term jobs.
- In arrangements concerning working hours, attention must be paid to both the production needs and the individual needs of the worker.
- For reasons of production, it is not realistic to place restrictions on the amount of weekend work that employees are allowed to do.

In the Finnish workplace as a whole, it is not possible to find a water tight argument in favour of improving working conditions through the shortening of working hours. There are many conflicting and equally valid views both for and against this idea. For example, the lobby opposed to shortening hours, argues that such an action would put more pressure on those doing overtime work, especially in the group of core workers.

3.4. Participation in the work process

In collective agreements, there are not so many regulations about participation in the work process. In the law of co-operation in workplaces, there are regulations concerning exceptional changes in work, the work process and working conditions. In a situation where these changes have an impact on the employee's wages and the work process, the employer must negotiate these issues with the employee or with his/her shop steward. The negotiation must occur before any final decisions about changes are made.

Normally, at the enterprise level, there are many ways to create co-operation concerning changes in the work process. It is very common that employees or their representatives take part in organising those changes. This kind of activity varies very much between different enterprises: in the best possible situation, employees will have a large say in decisions made about work, machines, working conditions and so on. It is also possible to find a poor situation, where the employees have decided that it is useless for them to try to participate in this decision making process. The worst situations have occurred when co-operation has led to noticeable improvements in working conditions, productivity and the overall competitiveness of the firm, but afterwards, for strategic reasons, the entire plant has been forced to close down.

It can be said Finnish unions previously allowed their ideas about the existence of a class struggle in society to affect their relations with the employer, the development of enterprise, competitiveness, and their general behaviour in the workplace. By making international com-

parisons, this can be seen very clearly in statistics concerning industrial disputes, especially in the 1970's, when there were many strikes in the metal industry. Today, the unions' attitude is very different, and mostly emphasizes the necessity and usefulness of co-operation at an enterprise level. In the 1980's, unions introduced the so called 'foresight way' to look after workers' interests. This means that we in the union must envisage various scenarios as to what the future may hold and then determine the best course of action to take concerning these possible situations.

Actually, there has been a very big change in the overall attitude to co-operation in workplaces. For example, in the 1970's, union activity, and especially union activity at the enterprise level, was seen as a battle field on which the 'class struggle' could occur. Today, however, the atmosphere in enterprises is much better and co-operation in improving productivity and working conditions is mostly seen as a necessity.

3.5 Vocational and further training

The rules concerning vocational and further training are in the general agreement (TT-SAK). When an employer sends an employee to vocational training, all costs and wages must be paid. If there are some extra costs, these must also be paid by the employer.

There is also a possibility to arrange what is often referred to as 'common training'. This kind of training must be negotiated and if there is an agreement, the employer must pay the costs of this training.

With regards to training in trade union activities, in principle the employer must make time for training which is organised by unions or central organisations. In practice, this means that if, for example, the Metalworkers' Union, has organised say, a week's course, the employee has the right to take time off to attend the course. The pre-condition is that the employee must give the employer six weeks' notice. If the company's work-load is very heavy at the time of the training, the employer can make the employee postpone the course. In such cases, the employer must inform the shop steward about the decision at least 10 days before the training is due to begin. In practice, such cases have created difficulties in the work-place, especially in small firms.

Shop stewards, health and safety representatives and, in some cases, presidents of local branches, have the right to participate in training organised by trade unions. This right concerns special seminars which the employers' organisation and unions or central organisations have arranged. In such cases, the employer must pay the normal wage for the training time and

the room and board allowances for the training institution. The duration of these seminars is normally from one to two weeks or up to the maximum period of one month.

4. European Dimension of Collective Bargaining

The needs of European level of collective bargaining and especially the needs for European level of co-ordination are under discussion in the Finnish metalworkers' unions. Here is outlined only some impacts which the European Monetary Union will have in the conditions of collective bargaining.

4.1. Trade union's position towards EMU and its practical-political implications

4.1.1. Background

The impact of the single currency or European Monetary Union (EMU) was surveyed by the Finnish metalworkers' union in 1996. The union established an EMU think-tank which published a report (only in Finnish), that examined the possible effects that EMU might have on Finnish business, particularly in areas concerning the unions themselves and the collective agreements. The union's paper summarised the main points in this area. and also updated all the main subjects. The most important updates made here are :

1. The Finnish parliament decided in May 1998, that Finland would become a member of European Monetary Union from the beginning of stage three.
2. European Monetary Union was initiated in the previously mentioned time-table and model.
3. The executive board of the European central bank was elected.

The nature of the main impact of monetary union remains the same as it was when the report was published. The only difference is that the overall economic situation and outlook Finland, is even better than it was two years ago.

The Metalworkers' Union and later, the central organisation, have now decided that Finland must become a member of EMU as early as the beginning of stage three. The philosophy behind this, is that we must understand what is happening and try to affect the shaping of EMU and the common European policy. EMU decisions and overall European monetary union should: produce more stability in the Finnish economy, a better climate for investment, reduce the costs of currency exchange, make price comparisons easier, increase competition, remove currency speculation, make export opportunities for small and medium size enterprises easier,

and improve employment opportunities. The unions supported their case for joining EMU by pointing out the improving employment situation in many European countries.

Members of unions have become less sceptical concerning EMU. In an opinion poll made by SAK at the beginning of 1997, about 56 per cent of all members of SAK's affiliated unions thought that, in the trade union movement, there was no need to hurry Finland's membership into the first phase of EMU. The discussion about EMU and its impact has not been very active. Very often it is possible to hear people saying "We do not know enough about EMU". At the beginning of 1997, this constituted about 59 per cent of the members of the Finnish central organisation. Perhaps part of the problem was the members' unfamiliarity with the subject. Typical comments made by members have been things such as : "Our currency has been the symbol of our independence, so what will happen when we no longer have a currency that we can call our own ? "

4.1.2. The basic impact of EMU.

It has been observed that perhaps the biggest consequence of EMU on Finland would be the further opening of international markets. Further opening increases competition and, because of this, Finnish enterprises need new and better ways to adapt . One way in which they have already started to adapt is to improve the solidity of enterprises. (See 5.1.3.3.).

Another way to improve competitiveness has been to improve production techniques and consequently increase productivity. This has been achieved by the use of information technology, which allows for the centralisation of core competence and networking, by increasing flexibility in production. The Metalworkers' Union has established that improving productivity is the key to the successful adaptation of enterprises. However, this means that that improvements must be done in co-operation with personnel and by adding the employees' possibilities to impact in this developing activity. In this way, it can increase the opportunities to achieve functional flexibility instead of flexibility of employment, which seems to have been the traditional way to adapt.

In the report, the main trends which have affected the collective agreements and collective agreements policy, are established. These main trends are:

1. Decentralisation of the collective agreement policy and even individualism.
2. Pressures on traditional partners and areas of collective agreements.
3. Increasing rotation of employment, unemployment and studying.

The very bad economic situation at the beginning of the 1990's (See 5.2.) and historically very high unemployment, have caused persistent problems in Finland. It has been very hard to carry out the economic policy within the convergence criteria with the existence of this kind of unemployment. One topic of discussion in Finland has been the coverage of collective agree-

ments. The main opposition party and entrepreneurs' organizations have been especially eager to abolish these agreements. Trade unions are adamant that this is not the way to achieve the necessary flexibility.

One problem is that the life-long employment model has decreased, because more short term employment contracts have increased in popularity.

In Finnish economic policy, EMU means that Finland partially loses some of its independence in decision making to the common European Union organs. In practice this means:

currency policy	European Council
monetary policy	European Central Bank
finance policy	national - limited
the limit of the balance of current payments	not a national limit any more
the deficit of the public sector	limited in contracts

The one very concrete impact is that the currency policy has, historically, been the way by which to improve lost price competitiveness. In Finland after the war, the Finnish mark was devaluated every tenth year. This cannot be done any more in EMU. One basic problem has been our bad history of inflation when compared to other OECD-countries (See 5.2.1.).

Another aspect of the currency policy is the model of business cycles in Finland and in other EU-countries. Particularly in Finland, the structure of foreign trade and trade relations are different from the core region of EMU. In Finland, the main export articles are based on the forest industry (appendix 4). With this kind of export structure, business cycles are asymmetrical compared to other countries. When there is a common currency and monetary policy, it is possible that it is not suitable for Finland's economic situation and vice versa.

One problem is that Sweden will not be a member of EMU. Sweden is the strongest competitor in traditional Finnish export sectors and it is difficult to know what the future relations between the Swedish currency, the dollar and the coming Euro will be.

Together, these aspects mean that there are bigger pressures on finance policy and labour markets.

Monetary policy

With monetary policy, the situation is almost like with currency policy: a common monetary policy. When the interest rates in the EMU area depend a great deal on the interest rates in international markets, there can be two kind of effects in Finland: In the open (competitive) sector of the economy, the real interest rates are determined by the interests in EMU and in-

flation in EMU. In the closed (sheltered) sector of economy, the real interest rates are determined by the interest rates in EMU and domestic inflation. So, there is a possibility to accelerate the domestic inflation. This could also result in different wage claims in these sectors. This can also be seen as one reason for co-ordination of the collective agreement policy at the level of EMU.

Another aspect is what kind of monetary policy the Central Bank will carry out.

Finance policy

Finance policy will be national in EMU. However, there are some limits in finance policy concerning the public deficit. The harmonisation of finance policy between all the EMU countries will be relatively slow. One possible problem there is the opportunity for tax competition or social dumping. Regarding tax competition, the situation in Finland is not very advantageous.

