

The Economic Development of Finland

Lecture 5: History of strikes in Finland; Finland and the euro

(Partial) General strike of 2015

- On the September 18 several labor unions will join in a first general strike in Finland since 1956 (or 1986)
- Strike is aimed against government plan to diminish the role of labor unions in wage setting
- Government aims to change to law so that:
 - The minimum Sunday compensation will be 175 %
 - There is no need to compensate the first day of sick leave
 - Cut paid vacations of public workers to 30 days (from 38 days)
- It would not be possible to agree the terms better than the above by collective agreement among labor market organizations.
- Still, better terms could be agreed locally in the contract of employment.

General strike of 1905 (29 Oct. – 6 November)

- The general strike of 1905 was organized by Social Democrats of Finland
- Main demands were:
 - Dissolution of the Senate of Finland
 - Suffrage and political freedoms
 - Abolition of censorship
- Results:
 - General suffrage to all adults (over 24 year old men and women)
 - First general elections were held in March 1907
 - Diminution of the role Russia in Finland
 - Establishment of first trade unions (in 1907)

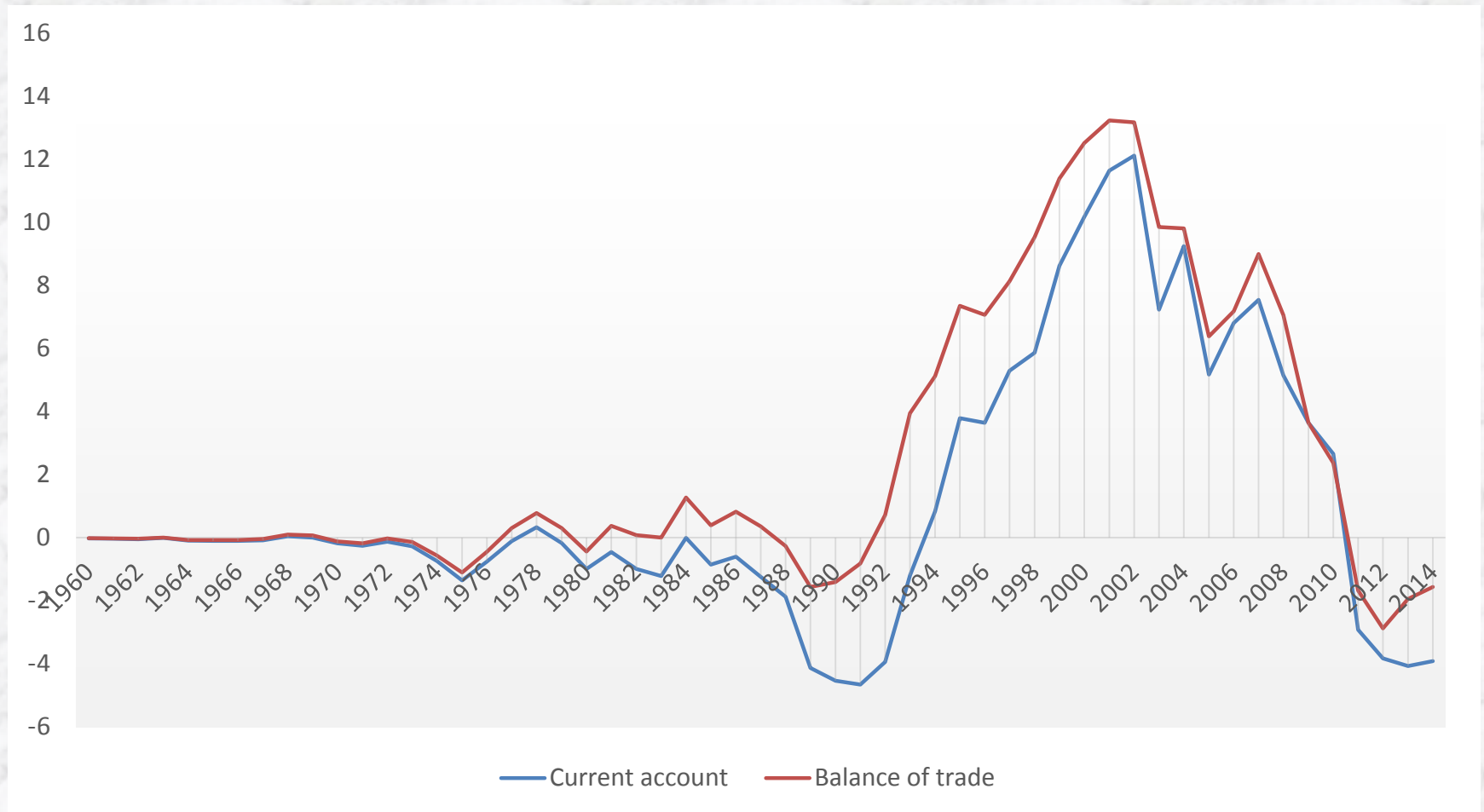
General strike of 1956

- Government lost the control of wages that Finland had put in place after WWII in the beginning of the year 1956
- This combined with the liberalization and integration of trade in Western Europe led to big increases in different products, including housing and dairy
- Negotiations between major trade unions (SAK on the workers side, STK on the employers side) broke down and general strike began on 1 March 1956 (estimated 400 000 workers participated)
- Strike ended on 20 March after government issued a threat of martial law
- STK agreed to increase wages in 13 % on average
- Finland devalued its currency by 39.1 percent against USD on Friday 13 September 1957

