

Farewell to Communist Strike Hypothesis? – The Diversity of Striking in Finland 1971-1990

by Tapio Bergholm (SAK and University of Helsinki) and Paul Jonker (University of Turku)

Since the Second World War Finland has been quite extraordinarily prone to strike activity compared with the rest of Europe or even the world. According to Colin Crouch's calculations this small Nordic country was first in the years 1945-1950 and second after Italy during the years 1970-1975, measured by workdays lost per 1000 persons in the dependent labour force (Crouch 1996, 203, 255. See also Alasoini 1985; Ross-Hartman 1960). The pattern of intense industrial conflict is clear, if we calculate annual averages in the numbers of strikes, number of strikers or numbers of work days lost. At the same time the annual fluctuations in these numbers are substantial. Quite often the year to year difference is very wide indeed (appendix).

These fluctuations show that the history of Finnish industrial relations is an odd mixture, with inbred tensions. Until the late 1980s Finland had high numbers of industrial disputes at the same time as the central employer organisations, the peak trade union organisations and the state were committed strategically to an incomes policy. Tripartite agreements delivered industrial peace only gradually. Strikes withered away in Finland comparatively late in the 1990s. Historians, social scientists and journalists have disagreed over how and why Finland transformed herself in the 1990s from a society with high density of industrial conflict to one with minimal industrial strife. Among other things the role of the Great and Dangerous Neighbour i.e. the Soviet Union, the Communist Party, structural changes in the economy and the severe recession of the 1990s have been debated in depth (Hämäläinen 2005; Lilja 1992; Mansner 2005).

The traditional explanation for the high Finnish propensity to strike has been quite one dimensional and party political. Those actually involved in industrial relations at the time, historians and social scientists from Finland as well as from abroad have argued that the decisive factor explaining high strike rates in Finland was strong support for the Communist in general elections, in unions and among shop stewards. (Hästö 1987; Kahri 2001; Ketola 2007; Mansner 1984; Mansner 1990; Rentola 2005)

Small and short strikes have accounted for the majority of actions. Industries such as shipbuilding, the metal industry, vehicle production, ports and road transport have historically been strikeprone and the Communists have had a strong presence in these industries. The traditional approach can thus explain quite well short local workplace disputes quite well. But these disputes produce only a fraction of the working days lost due to industrial conflicts. E.g. during the first year of analysis for this paper in 1971, in total 2.7 million days were lost, but only 158 000 days were lost in local disputes. During 1973 three national strikes combined gave 82 percent of all days lost.¹

When we analyse the high numbers of strike days in Finland, the Communist hypothesis loses its analytical vigour. National disputes organised by trade unions with or without Communist influence are responsible for the majority of working days lost in Finnish strikes. It is impossible to explain the actions of politically heterogeneous national trade unions by Communist impact, activity and involvement in Finnish industrial relations.

¹ Moniste Työtaistelut 1971, TY 1972:6 (Niteessä Tilastotiedotus TY 1972, Tilastokirjasto), 2; Moniste Työtaistelut 1972, TY 1973:10 (Niteessä Tilastotiedotus TY 1973, Tilastokirjasto), 2; Moniste Työtaistelut 1973, TY 1974:18 (Niteessä Tilastotiedotus TY 1974, Tilastokeskuksen kirjasto), 2.

1. About the period and statistics

There are four main reasons why this period of time has been chosen for an analysis of Finnish strikes. Finnish statistics on industrial disputes changed substantially in 1971 and started to record smaller and shorter strikes than before. Due to the fundamental differences in the official statistics before and after 1971 this paper concentrates on developments after the year 1971. The other reason to begin this analysis from 1971 is that the European strike wave came to Finland late. The period of intensified industrial conflict in Finland actually started in 1971.

Civil servants got the legal right to strike from the beginning of 1971. This opened a new space for industrial conflict in Finnish society and also underlined that the right to strike was introduced as one of the basic rights for trade unions in all sectors. The analysis ends in the year 1990 because industrial relations in Finland changed fundamentally due to the severe recession, which started in 1990-1991.