Principally, the chances of finance policy stimulating the economy are good, because the effects of national stimulation do not directly affect interest rates. However, there is also a chance that the policy could have a restricting impact for the very same reasons. However, the pre-condition for stimulating economic policy, is that public debt and public deficits are low.

However, there has been some discussion about the role and possibilities of finance policy in stimulating the economy. Maybe there are very narrow possibilities to stimulate the economy with the finance policy. (SAK, Hetemäki 98)

The third aspect is that EMU is forcing nations to obey stability in finance policy. The fourth aspect is that it is harmonising the finance policy on a European level.

4.2. Impacts on the collective agreements policy:

There are new needs in the collective agreement policy which must be taken account in EMU:

1. The possibilities of economic policy are essentially decreased in preventing disturbances in business cycles.
2. Devaluation is eliminated
3. Pressure for collective agreements at the enterprise level is growing.

4.2.1. Pressures in the system on collective agreements

The central limit in the wage policy consists of international inflation and an increase in productivity. Domestic inflation should not be higher than international inflation. So, the change

in total labour costs must be limited so that it is equal to this inflation plus the average increase in production.

There are some problems and open questions about the wage policy with this restriction. When measuring the increase in productivity, must we use averages or calculate it on an industrial basis? When we are making centralised incomes policy agreements, we can use the productivity average as the basis for this. However, there are many problems in every industry which cannot be solved within these centralised agreements. So, when using the increase of productivity on industry, what are the impacts of this?

One possibility is that, at an enterprise level, different kind of results, based on additional parts of wages, could be made. Another possibility is to create an employee fund for enterprises.

The system of employee investment funds in Finland was created in 1990. The main principle is that it is voluntary. In the beginning, there were many sceptical opinions about these funds. In addition to this, the economic situation was affected. Today, there are 42 funds functioning in Finland. These employee funds are one part of the buffers used in the adaptation to EMU. Another one of these buffers is the financing system of pensions. In the last incomes policy agreement, it was concluded that this financing must occur, so that its impact could smooth the cyclical fluctuation in the economy.

4.2.2. Adaptation in Business cycles

The important point is that membership in EMU will cause more demanding pressures for adaptation on the labour markets. When the economic development in the industrial sector gets worse, how should economic policy react to this?

One possibility is to use a system of flexible working time. This would mean that working time per year would be negotiated and could vary depending on the production needs. However, with flexibility of working time, there are only limited possibilities to solve fluctuations in production.

Result based wages are a model of wage flexibility. Today, these kind of systems are about 5 per cent of total wages (See 3.2.). It can be seen that this is not enough to prevent the impact of fluctuations.

In a crisis, a decrease of nominal wages would be very difficult to carry out by collective agreements made by the unions. Maybe the only possibility would be to use agreements made by central organisations.

4.2.3. About the European central bank

The European central bank has just started. It is not yet possible to evaluate which kind of monetary policy the central bank will have and what will be its role in EMU. There is, however, one basic topic of interest concerning the role of the central bank : the contradiction of independence and legitimacy. On the one hand, the independence of the central bank has been stressed. By this, we have been referring to its independence from politics. Without such independence, there could not be credibility in monetary policy. On the another hand, the legitimacy of the central bank's policy has been stressed. By this, we have been referring to the mandate that the bank must have from the European people as a whole, if it wants to achieve credibility. The practical topics in this discussion have covered issues such as the methods for transmitting and clearly expressing information.

In Finland, the role of the national bank has also been discussed. On the one hand, there have been views that the role of the national bank will be diminished, because monetary policy will be centralised to the central bank. On the another hand, there have been views that it will be the opposite of this, because the head of the national bank will be a member of the directorate of EMU and so will be able to make even more important decisions than ever.

5. Economic development in Finland

5.1. The Development of the production of Finnish metal industry

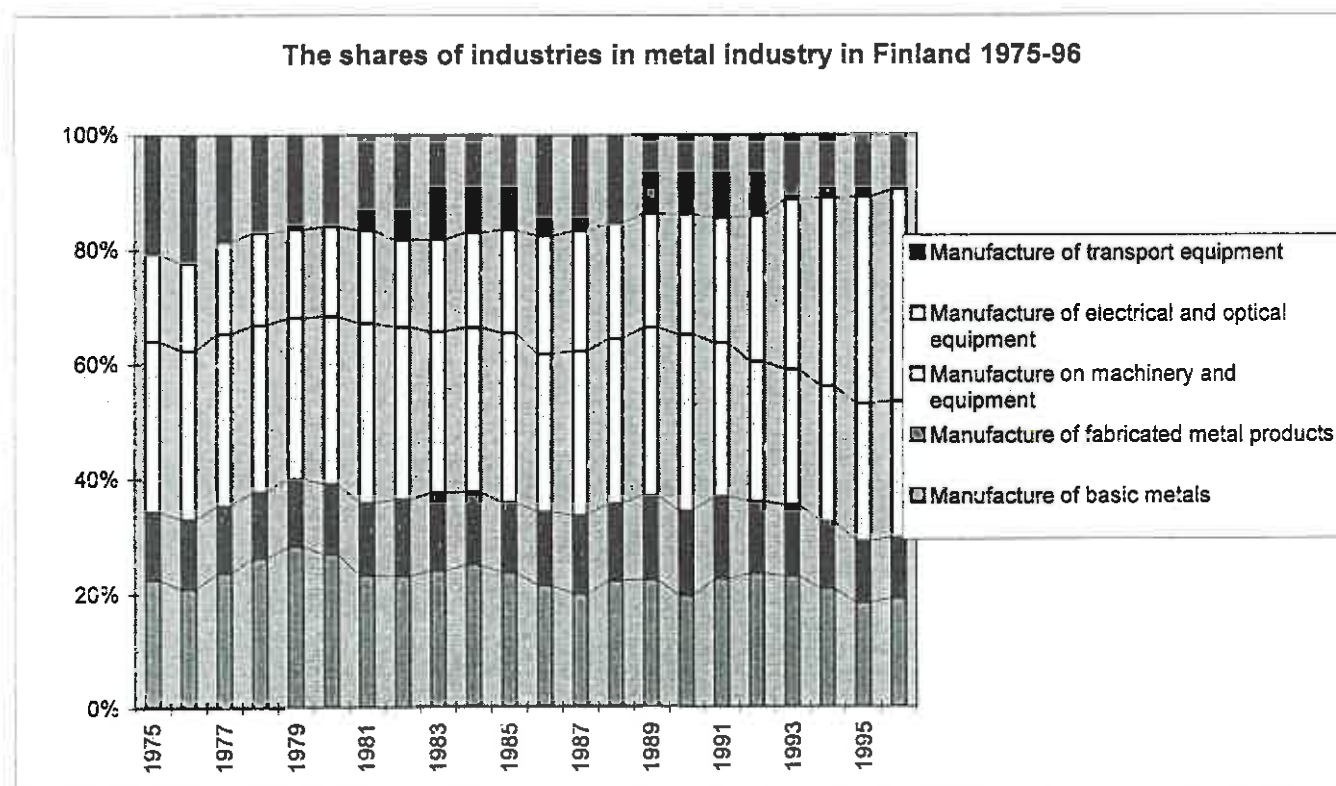
The total production in metal industry grew in 1975-95 on average 9,9 per cent per year and industry total 8,0 per cent. The most rapid growth rate was in electro-technical industry (on average 14,7 per cent per year), in 1996 the production was then about 15 times as big as in 1975. The growth rates on average 1975-96 are:

	Yearly change (%)	Index (1975 = 100)
Manufacture of basic metals	9,0	502,9
Manufacture of fabricated metal goods	9,8	588,7
Manufacture of machinery and equipment	9,2	510,5
Manufacture of electrical and optical equipment	14,7	1447,1
Manufacture of transport equipment	6,4	311,2
Metal industry total	9,8	619,3
Total manufacturing	8,0	449,6

In period 1975-95 the share of metal industry in grew from 28,6 per cent to 39,3 per cent. The most rapidly growing share was in electro-technical industry, the share of transport equipment industries declined.

	1975	1995
Manufacture of basic metals	6,4	7,2
Manufacture of fabricated metal goods	3,4	4,4
Manufacture of machinery and equipment	8,5	9,7
Manufacture of electrical and optical equipment	4,3	14,0
Kulkuneuvojen valmistus	5,9	4,1
Metal industry total	28,6	39,3
Total manufacturing	100,0	100,0

The next figure shows the changes of the shares in metal industry



5.1.1. Employment in the Finnish metal industry

The total labour force in industry in the period 1975-95 declined 29,8 per cent and in metal industry 10,0 per cent. The changes in employment in metal industry follow very accurately the changes in production of metal industry. The only metal industry where the employment has grown is electro-technical industry.

	1975	1995	The average yearly change in employment
Manufacturing of basic metals	20 700	16 000	-1,6
Manufacturing of fabricated metal goods	26 500	26 100	-0,4
Manufacturing of machinery and equipment	63 700	51 200	-1,5
Manufacturing of electrical and optical eq.	37 200	48 400	0,3
Manufacturing of transport equipment	34 600	22 700	-2,2
Metal industry, total	182 700	164 400	-0,4
Manufacturing, total	547 400	384 500	-2,0

5.1.1.1. Male and female employees

In Finnish official statistics there are not available numbers concerning women's share of employees in metal branches. Employers' organisation maintains the statistics about wages in metal branch, in which statistics there are numbers about employees divided by sexes.

In concerning period the share of women in metal industry has remained very stable in about 22 per cent of total labour force in metal industry.

