

Finland

In August 2011, Finnish employers, increasingly reluctant to negotiate a framework agreement at national level, announced that they were refusing to negotiate a new general agreement that year, leaving sectors and businesses to come to their own agreements and abandoning more than 40 years of collective bargaining practice.

However, the coalition government and the social democratic Finance Minister declared they were ready to 'make a pact' with the social partners and reduce income tax at the end of the 2012 spring bargaining round to maintain purchasing power. This led to the social partners signing a national agreement in October 2011, which has now been taken up by several sectors.

The employers agreed to negotiate due to the political and union pressure and growing public dissatisfaction in response to the announcement of numerous business relocations. Another factor influencing the debate is that there is no proof that decentralised bargaining works: in Finland, although such bargaining has grown over the past 18 months it has rarely led to significant agreements. Moreover the number of illegal strikes has soared, which does not bode well. There have already been disputes in sectors where collective agreements were about to expire, including services, banking, the public sector (where all contracts are regulated by collective agreements) and technology.

In early 2012, a project on the sustainability of the Nordic system for the coming years was launched, bringing together researchers from five countries - Iceland, Norway, Sweden, Finland and Denmark. They will reflect on the future of the Nordic system, defined as a welfare state with a comprehensive social security system, high taxes and strong unions, with gender equality and an ambitious environmental policy, and how it can be adapted to better face the challenges of increasing global competition, the rapid development of new highly-population industrial countries (China, India), global warming, demographic ageing, the financial crisis and the increase in unemployment, thereby enabling the Nordic countries to remain competitive in terms of skills and knowledge. The focus is on:

- The cornerstones of the Nordic system: past, present and future, allowing researchers to analyse the threats to the system's fundamental elements, such as domestic changes (notably the impact of demographic ageing) and external changes (the impact of global warming and energy policies, ways to maintain a high taxation level and the comprehensive protection system).
- Developments in the individual countries (Iceland, Norway, Sweden, Finland and Denmark) to define the status quo of the system in 2012. This will later be used to compare the countries. The point will be to highlight how the system in individual countries is affected by national changes in terms of population,

employment, social protection, gender equality, infrastructures, aspirations, standards, requirements and international changes due to the economic situation, development and political governance.

- Thematic issues: 1/ the prospects for stable economic growth; 2/ decent working conditions and the future of the collective agreement system (working conditions, state of the trade unions, collective bargaining and the definition of wages); 3/ integration and challenges (how can the countries guarantee equal and high participation in employment, education and civil society, particularly for minorities); 4/ finance and sustainability; 5/ democracy, and in particular the future of the social protection system. The first results should be revealed in 2014.

In April 2012, the social partners agreed on a substantial series of measures intended to protect the pension system in the medium term, and amending unemployment insurance. These were needed, as an assessment of the 2005 agreement between the social partners and the government, intended to bring the retirement age up to 63 and to the effective retirement age (taking early retirements into account) to 62.4 by 2025, had not had the expected impact. While the rate of working 55-64 year-olds had gone up by 14%, average retirement age in 2012 was still far from the target. In 2011, it was around 60.5, 0.1 % up from 2010 but way below expectations.

- Amendments to the pension system will increase pension contributions paid by employers and employees: in 2015, contributions will increase by 0.4 points for employers and employees (i.e. a total of 0.8 %) and again in 2016. The possibility of early retirement before the statutory retirement age of 63 has been removed. The age entitling workers to partial retirement (such as phased-in retirement) goes up from 60 to 61. One of the most substantial innovations are the measures envisaged to keep older people at work. These will be funded and organized by pension organizations and occupational health services. In addition, an agreement signed in 2011 will come into force, focusing on the development of individual career plans for employees allowing them to remain active longer.
- Amendments to unemployment insurance foresee the possibility of drawing benefits after only 6 months in employment (instead of 8 before), though the benefits will now only be paid for 400 days (instead of 500) for people who have worked for less than 3 years and for 300 days for young people (as of 2014) taking up the incentive measures (notably training) offered. This last measure is compensated by a State promise to offer a so-called 'social guarantee' for young unemployed people without benefits – a job or training.

In May 2012, a tripartite task force established by the Ministry of Employment and Economy in 2011, presented its report on ways to improve the labour market position of atypical workers (fixed-term, part-time, temporary agency workers and self-employed). Although the report identifies major problems in particular in relation to equal rights for these workers compared to permanent jobs, the report makes, to the disappointment of the trade union confederations STTK, Akava and SAK, no concrete proposals on ways of alleviating the problems, instead merely proposing the establishment of several smaller task forces on varied aspects of the issue. A recent concrete initiative seems to be the Government Proposal 152/2012 to Parliament on amending the Employment Contracts Act (55/2001) and the Act on Contractor's Obligations and Liability When Work is Contracted Out (1233/2006). The objective of the proposal is to further clarify the legislation on fixed-term contracts. The aim is to include all relevant information for employees so they are in a better position to determine whether a legal basis exists for

concluding fixed-term contracts or not. The aim is to promote the hiring of employees. According to the amendment, the employer shall provide the fixed-term employee with details on the duration of the fixed-term employment contract in writing and providing justification of the fixed term, even if the contract's duration is less than one month. Such details must also be provided to temporary agency workers in writing, even if the contract's duration is less than one month. The employer must explain the reasons for using temporary workers to the employee representatives. The Act was foreseen to enter into force on 1 January 2013.

References/sources

Electronic newsletters/websites

Planet Labor: <http://www.planetlabor.com>

EIROOnline: <http://www.eurofound.europa.eu/eiro/>

Epsucob@NEWS – Collective Bargaining in the Public Services: <http://www.epsu.org/>

ETUI-AIAS Collective Bargaining newsletter:

<http://www.etui.org/E-Newsletters/Collective-bargaining-newsletter>

ETUC website section on economic and social crisis: <http://www.etuc.org/r/1378>

ETUI website section on crisis: <http://www.etui.org/Topics/Crisis>

European Labour Law Network (ELLN) - <http://www.labourlawnetwork.eu>

Periodicals

Liaisons sociales Europe

Social International

Other

ILO (2012) World of Work Report 2012: Better jobs for a Better Economy, ILO, Geneva

Muller, A. (2011) Employment protection legislation tested by the economic crisis: A global review of collective dismissals for economic reasons. Dialogue in Brief, No. 3, September 2011, ILO, Geneva.

Available in French, English and Spanish at: http://www.ilo.org/ifpdial/information-resources/publications/WCMS_166754/lang--en/index.htm

Contributions by ETUC affiliated organisations:

ETUC Litigation network (meetings 29 June 2012 and 10 December 2012)

ETUC Social Policy and Legislation Ad hoc working group (Meetings 13 November 2011, 5 April 2012, 24 October 2012).

ETUC Legal Experts Network NETLEX (Annual Conference 1-2 December 2011, 11–12 December 2012)