2. Finnish strikes and labour law

Attempts to interpret strikes are meaningless if one does not also pay attention to the institutional setting of strikes. Strike law in the EU differs significantly from country to country. For example some countries allow political strikes, while others do not, and secondary industrial action is not allowed in all 27 EU countries (Warneck 2007; Clauwaert 2002). Thus, when Crouch (1996) lists European countries in terms of strike proneness, we have to consider industrial action legislation and how this affects the incidence of strikes. In particular, any comparison with the high level of strikes in France has to be treated with extreme caution, as there, as well as in Italy and Belgium, the right to strike is an individual right, guaranteed by the Constitution, whereas nearly everywhere else it is a collective or labour union right. But in contrast to the Finnish case, political strikes are strictly forbidden, as these constitute an abuse of the right to strike. Also in strong contrast to the Finnish case, there is no peace clause, which means that in France a collective agreement cannot restrict the right to strike.

The procedures for institutionalised conflict resolution are also very significant for the interpretation of strike levels. In Finland, strikes have to be announced to the other party and the National Conciliator 14 days before the strike is going to be held. This notification has to include the reason for the strike, the date and duration as well as the location(s). This notification thus triggers the involvement of the National Conciliator, who is charged with resolving industrial conflicts. The institutional conflict resolution procedure is another reason why the state does not interfere in strikes, other than issuing condemnatory statements.

In contrast to France, strikes are not *ultima ratio* (Warneck 2007). In Finland, strikes are part of the collective bargaining process and they are legal – even for civil servants employed by the state and local authorities – after agreements have expired. Lockouts are also legal but rare compared to strikes. Unions are obliged to ensure that they, local trade union branches and their members follow the peace clause in agreements. If members, branches or unions resort to strike action themselves punitive fines can be imposed by the Labour Court. In many cases settlements of local strikes include a clause that neither party may take other to the Labour Court.

Although it is clear that, in general, a strike is an instrument used to express certain demands or grievances, strikes in the Finnish case have a particular institutional context and a specific role in the collective bargaining process. This helps to explain the frequency of strikes without the need to return to the explanation of Communist influence.

3. The Diversity of Finnish Strikes²

The statistical records of industrial disputes demonstrate that Finnish industrial relations are very unstable. The numbers of disputes, work days lost and workers involved fluctuate quite wildly from near industrial peace to a high level of labour conflicts in European terms. Stability agreements and pacts in the 1940s and 1950s and incomes policy agreements in the 1960s, 1970s and 1980s did not change this pattern.

Due to variations in the coverage of comprehensive incomes policy agreements and the length of national collective agreements, the numbers of workers affected and working days lost fluctuated considerably. Incomes policy agreements created tensions, because wage drift was often substantial in industrial occupations, but it was small or non-existing in the public and private service sectors. Incomes policy agreements set boundaries for those unions that tried to increase their wages more than the generally agreed amount. Many occupations and their trade unions did not follow the line of incomes policy agreements, when they attempted to restore the old wage structures against the rapid wage increases in other sectors. Therefore participants in national strikes varied from blue collar workers to salaried employees and police as well as to people with university degrees.

The biggest industrial conflict of the period under review was the metal industry strike in 1971. About 65,000 workers were involved and 2.3 million working days were lost. The other important conflict was a simultaneous strike and lockout in the construction industry. The following year was comparatively peaceful, but there were wildcat strikes in Northern ports, and national strikes involving employees in the state-run alcohol shops, road transport, the rubber industry, journalists as well as diving school teachers. There was also a joint strike and lockout in the construction industry in 1973, and in the same year salaried employees in the banking sector and technical employees in industry went on a nationwide strike.

The metal industry strike in 1971 and the combined lockouts and strikes in the construction industry in 1971 and 1973 were prolonged trials of strength that only served to emphasise the fact that the advent of the age of comprehensive incomes policy agreements had not brought peaceful co-existence to industrial relations. Strikes increased in almost every country in Western Europe in the late 1960s and early 1970s, linked to the rapid growth in the strength of leftist revolutionary groups among students in the USA and Western Europe. In Finland, too, the students turned towards the labour movement. For example, in the early 1970s, during the strikes in the metal industry and the building trade, the strikers got free medical attention from students who were acting as medical locums in some localities.

After two more peaceful years industrial strife reached a new peak in 1976. National strikes of food workers, police, telephone fitters (in the end of this conflict there was also a lockout) and dock workers were part of that heated year in Finnish industrial relations. Even though the number of strikes fell substantially in 1977, the number of workers affected in terms of working days lost increased significantly. Large scale national strikes were organised in the road transport industry, in the shoe and leather industry, in the hotel and restaurant sector and in power stations.