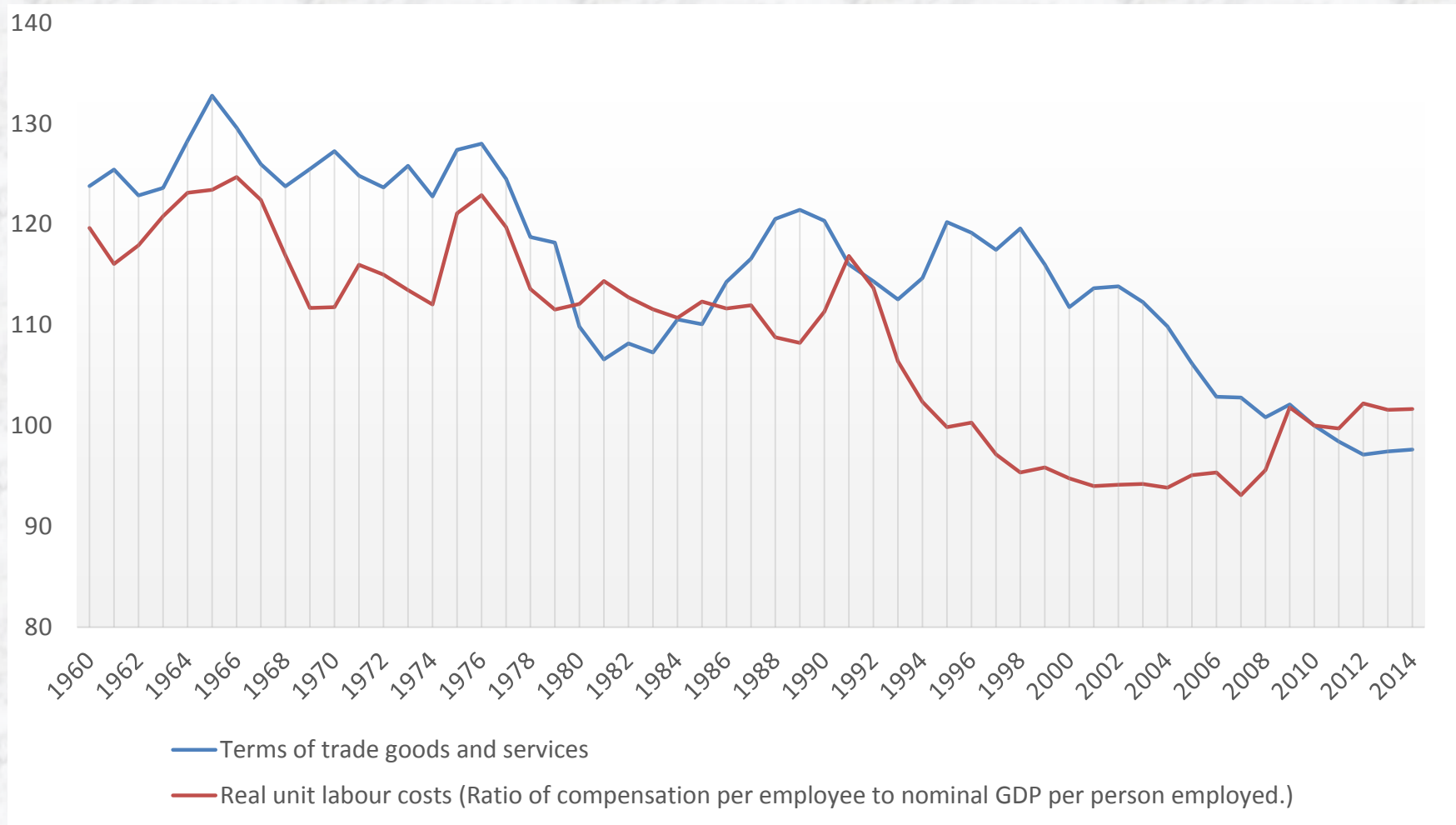
Other general strikes

- First (known) strike: Strike of dockers of Turku in 1491.
- Fall of 1917 (14 – 20 November)
 - Main demands:
 - 8 hour working day
 - Revolution
 - Paved the way to Civil War
- 1929 (16 November)
 - Main demands:
