



PRIME MINISTER'S OFFICE



Social dialogue in a time of crises – recent experience from Finland

Pekka Sinko, ESC Finland
Meeting of the SGs of ESCs, Dublin 3.-4.5.2012



Finnish ESC – basic facts

- Forum for dialogue between the Government, the Bank of Finland and the social partners
- Chaired by the Prime Minister
- Roughly 20 members at the highest level in monthly meetings (confidential)
- Focuses on economic policy issues of central importance for Finland including the information on monetary policy of ECB



Framework Agreement 1/2

- A 25-month centralized collective agreement between social partners agreed on in October 2011
- First centralized agreement in four years after the employer side had unilaterally abandoned centralized agreements in 2007
- Strongly advocated by the government as a way to preserve Finland's competitiveness in the difficult times ahead



Framework Agreement 2/2

- The agreement allows for 4.3% pay increases over a 25-month period with an annual cost burden of 2.05%
- The government promised a total worth of 460 million euros of “sweeteners” for a moderate wage settlement
 - cuts in income and corporate taxation
 - contribution to redundancy pay and alternation leave allowances
- Details and distribution of pay hikes remain to be determined in industry and company level negotiations



Agreement on extended work careers 1/2

- In March 2012 social partners agreed on a substantial set of measures that will extend work careers
- The agreement is estimated to extend work careers on average by one year and improve the public balance by some two billion euros per annum in the long term
- The agreement includes many initiatives to improve working life and apply age programmes for employees to remain longer in working life



Agreement on extended work careers 2/2

- The pension contributions to be paid by employers and employees are set to rise in 2015 and 2016 by 0.4 percentage points
- The option to become an old-age pensioner prematurely will be closed in 2014
- The minimum age for part-time pension will be raised from the present 60 years to 61 years in 2015
- The parties set 2017 as a deadline for reaching a common understanding on the next stage of pension reform including the age limits