

President Maria Löfgren at the Akava union meeting on 21 May 2024:

Current situation within social and labour market politics

Opening

Esteemed Akava members!

This spring has been coloured by Government reforms that will dramatically alter Finnish working life and the structures of our labour market. Some of them will unfortunately weaken the position of employees or the methods utilised for the supervision of interests. The labour market was thrown into a deep crisis during the spring and this will cast a long shadow over future collective agreement negotiations.

In addition to working life reforms, social debate has been dominated by major additional adjustments, with an impact of three billion euro, that the Government presented during the spending limits discussion. We, at Akava, view these adjustments and the balancing of public finances as being necessary, but the tight timetable for their realisation, economic outlook and shortages of skilled labour may end up decelerating equally necessary economic growth and weakening consumer confidence.

The third key area for discussion is the EU elections, after which significant issues in terms of the future of the EU will be outlined. Vote and make a difference!

Discourse about Europe

Let's start with Europe.

Over the course of the current five-year term, which is soon coming to a close, Europe has encountered crises. The pandemic and Russia's war of aggression against Ukraine have unsettled our decision making processes and understanding of health and security. Amidst these crises, the EU has been implementing an ambitious green transition programme.

Despite the crises, the EU has also advanced smaller projects that are, nevertheless, significant in terms of sustainability. In the end, the Member States reached common ground, even on the Corporate Sustainability Due Diligence Directive. As we face working life issues, we are increasingly turning our gaze towards Europe. The Directives on Adequate Minimum Wages and Pay Transparency are also beneficial for us.

We will continue to engage in EU discourse and advocacy together with our affiliates and through co-operation with social partners. We emphasise the importance of finding solutions for working life challenges; for example, free movement requires common regulations, and mental health problems and psychosocial occupational safety and health also require a cross-border approach. It would be great if Petteri Orpo's Government would see that working life issues are vital EU policy measures for people. However, it is gratifying that our country's Government is looking to increase the education and research budget and advance a just green transition.

Ambitious and systematic work is needed if the green transition is to succeed. Decisions and target years must hold. For Finland, the green transition is precisely the only significant recognised source of growth and new jobs.

This morning, we published the Akava Works report concerning the impacts of EU climate policy on Finland's economy, as compiled for us by Oxford Economics. The green transition offers great opportunities for Finland and we must do our best to achieve the vision of climate leadership. This would increase productivity and financial growth and would facilitate the maintaining of our current welfare state without us needing to resort to continuous adjustment measures.

The European Union is an economic and security community, but also a value community. The rule of law must be cherished, sustained and developed. We must distinguish ourselves from those Member States that trample the principles of the rule of law and democracy. Finland must follow Akava's lead and demand that the freedom of research, education, science and art would be elevated to become essential rule of law criteria.

We will work hard to ensure that we establish good co-operative relationships with the new Members of the European Parliament. We hope that as many Finnish members as possible will be elected to the parliamentary committees concerning working life, social security and the education policy.

Positive membership development – particularly among young people

Dear union meeting participants, let us move now from Europe to Finland and young people.

Despite the general decline in the organisation rate, the total membership of all Akava affiliates increased considerably during 2023. We are now 623,000 strong. I am humbled by this increase: our members have shown unwavering trust in us within a difficult situation. As the membership grows, our responsibility increases. We must be able to unite and serve an ever more pluralistic community.

These figures are indisputable proof of the good work being done by you within our affiliates. There is an obvious need and demand for your services and working life support networks.

I am especially satisfied with the affiliates' new student members. Our affiliates gained 6,000 new student members last year. We have endeavoured to respond, both strategically and operatively, to the concerns of students and young people. This was my commitment when I campaigned for Akava President in autumn 2022.

I am pleased that, together with Akava Students and our affiliates, we have expanded Akava more clearly to become the advocacy group for young people and students as well.

The position of young people can be influenced by, for example, addressing fixed-term employments

We are working to make sure that young people will be recruited into a good, sustainable and balanced working life. Their trust in the future will guarantee Finland better success.