Year	Men	Women
1987	78,5	21,5
1988	78,6	21,4
1989	77,3	22,7
1990	77,2	22,8
1991	77,4	22,6
1992	77,5	22,5
1993	77,5	22,5
1994	78,7	21,3
1995	78,0	22,0
1996	78,7	21,3
1997	78,0	22,0

In subsectors of metal industry the womens' share of total labour force can be seen in next figure



The highest share female employees have had in electrotechnical industry, it has been stayed in little under or in about 50 per cent in this period. Possibly noteworthy is that in every subindustry the shares have slightly declined.

5.1.1.2. Blue- and white collar employees

The total labour force in Finland in 1996 was about 2,5 millions. The total labour force divided as follows:

	Blue collar	White collar
1976	72,9	27,1
1980	72,2	27,8
1990	65,7	34,3
1996	63,1	36,1

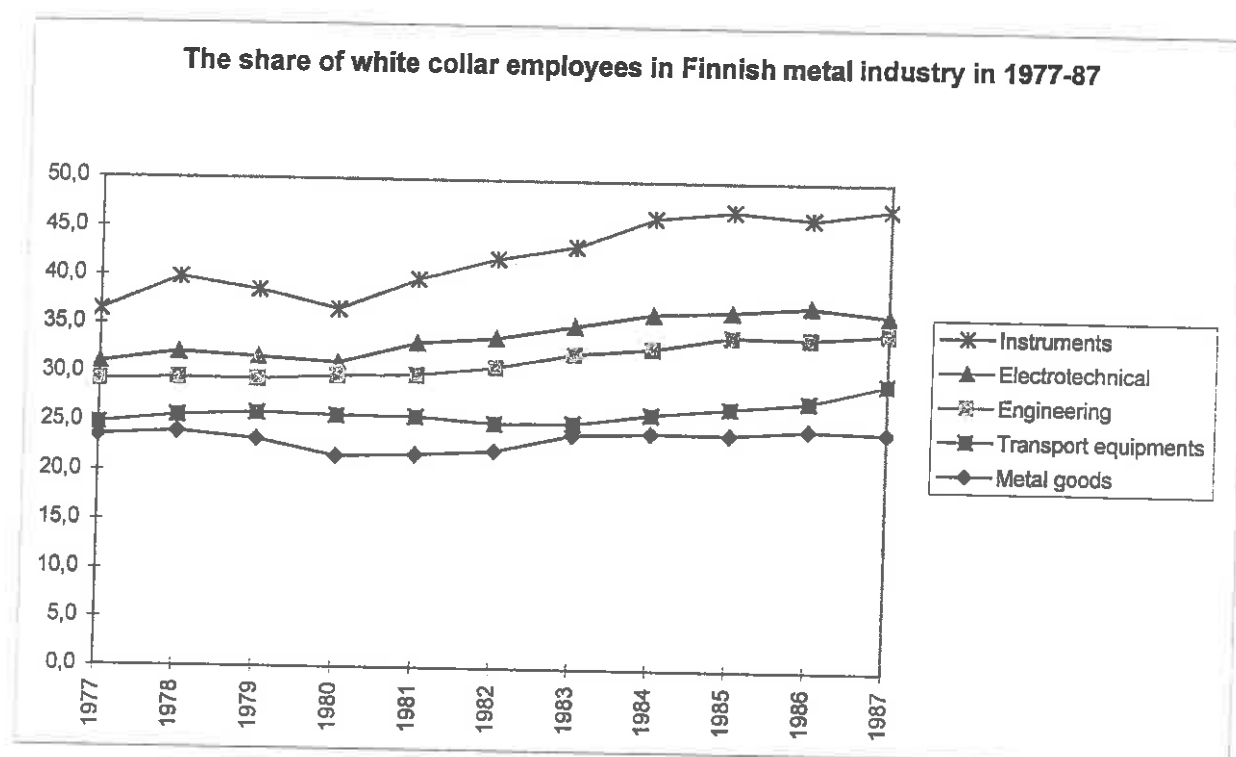
When we try to find the picture of the development in metal industry, we must consider the situation in two periods. That is because the classification to the subsectors are not comparable in the official statistics.

5.1.1.2.1 Blue- and white collar employees in metal industry 1977-87

In the period the share of white collar employees has developed as follows

	Basic metals	Metal goods and engineering
1977	25,7	27,7
1987	29,0	32,3

In subsectors the development can be seen in next figure



5.1.1.2.2. Blue- and white collar employees in metal industry 1988-94

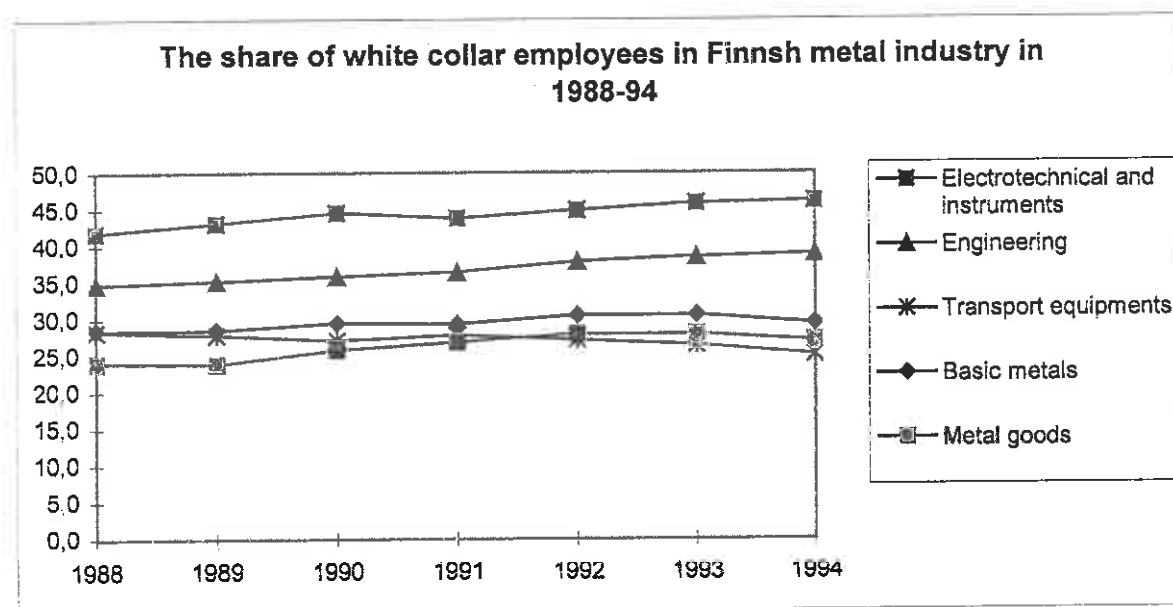
In this period the metal industry the share of white collar employees rose from about 33 per cent to about 36 per cent. As exception from the previous period the metal industry here include also basic metal industry. Second: manufacturing of instruments are combined to the electro-technical industry.

Proportionally the biggest change has occurred in manufacturing of fabricated metal goods. The opposite of the other subsectors in manufacturing of transport equipment the share of

white-collar workers is declined. The share of white-collar workers are (the share of blue-collar workers is 100-announced number):

	1988	1994
Manufacturing of basic metals	28,5	29,4
Manufacturing of fabricated metal goods	24,0	27,0
Manufacturing of machinery and equipment	34,7	38,8
Manufacturing of electrical and optical equipment	41,8	46,1
Manufacturing of transport equipment	28,3	25,1
Metal industry, total	33,0	35,9

In subsectors the development can be seen in next figure



Basically the development of the share of white collar employees has developed as in the previous period. The development in manufacturing on transport equipments is exceptional here: in this period the share has declined from about 28 per cent to about 25 per cent the level what it was in 1977.

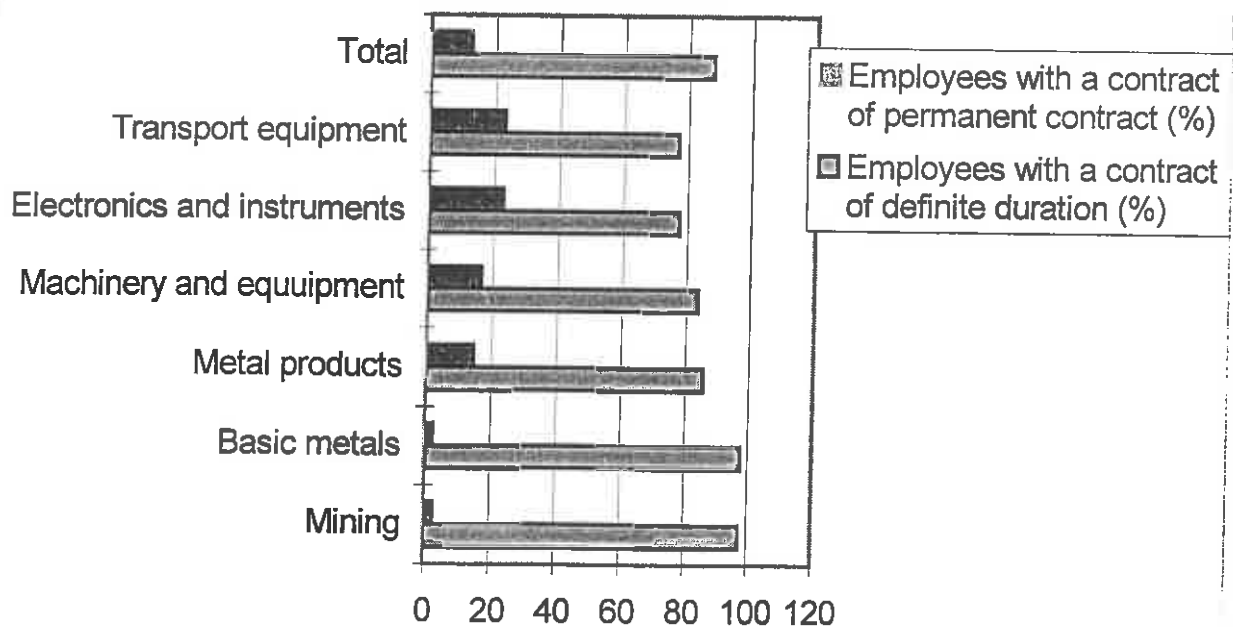
5.1.1.3. Full-time and part-time employees

