Finnish government prepares new attacks on working class

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The attack on the living standards of the working class is set to intensify due to Finland's escalating economic crisis.

A report in October by the National Institute for Health and Welfare estimates that already 440,000 Finns, almost one in eight, "do not earn enough to maintain a reasonable level of consumption."

Last month, the European Systemic Risk Board (ESRB) noted that Finnish household debt levels are at a historically high level and "could pose a systemic risk to financial stability in Finland."

On November 19, state-owned broadcasting service Yle reported comments from Juha Sipilä, prime minister of the Centre Party-led coalition, who said the trade unions were "spreading negative attitudes" and "whining about Finland's employment situation."

In light of Sipilä's remarks, Yle's morning politics programme invited both Jyri Haekaemies, CEO of the Confederation of Finnish Industries (EK), and Jarkko Eloranta, of the Central Organisation of Finnish Trade Unions (SAK), into the studio for comments.

Haekaemies said, "Everyone is waiting for positive news, but our task is to come out on the issues as they really are. Finland's economy has been squeaking along for the past decade. Our employment percentage is 68 while in Sweden the figure is 76 percent. These are the facts that we need to base our actions on."

Referring to Sipilä's comments during a factory tour on November 15 that the trade unions "have been spreading a negative atmosphere in Finland's economy," Eloranta feigned an oppositional stance stating that SAK "has had its work cut out with the current government."

However, he immediately reassured Haekaemies that while the unions have opposed some of the government's attacks, "They have also put new agreements into action and at least the SAK will continue to propose reforms to Finnish society and social security."

The principal "new agreement" is the Competitiveness Pact, to which, after months of wrangling, the trade unions signed up in the summer. The pact included a yearlong wage freeze, increased deductions from employees for pensions and sickness benefits—with a corresponding decrease in employers' contributions—and a 30 percent cut in holiday pay for public employees for the period 2017-2020. The deal ensures that Finns work three additional days a year without a pay rise.

The pact was based on economic conditions as of 2015/2016 and played a central part in the drive to close a "10 billion euro sustainability gap" and enable Finnish capital to compete in the world market. It is clear, however, that the deepening global crisis has overtaken the Finnish bourgeoisie, the right-wing coalition government and the trade union bureaucracy.

Yle reported October 27 that the European Commission (EC) said Finland's economy remained among the worst in the European Union (EU), and it suspects that Finland and six other European countries are "running afoul of EU budget rules."

The EC recommended that Finland improve its structural deficit by 0.6 percent of GDP.

Further attacks on the conditions of the working class are being prepared. This is the content of the statement of Matti Hetemaeki, the permanent secretary at the Ministry of Finance, who declared in August, "The situation is a lot worse than is widely thought. We have a Nordic welfare state, with its benefits and services, but our employment rate is Southern European."

Mikaeel Pentikaeinen, chief executive of the Federation of Finnish Enterprises, having complained that it is too difficult for small businesses to lay off employees, stated in the *Helsinki Times* that “small and medium (sized) enterprises have recently been practically the only source of job creation in Finland.”

The coalition government is seeking to further the attack on the working class, and it is clear that the Finnish bourgeoisie fears the response of the class, not the union bureaucracy. That the unions have signed up to the pact is one thing, their ability to deliver it is quite another.

With a union membership level of 69 percent, the Finnish working class is the most unionised in Europe. However, the unions have not been able to contain growing struggles by workers against the most sustained attacks on living standards in generations. As the Swedish industrial relations “expert” Henrik Malm Lindberg wrote in the Helsinki *Hufvudstadsbladet* November 3, “For several decades Finland has been a country marked by a high level of industrial conflict both by Scandinavian and European standards.”

He compared the situation in Finland today with a strike wave, including unofficial strikes that took place in Sweden in the early 1990s. Since 2000, strikes in Finland both lawful and unofficial have averaged 100 a year. There was mass action in the summer of 2015 against the imposition by decree of the Competitiveness Pact and in December broad support for the postal workers’ strikes. On November 3, Helsinki shipyard workers struck for two days over the interpretation of the pact.

Lindberg made some recommendations among which was that, as in Sweden, wage levels be determined by the needs of the export industries. While Finnish capital looks to such a solution, Jyri Haekaemies warned that whereas in Sweden “the benchmark—the wage level determined by the export industries—is not only the ceiling but also the floor… In Finland we ought not to have a floor unless it is flexible.”

The coalition government is thinking in similar terms. In an October 24 *Bloomberg* article, “Finland’s Millionaire Premier Freezes Pay in Bid to Save Economy,” reporter Raine Tiessalo interviewed Sipilä at some length. Sipilä stated, “We’re behind our main competitor countries. Our problem is that our exports are lagging and that growth relies on domestic demand…exports should become the growth motor again.”

Exports comprise 40 percent of Finland’s GDP, and Tiessalo notes that “the country has booked a trade deficit almost every month this year as exports have shrunk some 15 percent from December through August.”

From 2018, Sipilä said, “exporting industries will set the base for pay talks.”

In the Competitiveness Pact, the unions agreed that there would be no pay rises in 2017. Tiessalo wrote, “With pay levels under control, Sipilä says the next step is to ensure that Finns actually produce more—essentially forcing them to accept pay cuts per unit produced.”

“There the government does not have much influence as it depends on the companies,” Sipilä said, adding, “But my gut feeling from speaking with exporters is that 5 percent productivity is not a problem.”

Even this would not meet the demands of some representatives of the bourgeoisie. On October 4, Martti Ahtisaari, the president of Finland from 1994 to 2000, gaining election on the Social Democratic ticket, ranted, “[O]wing to globalisation we cannot succeed if we overprice ourselves. We could succeed by halving wages. Where can we find an administration that is willing to start cancelling benefits we cannot afford?”

Bjoern Wahlroos, an executive at the Swedish-based financial group, Nordea, declared on Yle’s Internet channel in October that digitalisation and “robotisation” had changed working life, “But low wage jobs are a necessity if there are to be enough jobs.”

Among the fresh attacks being considered by the governments are public spending cuts. Last month, Petteri Orpo, the finance minister, warned that a further 1 to 2 billion may need to be cut next year.