Issues that conflict with this goal include, for example, the fact that the Government is planning to do away with the obligation to justify fixed-term employments. This

change threatens to further weaken the position of intermittent workers. This is a harsh change for young people just starting out in working life – and particularly for women under the age of 40.

Having a fixed-term contract prevents one from being able to take a permanent position, even if that position might better correspond to the individual's own skills and have a higher salary. As a solution, we have proposed that an employee could resign from a fixed-term employment of more than six months, and if there are no grounds for the fixed-term status, the employee would not need to comply with any period of notice. The law should also contain a provision that pregnancy cannot affect the continuation of an employment relationship or prevent it from becoming permanent.

Our message must be taken seriously at policy tables. To our Government, I state that we are offering you a powerful means for promoting employment. Finland will not be saved by unstable employment terms but by just terms and supportive working conditions.

Young people's mental health and faith in the future

There is a lot of talk about young people's struggles with mental health issues. But are the current actions enough to solve the problem?

As part of our discussion on values with the Presidential candidates in November, I presented a wish, which remains relevant, that they would maintain focus on those themes that bolster young people's faith in a good life and future.

We will reiterate this wish to the President of the Republic and other decision-makers in the autumn, once we, together with our affiliates, have compiled our proposals for solutions to the problems of young people. Our proposals will be based on current information collected as part of our "MY MENTAL HEALTH #ImportantPartOfMe" campaign. The campaign widely reached young people and students, who submitted more than 700 experiences to us.

Although the President does not make the decisions that impact the well-being of young people or the resources allocated to them, he can affect societal attitudes towards young people and the future. And that, in turn, affects the practical policies.

Increasing the level of education and competence

Esteemed Akava members, skills and education instil faith in a good life and the future. They enable us to achieve new successes and establish a solid foundation for a sustainable and innovative society.

The state of the education system and competence level are among the most important indicators for safeguarding the prerequisites for well-being. Only by increasing the competence and education level can we achieve the sufficient conditions for a welfare society and high standard of living.

Unemployment among the highly educated has been on the rise, but it remains evident that higher education is the best guarantee of employment. Those who are more highly educated are more easily employed within a changing labour market

than those with a lower level of education. A higher level of competence results in better work productivity.

Increasing the level of education and competence requires that we invest systematically in the entire educational chain, from early childhood education to doctoral education. The earlier learning challenges are addressed, the more effective and inexpensive their solutions. The necessary resources for continuous learning must also be secured quite quickly.

We have proposed a long-term, permanent and binding plan for educational funding and resources that extends beyond set Government terms and covers all levels of education and the need for special support.

During this Government term, important decisions have been made for the purpose of increasing the initial intake at higher education institutions and the general level of education. We are still more than 8,000 places short at higher education institutions, if we are endeavouring to ensure that half of the age groups would be highly educated. We thank the Government for not making cuts to the funding for basic education or research and development activities. Without high-quality education, we cannot achieve our RDI goals or resolve the skilled labour shortage, which is one of the worst bottlenecks in terms of growth.

Conditions for growth through business subsidy and tax system reforms

Finland has been an economic underachiever for more than 15 years already.

This situation calls for growth, but concerns remain about the timing and targeting of the new government adjustment measures, such as budget cuts and tax hikes. Is there a danger that they might further decelerate the necessary growth? For example, budgetary cuts that impact areas of health care and social welfare, organisations and public administration will directly affect services and many, many Akava members, even though the need for their work input will not decrease with the cuts.

The adjustment measures have not targeted companies at all. Akava and many experts elsewhere have expressed the idea that the business subsidy system needs to finally be renewed. Instead of the current business subsidies focused on retaining the status quo, a significant portion of the subsidies and RDI investments should be redirected to green transition and digitalisation.

It now appears that the Government is planning to reduce the investment aid for green transition. Investments must be made in circular economy, also for the purpose of strengthening Europe's self-sufficiency. The one-stop service project to streamline investment permit procedures must progress quickly. Businesses need a stable operational environment. We must avoid getting into a cycle in which regulations and policy objectives are constantly changing.