According to the survey of the Finnish Employers' Organisation the full-time and the part-time employees in

Industry	Employees with a contract of definite duration	Part-time employees
Food industry	12,4	3,5
Construction industry	10,5	0,8
Metal and electronics industry	8,2	1,3
Chemical industry	7,8	1,2
Wood industry	7,5	0,9
Paper and pulp industry	6,5	0,5
Publishing and printing	6,3	1,2
Manufacturing	8,2	1,5
Other industry	5,5	1,2
Services	7,6	12,4

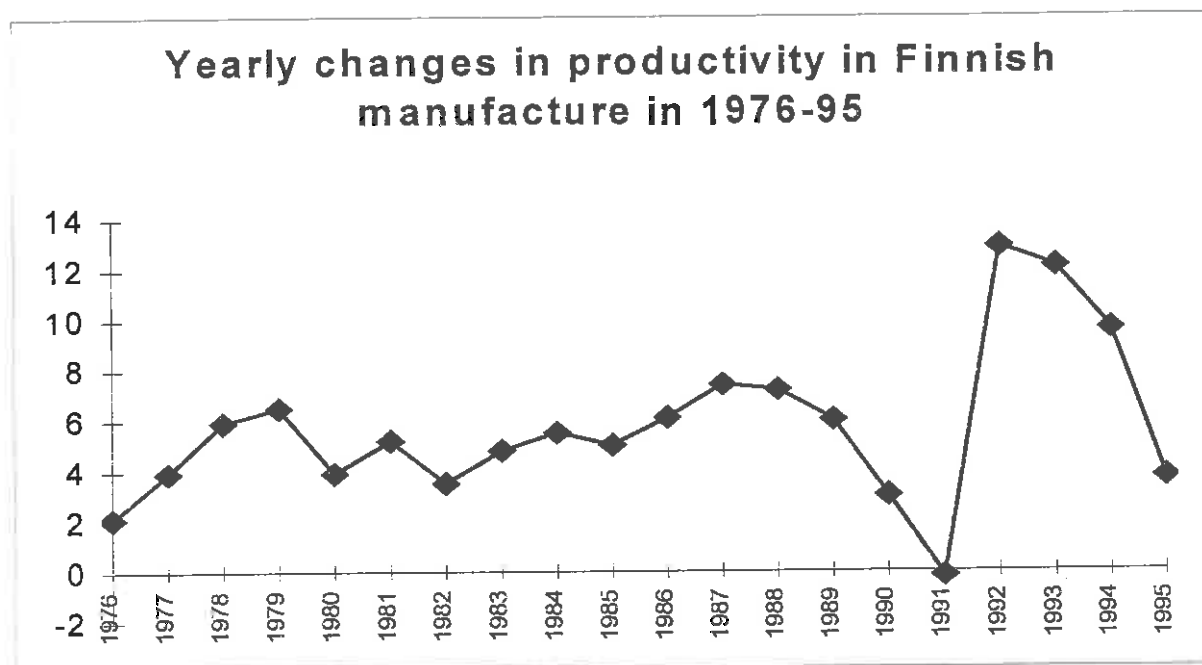
Some impression of the situation in metal industry in 1997 can be seen from the survey of Metalworkers' Union. The numbers in the next figure contains only those persons, who are hired under June-September in 1997

Hired employees by duration of contract in Finnish metal industry in 1997/months 6-9, according to Metalworkers' Unions' labour survey



5.1.2 Productivity in metal industry in 1976-95

Here the productivity are considered by "traditional" measure (production/employment) and then there the exceptional situation in the beginning of the 90's can be see very clearly.



	Yearly change in productivity
Manufacture of basic metals	6,9
Manufacture of fabricated metal goods	5,8
Manufacture of machinery and equipment	5,0
Manufacture of electrical and optical equipment	8,7
Manufacture of transport equipment	2,6
Metal industry total	6,2
Total manufacturing	5,7

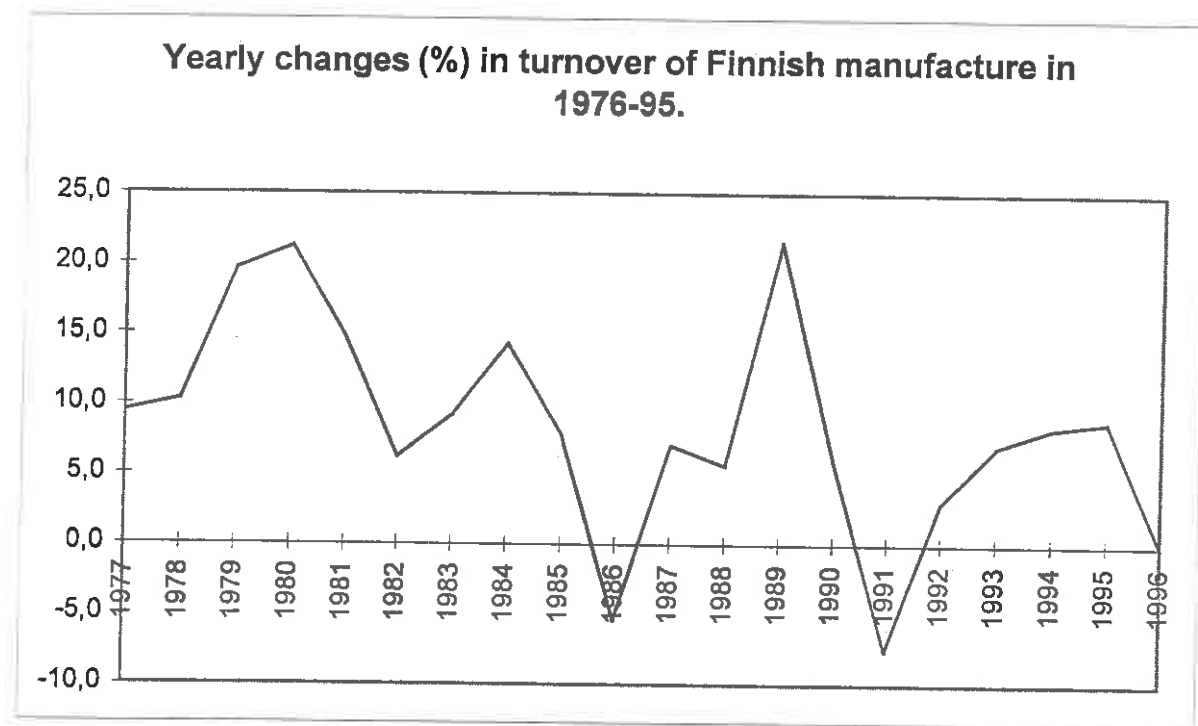
5.1.3. Development of turnover and profitability in Finnish metal industry

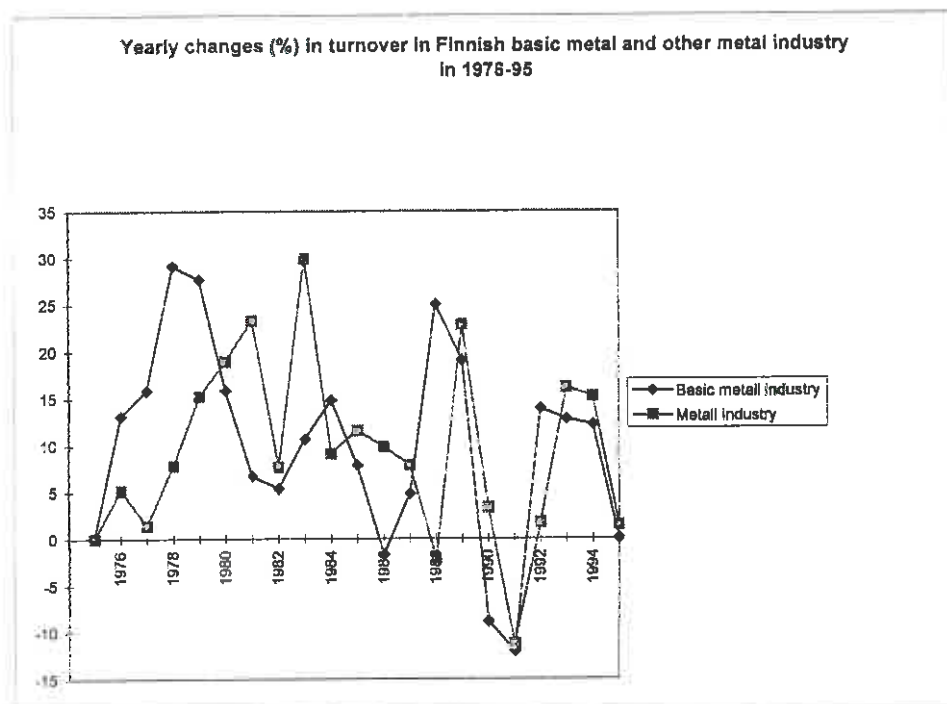
When we are looking at enterprise level there are many sources of errors because of classification, covering power and definitions in statistics. That is why all these trends can only be used as the main lines of the development.