² *Työtaistelut 1978-1991, Helsinki 1979-1992.*

In 1980 lumber jacks, forestry machine operators, seamen, merchant fleet officers and salaried employees in industry went on strike. All these national strikes lasted over one month. The following year the largest conflicts were a two day strike connected to collective bargaining in the metal industry, a local general strike in the town of Kotka and national strike in the insurance sector. The only national conflict in 1982 was in quite small industry, when construction workers employed on infrastructure projects went on strike. Nurses and pharmacists went on strike in 1983. 1984 saw conflicts involving the Confederation of Unions for Academic Professionals, and doctors, psychologists, pharmacists, dentists, chemists, teachers, kindergarten teachers, librarians and social workers, all of whom came out against the Municipal Agreement Commission. Joining them were also retail sector workers, workers in the textile industry and workers in car and vehicle repair shops.

1985 was quite a quiet year, with only salespersons of the state-run alcohol shops on strike. Civil servants, about 41,000 of them, had a nationwide strike in 1986. Construction workers and electricians were again involved in, a combined strike and lockout in the same year, and a local bus drivers strike in the Helsinki metropolitan area occurred at the end of 1986, the last peak year of Finnish industrial conflict. There were joint lockouts and strikes in banking sector in 1990.

4. Wage transparency and collective agreements

Those who underline the importance of Communists in shaping Finnish industrial relations and their major involvement in the making of Finnish strike statistics have frequently drawn comparisons with France and Italy. The problem with this approach is that Finnish industrial relations structures do not resemble those of Italy or France. Finland resembles the other Nordic countries rather than the Latin-Mediterranean model not only in its labour law but also in the structure of its trade unions, the strength of the peak organisations, state involvement and collective bargaining.

The decision on national wage control in 19 June 1945 defined standard wages and other principles concerning the calculation of pay and indirectly imposed collective bargaining and agreements in the Finnish labour market. The aim of the wage control decision and collective agreements was to promote stable and fair wage structure and industrial peace (Bergholm 2005b). The trade unions and the employers' organizations were responsible for implementing wage control in practice. A system of national collective agreements developed quite rapidly during the years 1945-1947 based on earlier local and sectoral experiences (Bergholm 1997; Bergholm 2005a).

The bodies in charge of the wage controls – and on occasion the cabinet too – approved the agreements made by the labour market organizations. However, for all its formal strictness, this and later government decisions on wage control had the paradoxical effect of making the collective bargaining system very unstable. Wage controls were not successful because they did not cover piecework and productivity bonuses. The classification of workers according to their skills, how strenuous or hard their job was, their sex and where they lived caused disputes not only between the employers' organizations and the trade unions but also between and within the unions themselves. Although some special clauses in the decision on wages initially provided a kind of safety valve releasing the pressures for wage increases that had built up in certain sectors, their actual application led to new pressures, and these in turn to threats of industrial action and strikes.

The official standard wages and the collective agreements that were based on them provided a good basis for comparing wages in different sectors. The growth of wages in different fields was linked together both administratively and in practice in the new institutional setting, in which agreements became publicly known through the media, and the pay rises obtained by individual trade unions or groups of workers could easily lead to a general spiralling of wages. (Bergholm 1997; Bergholm 2005)

This high level of wage transparency in collective bargaining became a long lasting institutional feature of Finnish industrial relations. The introduction of incomes policy in 1968 strengthened the earlier rigidity of the wage structure across all sectors by imposing similar pay rises (Bergholm 2007). In Finland the institutional setting was such that the threat of a strike was the only way to upgrade the relative position of a sector or union in the wage structure. That wages and strikes in different sectors were closely interrelated explains the paradox of the great fluctuations in Finnish strike levels. A period of industrial peace came to an end because a levelling wage increase in one sector caused the wage-earners in other sectors to agitate and strike for pay rises.

Thus, it is the historically embedded structural features of Finnish industrial relations that can better explain the propensity to strikes in the Finnish labour market, rather than the Communist predominance in industrial action. During and after the Second World war wage structures changed substantially. Even though these changes became smaller during the 1950s, these changes created a permanent tension between industries of high wage drift with piece work and production bonus systems and other sectors with more fixed and immobile wages. Those groups of employees and workers, who felt disadvantaged due to wage drift, had to resort to the threat of strike action or long national conflict to follow wages in other industries. Sometimes employees and unions in the wage drift sectors felt that unions with fixed wages were too successful. Therefore all unions could resort to industrial action (Mattila 1992).