In addition to renewing the business subsidy system, the courage must be found to do a thorough review of the overall tax system. The tax system should support working, career advancement and salary development, as well as competence and sustainable growth. The Government must find a new course by no later than its mid-term review in late winter of 2025.

Unilateral working life reforms exacerbated the labour market situation

Esteemed union meeting representatives, I now return to the labour market situation, which escalated throughout the spring.

The Government has kept its eyes covered and ears closed, even though our statements contained reasonable proposals for solutions. The unfortunate truth is that the Government's working life reforms unilaterally weaken the position of employees, and a more balanced development approach was not accepted during the preparation phase.

I am most concerned that, for a large part of the changes, it has not been possible to assess the impact they will have on employment or the economy, and yet their implementation is being justified on the basis of their assumed impacts.

The uncontrolled increase in local bargaining, the intervention in wage increases by legislation, i.e. the so-called export model, the loosening of the grounds for dismissal and the reduction of co-operation, will probably make life easier for business owners, but they will hardly make work more productive and employees more creative. Insecurity increases, possibilities for continued education may weaken and the skilled labour shortage will likely worsen in many fields.

When significant parts of the labour market structures are upturned all at once, the trust necessary for any successful agreements is weakened. The danger is that this will diminish our capacity to reach agreements, thereby further complicating both collective and local bargaining.

Innovations, creativity and productivity thrive under a management that values its personnel and personnel that values their work. When this equation is not realised at all workplaces, decision-makers must ultimately create the structures to facilitate its implementation through legislation.

Well-being at work, employment leave and studies facilitated by unemployment security

Investments in work ability and well-being at work are financially and humanely worthwhile. Akava calls for the reform of legislation concerning the prevention and management of psychosocial loading. This would promote employment, competitiveness and well-being in the long term. It would lengthen work careers and reduce disability costs and absences due to illness. There appears to be political understanding surrounding our solution and we would like to believe that it will proceed in the near future.

Unemployment security is being renewed with heavy cuts in order to try to increase incentives. We are genuinely worried about whether the jobs in the private sector that are necessary to increase employment will be created.

Effective job-seeking is key for those facing the threat of unemployment. One solution might be to improve the possibilities for full-time job-seeking: employment leave should be altered to enable an employee who is being dismissed on financial or production-related grounds the right to paid leave for their job search as long as they commit to seeking work during their period of notice.

The possibilities to study while receiving unemployment security must be expanded. The simplest solution would be to reduce the means testing for voluntary studies. It is truly a waste of individual and societal resources if an unemployed person is not able to improve their employment opportunities through studies.

The most vital point for influence during this election term will be the mid-term review in spring 2025, and we are already preparing for it. The autumn government budget session serves as the midway point objective. At the same time, we are continuing our journey towards the goals for the next Government Programme.

The municipal and wellbeing services county elections are extremely important to many of our affiliates. The preparation of our goals is in the home stretch, and the programme will be approved by the Board in August. Rapid measures are needed within the municipalities and wellbeing services counties to safeguard services and the operational capacity of the personnel.

Finally, a word about Akava's strategy

My valued Akava members, in closing I would like to say a few words about our strategy reform. As part of the strategy, we will clarify why and for whom we exist and what we are looking to achieve. We will state how we work and the type of organisational identity we have. We will specify the kind of reformer and advocate we are, and how we carry out the most effective work on behalf of sustainable working life and Akava members.

Through surveys and discussions, we have comprehensively heard from active Akava parties, including members of our Board and various committees. The process is proceeding well, but there is still work to be done. The Board of Akava will be thoroughly discussing the matter in June and a decision on the new strategy will be made at our autumn union meeting in November.

A show of gratitude

And finally, I would like to express my thanks.

Esteemed union meeting attendees: within our affiliates, negotiation organisations and Akava, you have done absolutely vital work as shop stewards and employees. My warmest thanks for that.

Although the spring has not been the easiest, you have carried out your work in a professional and dedicated manner.

I thank all of you who have given feedback, advice and help, participated in internal discussions and preparations, and made decisions. As President, the dialogue with affiliates and our membership has been invaluable. Every message is important and advances the development of our activities.

With these words, I wish you a productive and enlightening union meeting.

Thank you!