5.1.3.1. Development of turnover

Average yearly changes in turnover in the period 1976-95 were: in manufacture 9 per cent, in basic metal industry 11,7 and in other metal industry 9,7 per cent. The highest peaks in industry concerning were at the end of the 70s and at the end of 80s: about 20 per cent.

The general economic development in Finland can be clearly seen in development in enterprises. The worst year in the period was 1991. Then the turnover in manufacturing dropped with almost 8 per cent and in metall industry with 11-12 per cent.

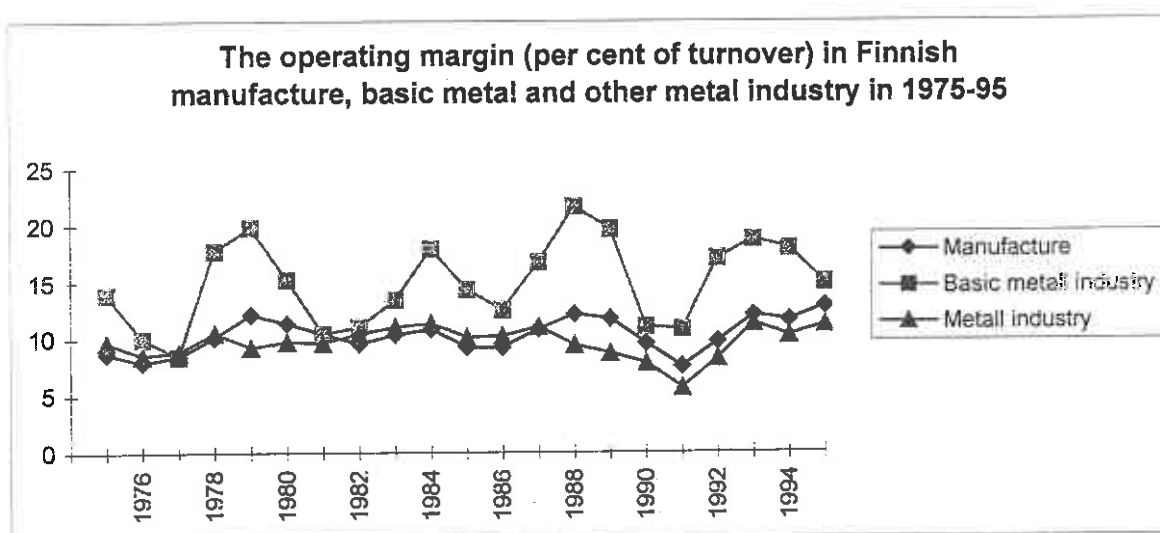


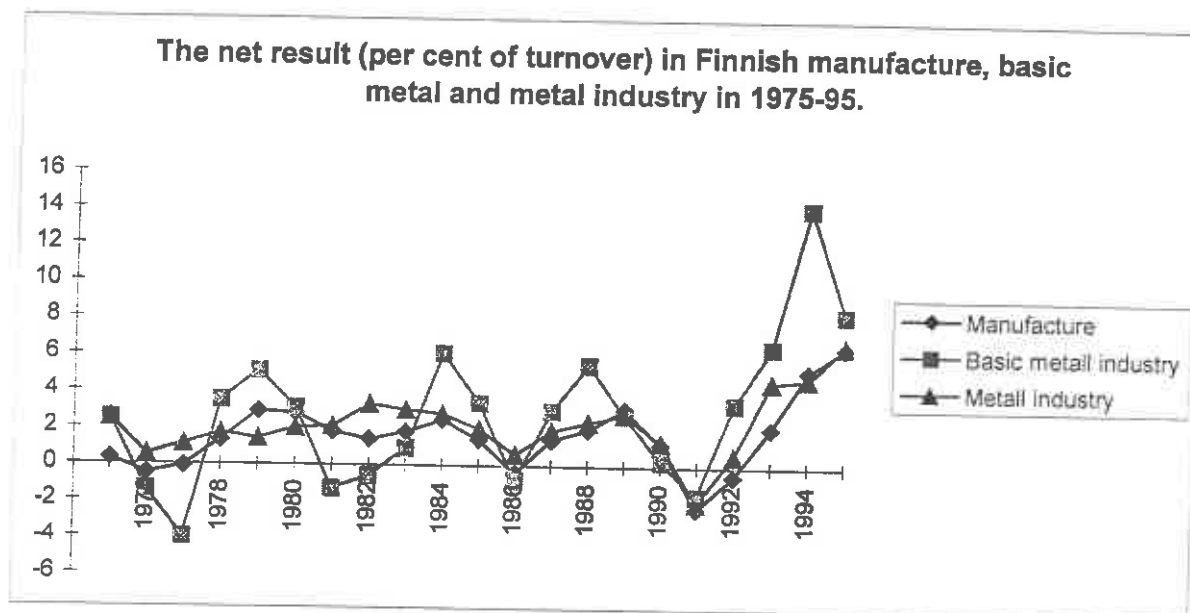


5.1.3.2. The profitability of the enterprises

The profitability has been inspected with two numbers: the operating margin and the net result as per cent of turnover. The definitions of these numbers are following.

Operating margin = turnover \cdot (variable costs + fixed costs) / turnover * 100



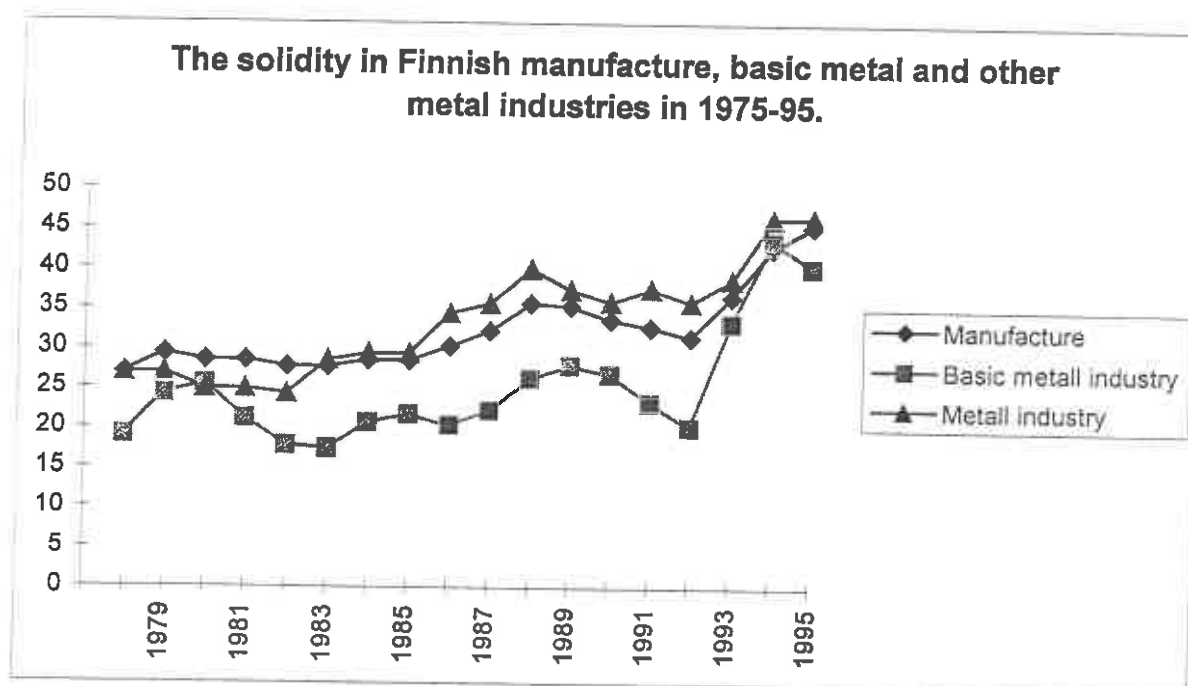


5.1.3.3. The solidity of the enterprises

The solidity tells how big is own capital as the share of the total capital of the firm

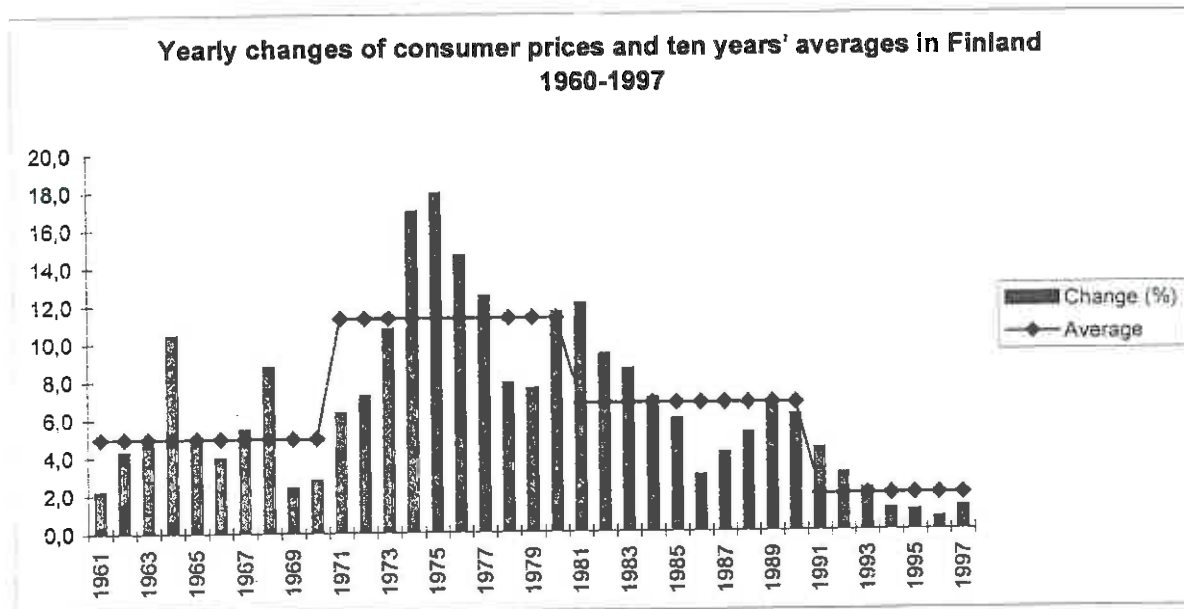
Solidity = own capital + reserves + valuation items / liabilities and equity (total) - advance payments.