 - Improvement of the situation of political prisoners
 - Lead to the dissolution of the labour union Suomen Ammattijärjestö
- 1986 (13 – 15 March)
 - Main demands:
 - Wage increases
 - 35 hour working week by 1990

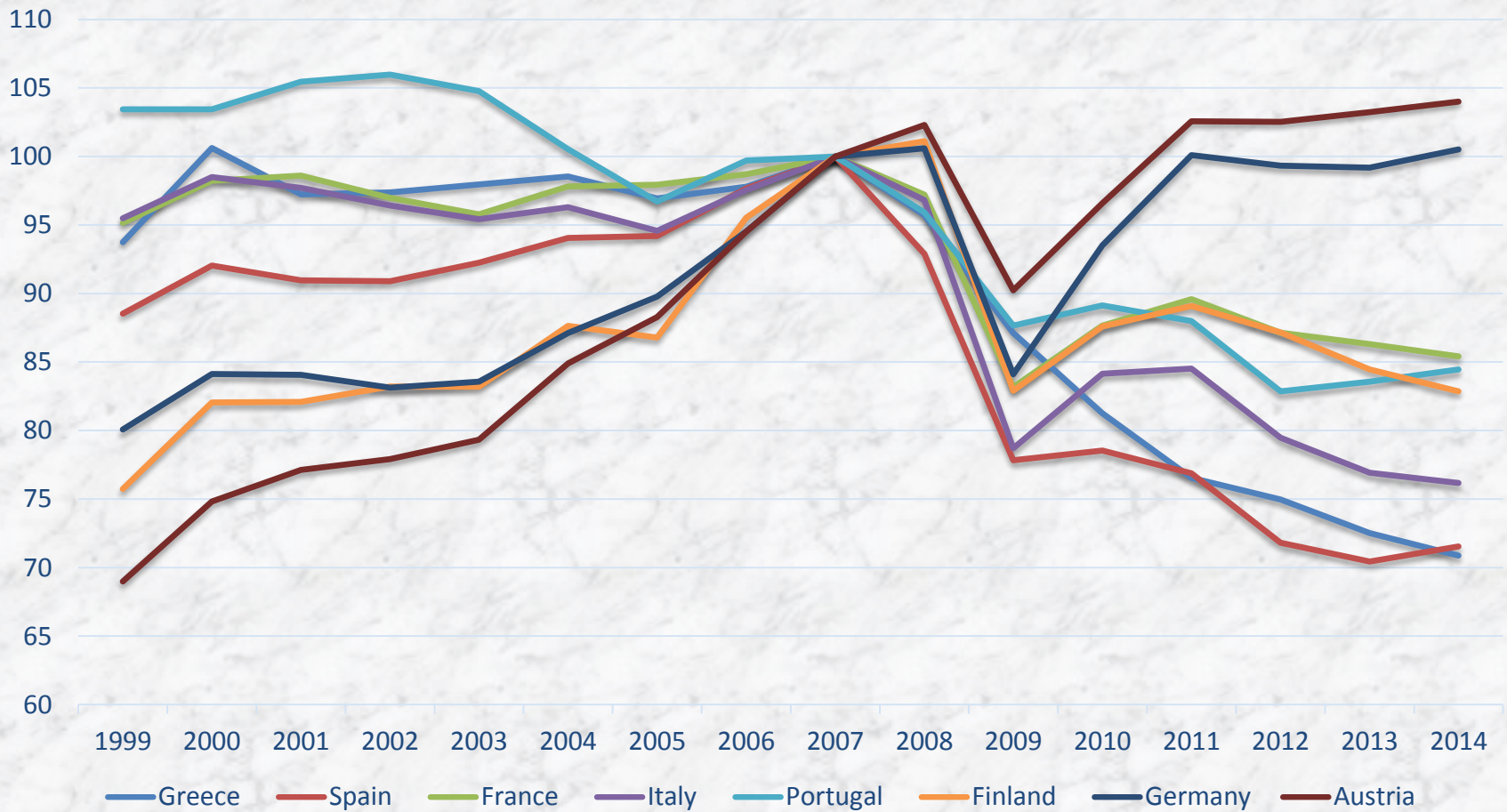
Foreign trade balance of Finland, 1960-2014