In Finland industrial action became quite detached from party politics as an accepted and normal behaviour in the labour market. If the police, civil servants, nurses, teachers, doctors, dentists and social workers go on strike in same country this cannot be explained satisfactorily by the involvement of proto-revolutionary Communists.

Wage drift is not the only destabilising factor in Finnish wage structures. Individual incomes altered substantially when the rapid structural change of the economy from a rural agrarian society to a more urban society increased employment in the industrial and service sectors. The Finnish economy was until the beginning of 1990s quite dependent on the success of the forestry sector and the metal industry which produced equipment and machinery for it. Strong fluctuations in the prices of sawn timber, pulp and paper created instability in the Finnish mono-economy (Hjerpe 1989, pp. 154-163; Kaukiainen 2006). Currency devaluations – in 1945 (three times), 1949 (twice), 1957, 1967, 1977 (twice), 1978, 1979, 1982 and 1991 – to help the imports of forest industry products increased inflationary pressures in Finland. (Pekkarinen-Vartiainen 1993)

Incomes policy agreements in the late 1960s and early 1970s raised the pay of low income groups. This solidaristic wage policy equalised wage structures and decreased considerably incomes disparities in Finland. Due to inflation the progressive taxation of high earners became gradually tighter in the beginning of 1970s, which strengthened the trend towards more equal earnings, but produced dissatisfaction among white collar salaried employees, skilled industrial workers and civil servants (Mattila 1992, Mattila 2000; Mattila 2005; Muiluvuori 2000).

5. Moral code of successful striking?

This paper has argued that the high strike rates in Finland cannot be explained adequately by Communist involvement or influence in Finnish trade unions, work places or society in general. Despite its Nordic traditions of institutional structures in industrial relations, Finland resembles the Latin-Mediterranean countries in comparative strike statistics. In the culture of striking Finland actually resembles in some basic features Italy and France in the 1970s and 1980s. Strikes – even wild cat strikes - have a very high degree of legitimacy in Finland.

The structural, economic and institutional setting favoured strike action in Finland, but it also produced longer and shorter spells of industrial peace. One major reason for the Finnish propensity to strike is the success of striking. Even employers think that a trade union taking industrial action deserves something more than other groups. Therefore trade unions never suffered profound or total defeat in their strike action during these years. (Mattila 1992; Mattila 2000; Mattila 2005; Mansner 1990; Mansner 2005; Pietiäinen 1995)

This tradition of successful striking was embedded in both local and national industrial conflicts (Kujala 2006). Compared to Sweden, Finnish employer organisations were weak and lacked the means to impose strict discipline against companies or federations which gave in to the demands of strikers. The rules of employer associations were quite lax and their economic capacity to support their member organisations or companies against strikes was miniscule. (Mansner 1990)

Historians, sociologists and industrial relations researchers have analysed, why employees strike. In a society like Finland undergoing rapid structural change, with volatile high inflation economy, permanent tensions in a highly transparent wage structure and strong unions, we probably can pose this question the other way round. Why don't people and unions strike more often? In Finland in the years 1971-1990 strike action was – compared to many other countries – neither a very extreme, abnormal nor risky.

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APPENDIX

FINNISH STRIKES 1971-1990

	Working days lost	Lost days per worker affected	Workers Affected in disputes	Per industrial dispute	Percent Of Employed	Industrial disputes
1971	2711100	6,7	403300	481,3	18,6	838
1972	473100	2,0	239700	282,3	11	849
1973	2496900	3,7	678200	672,2	30,6	1009
1974	434800	1,2	370700	207,3	16,3	1788
1975	284200	1,3	215100	140,6	9,7	1530
1976	1325500	2,6	512700	156,2	23,8	3282
1977	2374700	3,2	743800	444,6	35,2	1673
1978	132400	0,8	164600	133,1	7,9	1237
1979	243400	1,1	229000	130,6	10,7	1753
1980	1605600	3,9	413140	184,6	18,8	2238
1981	659100	1,3	492960	305,8	22	1612
1982	207600	1,2	167500	135,1	7	1240
1983	719700	1,7	421840	217,4	17,7	1940
1984	1526900	2,7	562480	328,9	23,3	1710
1985	174300	1,0	171350	202,1	7	848
1986	2787600	4,6	602730	492,0	24,8	1225
1987	130890	1,3	99290	123,8	4,1	802
1988	179820	0,7	244070	180,4	10	1353
1989	204210	1,3	158480	252,0	6,4	629
1990	935150	3,8	244760	537,9	9,9	455