Concerning the year 1978-88 the numbers of the solidity are calculated by Debet ratio. So the numbers in period after 1978 are not strictly comparable with earlier years



5.1.4. Metal industry in Finnish foreign trade

When considering especially metal industry, the very remarkable change has been happened in the structure of Finnish foreign trade. Traditionally the most important export sector in Fin-



The averages of the yearly changes on the decades has been as follows

1961	70	4,9
1971	80	11,3
1981	90	6,7
1991	97	1,9

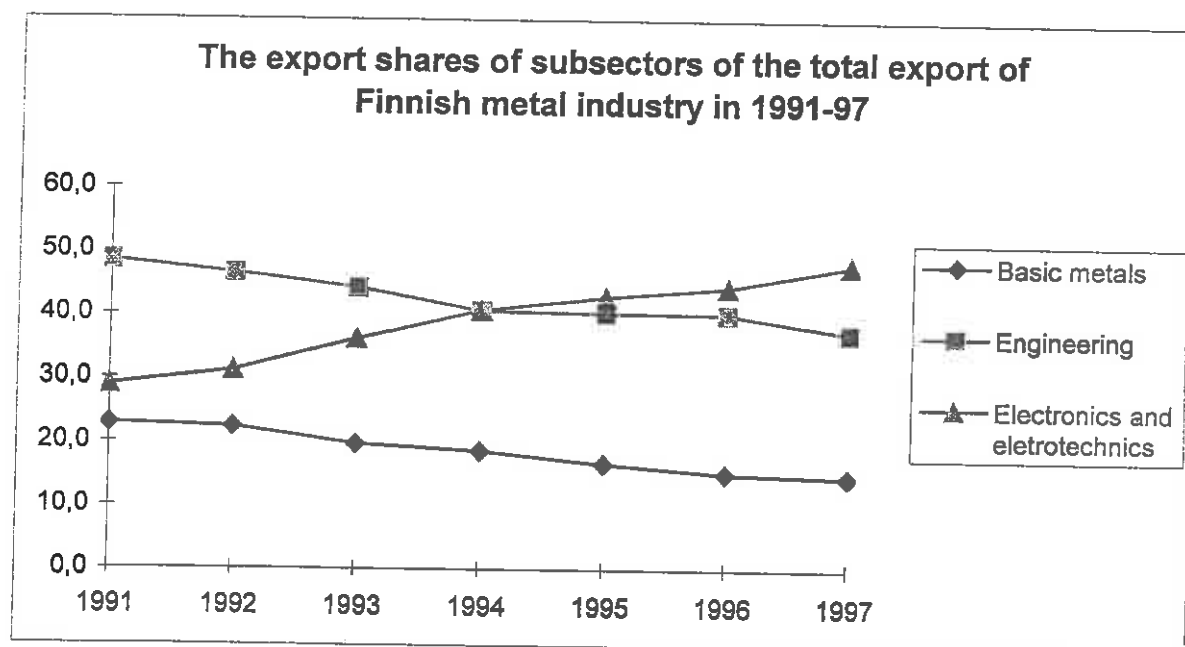
Coming years will be crucial when considering Finland's adaptation to European Monetary Union. Essential is to have continuing very slow inflation rate, also when the production is growing and especially when unemployment is declining nearer to "normal" level.. Sometimes it have been said that Finland has a bad history of inflation.

nish industry has been wood processing. In the latter half of the 1980s and especially in the 1990s metal industry has become the most important sector in Finnish export.

The proportional shares of the total export two most important export sector have been as follows

	Metal and electro-technical	Wood processing
1980	28,6	44,5
1985	36,5	37,8
1990	42,9	38,1
1995	47,1	34,4
1996	49,8	29,7
1997	50,4	29,8

In the structure of the export of the Finnish metal industry there has happened a remarkable change, too. The export of electronics and electrotechnics industry has become to the biggest export sector in metal industry. This development can be seen in the next figure



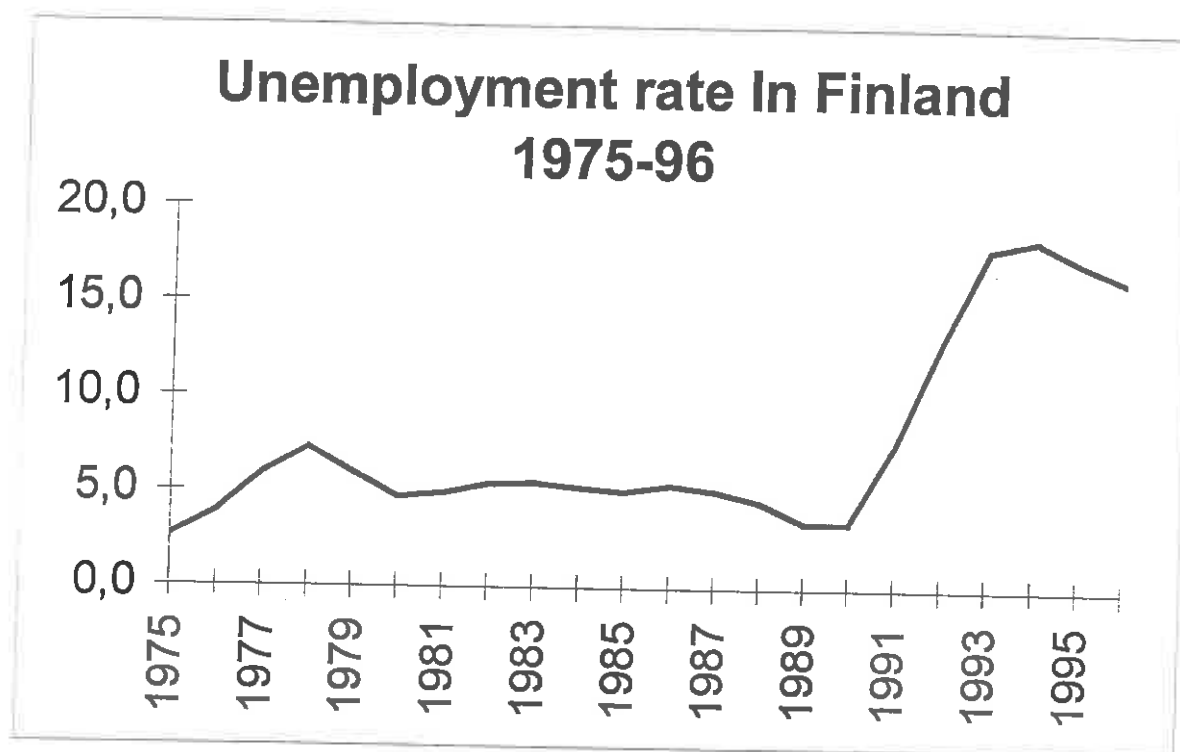
5.2. The economic development in Finland

Average growth rate in Finnish economy in 1976-90 was 2,2 per cent. It was lower than earlier, because very bad economic development in the beginning of the 1990's. There are two recessions in the period 1976-96 in Finnish economy. First one was 1976 and it was after the first oil crises. The second recession 1990-93 was very bad in Finnish economy. It was even

worse than recession in 1930s. The development that can be seen in next picture can be seen in GDP almost every statistics for example sectoral production, enterprises, wages and so on.



This development can be seen very clearly in unemployment. The average unemployment rate in the period 1970-80 was 4,0 percent, in the period 1980-89 it was 4,8 per cent. In 1990-97 it has jumped up as high as to 15,1 per cent. In the worst year 94 it was 18,4 per cent.