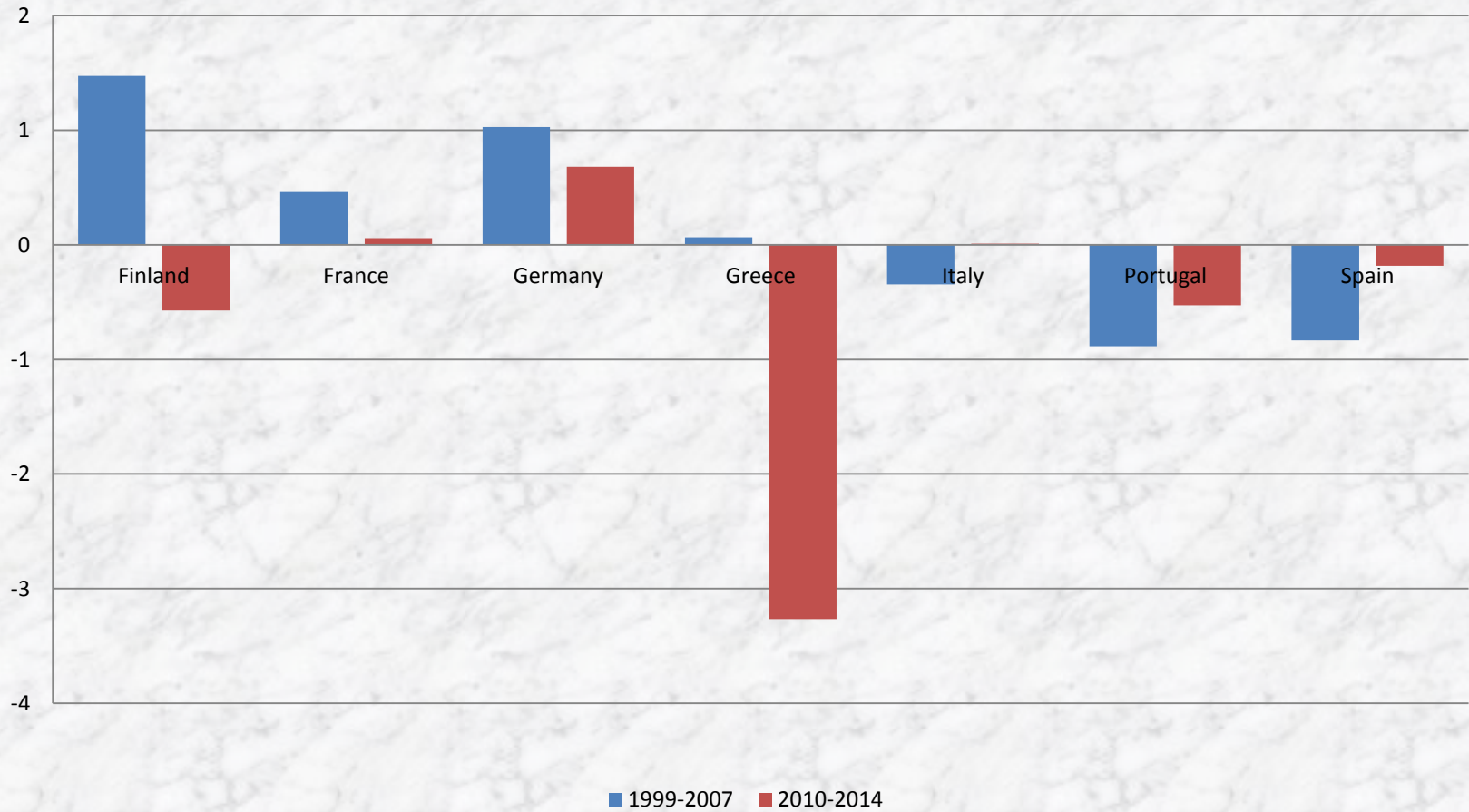
Terms of trade and unit labor costs, 1960-2014