For this and next year there has been forecasted continuing economic growth and then further declining unemployment rate (Talous ja yhteiskunta 2/1998, 5-7, Suhdanne 1/1998, 6-7)

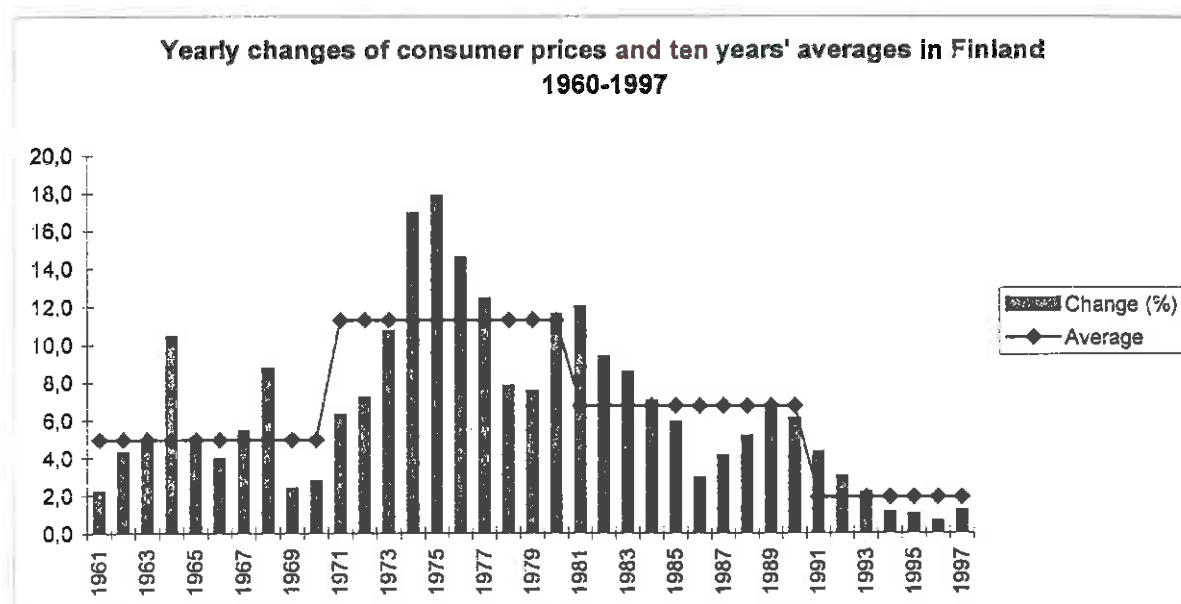
	Volume change of GDP	Unemployment rate
1998	4,0 - 4,5	12,5 - 13,0 (10,9)
1999	3,5 - 4,2	10,5 - 12,0 (8,9)

The GNP growth in Finland in 1997 was 5,9 per cent exceeding all the expectations. It was the highest figure in 18 years. The growth was again mainly due to export demand. Exports increased by 13,5 per cent against the figure of imports 9,3 per cent. Investments grew by 11,3, private consumption by 3,1 per cent and the production of manufacturing industry by 9,2 per cent.

5.2.1. National inflation rate

Especially on the 70s but also on 80s in Finland there has been proportionally rapid inflation when comparing to another OECD-countries. So called traditional problem in Finland has been that in every decade the lost of price competitiveness and the growing forces for devaluation. in 1990s the situation is different: 1991-97 the inflation rate has been lower than in other OECD-countries. One explanation for this development is the very high unemployment rate.

The inflation is here measured by Consumer Price Index.



The averages of the yearly changes on the decades has been as follows

1961	70	4,9
1971	80	11,3
1981	90	6,7
1991	97	1,9

Coming years will be crucial when considering Finland's adaptation to European Monetary Union. Essential is to have continuing very slow inflation rate, also when the production is growing and especially when unemployment is declining nearer to "normal" level.. Sometimes it have been said that Finland has a bad history of inflation.

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Table 1: Historical development of Finish trade union members

Year	Number of members
1950	44984
1951	45007
1952	48902
1953	36560
1954	37104
1955	40596
1956	41120
1957	36307
1958	35821
1959	38263
1960	37668
1961	40442
1962	42875
1963	41516
1964	42164
1965	45955
1966	46025
1967	50602
1968	57405
1969	81378
1970	105614
1971	117959
1972	123022
1973	134024
1974	145851
1975	151355
1976	155210
1977	154133
1978	156079
1979	158434
1980	163811
1981	161733
1982	161228
1983	160429
1984	156889
1985	156675
1986	155209
1987	154255
1988	154600
1989	151382
1990	148134
1991	148099
1992	148523
1993	151972
1994	154364
1995	160358
1996	162180
1997	165000

Table 2: Labour Force, employment and unemployment in Finland*

Year	Total	Employed	Unemployed			Unemployment rate (%)		
			Both sexes	Male	Female	Both sexes	Male	Female
1970	2263	2217	46	35	11	2.0	2.7	1.1
1971	2270	2215	55	38	17	2.4	3.0	1.6
1972	2277	2215	62	42	20	2.7	3.3	1.9
1973	2322	2265	57	32	25	2.5	2.5	2.3
1974	2370	2326	44	21	23	1.9	1.6	2.1
1975	2374	2312	62	35	27	2.6	2.7	2.4
1976	2370	2278	92	60	32	3.9	4.7	2.9
1977	2371	2232	140	88	52	5.9	6.9	4.7
1978	2372	2200	172	106	66	7.3	8.4	6.0
1979	2399	2256	143	82	61	6.0	6.4	5.4
1980	2442	2328	114	61	53	4.7	4.7	4.7
1981	2474	2353	121	67	54	4.9	5.1	4.6
1982	2512	2377	135	73	62	5.4	5.5	5.2
1983	2528	2390	138	76	62	5.5	5.7	5.2
1984	2546	2413	133	72	61	5.2	5.4	5.0
1985	2566	2437	129	73	56	5.0	5.5	4.6
1986	2569	2431	138	82	56	5.4	6.1	4.6
1987	2554	2423	130	78	53	5.1	5.8	4.3
1988	2546	2431	116	67	48	4.6	5.1	4.0
1989	2559	2470	89	48	41	3.5	3.6	3.3
1990	2555	2467	88	54	34	3.4	4.0	2.8
1991	2533	2340	193	124	69	7.6	9.3	5.7
1992	2502	2174	328	203	125	13.1	15.5	10.5
1993	2484	2041	444	259	184	17.9	19.8	15.7
1994	2480	2024	456	259	196	18.4	19.9	16.7
1995	2497	2068	430	231	198	17.2	17.6	16.7
1996	2503	2096	408	211	197	16.3	16.1	16.5

* = (in 1000)

Source: Finnish Labour Reviews 4/1997, 40th anniversary edition. Ministry of Labour. Planning Secretariat. Helsinki 1998

Table 3: Employment in Finnish manufacturing and different metal industries

Year	Manu- facturing		Manufacture of basic metals		Manufacture of fabricated metal products		Manufacture on machinery and equipment		Manufacture of electrical and optical equipment		Manufacture of transport equipment	
	Number of employees	Yearly change (in %)	Number of employees	Yearly change (in %)	Number of employees	Yearly change (in %)	Number of employees	Yearly change (in %)	Number of employees	Yearly change (in %)	Number of employees	Yearly change (in %)
1975	77153		4947		2609		6565		3351		4561	
1976	86981	12.7	5130	3.7	3018	15.7	7279	10.9	3765	12.4	5529	21.2
1977	93772	7.8	5979	16.5	2982	-1.2	7630	4.8	4094	8.7	4719	-14.7
1978	103853	10.8	7268	21.6	3183	6.7	8123	6.5	4434	8.3	4766	1.0
1979	127040	22.3	9679	33.2	4010	26.0	9669	19.0	5275	19.0	5624	18.0
1980	155064	22.1	11238	16.1	5127	27.9	12250	26.7	6580	24.7	6663	18.5
1981	173272	11.7	10735	-4.5	5820	13.5	14526	18.6	7497	13.9	7670	15.1
1982	183653	6.0	12205	13.7	7122	22.4	15976	10.0	8100	8.0	9682	26.2
1983	200454	9.1	13597	11.4	7714	8.3	15931	-0.3	9059	11.8	10286	6.2
1984	220754	10.1	15533	14.2	7926	2.7	17779	11.6	10260	13.3	10480	1.9
1985	234387	6.2	16444	5.9	8511	7.4	20645	16.1	12453	21.4	11495	9.7
1986	229931	-1.9	14906	-9.4	8889	4.4	19212	-6.9	14340	15.2	12220	6.3
1987	245807	6.9	15261	2.4	10452	17.6	21980	14.4	15988	11.5	12811	4.8
1988	267323	8.8	19101	25.2	11550	10.5	24792	12.8	17301	8.2	13213	3.1
1989	293085	9.6	21887	14.6	14360	24.3	28585	15.3	19404	12.2	13327	0.9
1990	297738	1.6	19377	-11.5	14589	1.6	30561	6.9	20725	6.8	13673	2.6
1991	270553	-9.1	19133	-1.3	12264	-15.9	22899	-25.1	18508	-10.7	12329	-9.8
1992	276489	2.2	21307	11.4	11532	-6.0	22253	-2.8	23083	24.7	12910	4.7
1993	290171	4.9	22465	5.4	12159	5.4	23174	4.1	29002	25.6	11021	-14.6
1994	322209	11.0	23843	6.1	13408	10.3	27308	17.8	37650	29.8	12661	14.9
1995	346553	7.6	25013	4.9	14599	8.9	32853	20.3	49147	30.5	14866	17.4
1996	358233	3.4	27719	10.8	15496	6.1	34918	6.3	53938	9.7	13961	-6.1