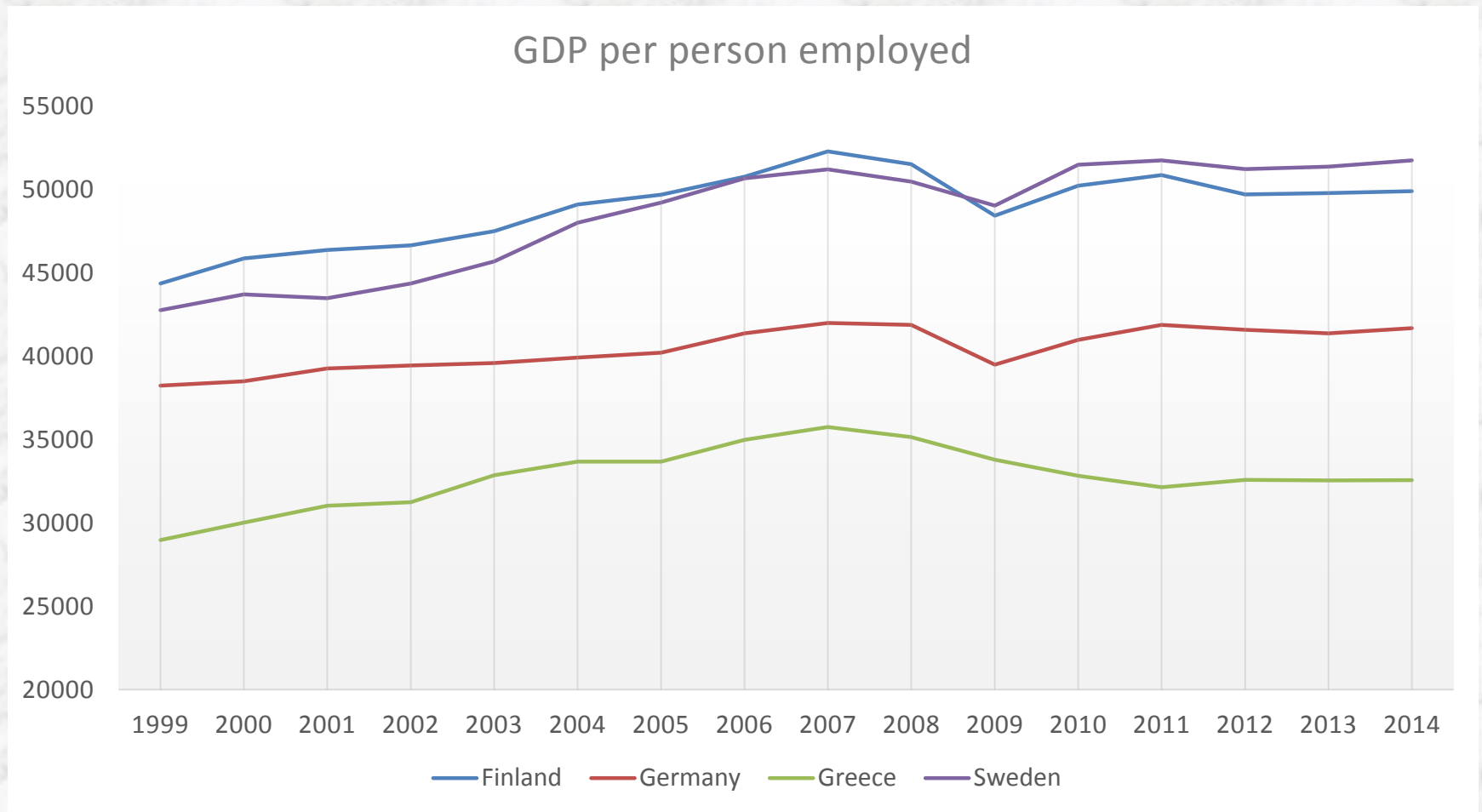
Industrial production in selected eurozone countries, 1999-2014



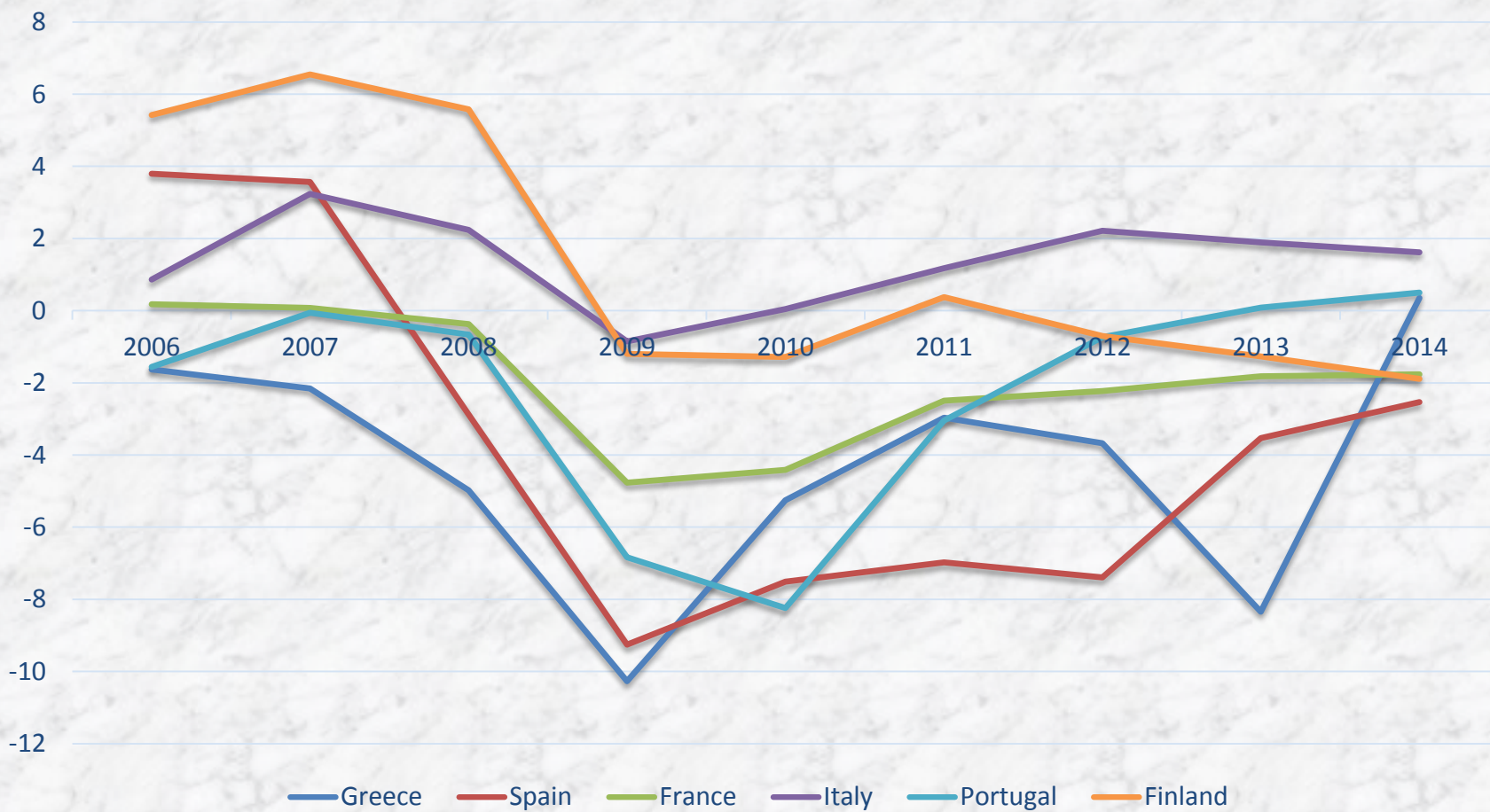
Total factor productivity



Labor productivity per person employed in 1990 US\$ (PPP), 1999 - 2014



Primary budget balance in selected EZ countries, 2006 - 2014



General government debt (% of GDP), 2006- 2014