Table 4: Number of employees in several Finnish metal branches in 1988-94

	1988	1989	1990	1991	1992	1993	1994
ALL METAL INDUSTRIES	164353	163460	159834	148431	135027	129861	136374
Metals industry	17011	16501	16948	16160	15550	15159	15406
Iron and steel basic industries	9916	9553	10119	9728	9440	9077	9317
Non-ferrous metal basic industries	4179	4102	4022	3875	3893	3884	3796
Metal casting	2916	2846	2807	2557	2217	2198	2293
Founding of iron and steel	2591	2519	2488	2210	1928	1908	1991
Founding of non-ferrous metals	325	327	319	347	289	290	302
Metal goods	24454	26174	25148	23602	19857	18794	19104
Manufacture on structural metal products	13380	14770	13628	12183	9722	9506	9669
Metal constructions	9123	10057	9855	8878	6858	6152	6223
Metal containers	1003	1135	1269	1206	1022	1097	1232
Boilers, industrial pipework	3254	3578	2504	2099	1842	2257	2214
Manufacture of fabric, metal products (ec. machinery)	10455	10751	10806	10459	9325	8283	8130
Tools	988	1155	1254	955	807	944	834
Metal packing	740	736	679	615	589	555	488
Metal netting, wires	483	490	438	480	300	260	271
Nails, screws, etc	588	607	651	575	493	452	420
Metal building material	3396	4179	4256	4158	3800	3425	3413
Manufacture of metal household products	1202	1073	1118	1044	885	749	756
Other metal goods	3058	2511	2410	2632	2451	1898	3500
Services to metal manufacturing	619	653	714	960	810	1005	1305
Machines	51780	52236	52548	49789	43963	41311	42243
Yleiskäyttöisten koneiden valmistus	24341	23859	24833	24282	20969	19358	20017
Statical engines and turbines	1687	1633	1503	1704	1890	2035	2206
Pumps and valves	5297	4579	4738	4521	3925	3718	3723
Bearings and transmission equipment	1302	1299	1307	1244	1153	1116	1094
Industrial furnaces an burners	-	204	153	139	136	137	138
Lifting and handling equipment	7752	7974	8307	7647	6991	6646	6956
Weapons and ammunition	-	1406	1344	1354	1224	1122	1057
Other general purpose machinery	6526	6764	7481	7683	5660	4584	4843
Special industrial machinery	23005	23993	23339	20021	18396	17722	18523
Agricultural and forestry machines	3482	3874	3770	3020	2318	1965	2152
Machine tools	3563	3442	3219	-	-	-	-
Mining and construction machines	4339	4334	3934	3444	3089	2925	2805
Pulp and paper machines	8756	9301	9182	7688	7586	7356	7521
Other special purpose machines	2805	3042	3234	2728	2735	2736	2888
Machinery repair and installing	4434	4384	4376	5476	4598	4231	3703
Electronics and electrotechnics industry	39960	38967	39426	34511	33073	33129	37883
Computers and office machines	3299	3176	4163	2316	2773	2910	3249
Electronnic and communication equipments	12889	13033	12613	11751	11412	12314	15267
Circuits and components	1966	1947	1977	2016	1967	1977	2165
Telecommunication equipments	7814	8289	8526	8032	8280	9513	12199
Electrotechnics	17912	16828	16832	14874	13728	12690	13856
Electric motors and transformers	3112	3590	3914	3651	3627	3911	4848
Electric distribution and control equipments	6359	4652	4950	4473	4256	3855	3854
Domestic appliances	2045	2046	2028	1724	1528	1498	1519
Conductors and cables	4010	3848	3431	3121	2505	2074	1883
Accumulators and batteries	468	438	428	418	298	-	-
Other electric machines and equipment	1918	2254	2081	1487	1514	-	-
Instruments	5860	5930	5818	5570	5160	5215	5511
Medical and orthopedical instruments	1597	1714	1963	2309	2285	2582	2885
Transport equipment	31148	29528	25764	24369	22584	21468	21738
Ships	13162	11134	8771	8531	8366	8035	8525
Boats	1740	1556	1317	1041	833	755	694
Railway rolling stock	3496	3570	3086	3289	3095	2865	2700
Car, trailers etc.	9407	9731	8616	7677	6549	6243	6355
Automobiles and parts	5168	5385	4756	4394	3912	3985	3931
Automobile bodies, trailers	4239	4346	3860	3283	2637	2258	2424
Aircraft and aircraft motors	2669	2897	3192	3182	3193	3125	3006
Other transport equipment	674	694	782	649	548	445	458
Bicycles, mopeds, motorbikes, etc.	531	543	640	-	483	383	394
Other transport equipment	143	151	142	-	65	62	64

Table 5: Gross Domestic Product (GDP), Inflation, Productivity and Wage Development in Finland

Year	GDP (%)	Consumer prices (%)	Productivity (%)	Total wage increase (%)
1975		17.8	-0.5	19.6
1976	-0.4	14.3	3.1	11.2
1977	0.2	12.7	4.9	9.3
1978	2.1	7.6	6.9	8.3
1979	7.0	7.5	5.9	9.6
1980	5.3	11.6	3.2	14.9
1981	1.9	12.0	4.8	10.9
1982	3.2	9.3	4.4	11.9
1983	2.7	8.4	6.8	10.1
1984	3.0	7.1	6.5	7.3
1985	3.4	5.9	6.3	8.1
1986	-0.2	3.6	7.8	7.1
1987	2.4	3.7	7.4	6.7
1988	9.3	5.1	8.4	10.3
1989	5.7	6.6	6.5	8.4
1990	0.1	6.1	6.8	10.1
1991	-7.1	4.1	3.2	4.1
1992	-3.6	2.6	13.9	1.0
1993	-1.2	2.2	11.7	1.0
1994	4.5	1.1	8.4	1.1
1995	5.1	1.0	3.4	6.0
1996	3.6	0.6	8.6	3.4

Source:

Kansantalouden tilinpito 1975-1992, Tilastokeskus, Kansantalous 1994:9. Helsinki 1994
 Kansantalouden tilinpito 1990-1995, Tilastokeskus. Kansantalous 1996:20. Helsinki 1996
 Kansantalouden tilinpito 1991-1996, Tilastokeskus, Kansantalous 1997:18. Helsinki 1997

Table 6: Yearly changes in of productivity in manufacturing and different metal industries

Year	Manu- facturing	Manufactur e of basic metals	Manufacture of Fabricated metal products	Manufacture of machinery an equipment	Manufacture of electrical and optical equipment	Manufacture of transport equipment
1976	2.1	-2.9	2.4	4.1	-4.5	4.7
1977	3.9	17.9	14	5.8	1.8	-11.3
1978	5.9	16.5	1.7	4.6	-2.0	-8.3
1979	6.5	10.5	4.5	5.3	5.6	2.6
1980	3.9	5.6	7.5	2.6	6.3	2.0
1981	5.2	-2.1	8.8	12.5	5.6	3.0
1982	3.5	7.5	7.5	2.5	5.1	11.1
1983	4.8	8.8	1.9	-3.7	7.9	-0.5
1984	5.5	7.5	1.6	9.1	6.2	1.2
1985	5	2.4	5.5	11.3	9.2	3.3
1986	6.1	6.0	14.3	2.7	14.2	7.5
1987	7.4	10.0	6.4	9.0	10.6	3.6
1988	7.2	11.6	9.8	5.6	7.2	0.4
1989	6	6.5	3.2	4.5	16.2	1.7
1990	3	1.5	1.8	0.8	7.3	5.2
1991	-0.2	5.2	-3.5	-14.7	0.6	2.9
1992	12.9	13.4	9.1	10.3	32.5	12.1
1993	12.1	7.6	9.3	6.7	24.7	1.4
1994	9.6	4.5	9.9	10.7	12.7	5.5
1995	3.7	0.1	-0.5	10.9	6.3	4.5

Table 7: Wage increases and wage drift in Finland 1975-97

Year	All wage-earners			Blue collar workers in industry		
	Pay increase based on collec- tive agreements	Wage drift	Total	Pay increase based on collec- tive agreements	Wage drift	Total
1975	12.3	7.3	19.6	8.8	10.1	18.9
1976	7.8	3.4	11.2	7.3	6.5	13.8
1977	6.0	3.3	9.3	5.3	3.4	8.7
1978	5.9	2.4	8.3	5.4	3.6	9.0
1979	8.0	1.6	9.6	4.9	3.1	8.0
1980	12.4	2.5	14.9	11.3	4.6	15.9
1981	8.2	2.7	10.9	7.0	4.0	11.0
1982	9.4	2.5	11.9	8.4	3.1	11.5
1983	7.6	2.5	10.1	5.6	3.6	9.2
1984	4.6	2.7	7.3	4.0	3.8	7.8
1985	5.3	2.8	8.1	3.8	3.3	7.1
1986	4.5	2.6	7.1	2.8	3.4	6.2
1987	5.0	1.7	6.7	3.4	3.6	7.0
1988	8.0	2.3	10.3	5.3	4.0	9.3
1989	4.9	3.5	8.4	3.6	4.4	8.0
1990	6.3	3.8	10.1	5.4	5.1	10.5
1991	2.6	1.5	4.1	1.7	2.7	4.4
1992	0.0	1.0	1.0	0.2	1.2	1.4
1993	0.1	0.9	1.0	0.6	1.2	1.8
1994	0.7	0.4	1.1	2.7	1.9	4.6
1995	5.4	0.6	6.0	6.4	1.4	7.8
1996	2.5	0.9	3.4	2.4	1.4	3.8
1997	0.0	0.6	0.6	0.0	1.4	1.4

Table 8: Yearly changes in total labour costs, productivity and unit labour costs in Finnish industry

Year	Total labour costs change (%)	Productivity change (%)	Unit labour costs change (%)
1974	24.6	4.6	19.1
1975	25.0	-0.5	25.6
1976	19.7	3.1	16.1
1977	11.2	4.9	6
1978	7.0	6.9	0.1
1979	12.6	5.9	6.3
1980	14.6	3.2	11
1981	12.5	4.8	7.3
1982	10.7	4.4	6
1983	8.7	6.8	1.8
1984	11.0	6.5	4.2
1985	8.9	6.3	2.4
1986	7.4	7.8	-0.4
1987	8.9	7.4	1.4
1988	10.4	8.4	1.8
1989	9.6	6.5	2.9
1990	12.8	6.8	5.6
1991	6.7	3.2	3.4
1992	4.3	13.9	-8.4
1993	6.2	11.7	-4.9
1994	4.5	8.4	-3.6
1995	7.2	3.4	3.7
1996	2.4	8.6	-5.7

