

# The Declining Representativeness of the Finnish Paper Workers' Union

Sociology of Industrial Relations  
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# The basics:

Object of study is the Finnish Paper Workers' Union (Paperiliitto) in its economic, technological and social context

The Finnish Paper Union is 'objectively' one of the strongest unions in Finland.

But especially since 2005, it seems to be in rapid decline.

So, what are the causes of this decline and how do they affect the representative capability?

# Structural changes

Paper-making technology

Growth in Asian markets, decline in European

Expansion abroad / globalization

More general changes:

- Use of digital communication
- 'short-term result'-driven management (in relation to changed capital markets)

# Changing comparative advantage

Finnish forest resources: birch, pine, spruce versus eucalyptus (growth-rates and use for paper making)

Geographical location

- Domestic and export

Energy and other raw materials

Age of paper machines and work-force

Relatively high unit labour costs

Euro

# 'New' comparative advantages

High labour productivity

Paper industry knowledge industry

Paper machine industry (METSO etc.)

High skill level of employees

Industry readiness for bio-industry

# Near-future bottlenecks

Replacement of aging personnel

Cost of raw materials

Cost of energy

Cost of transport

(aging of paper machines)

# Managing costs?

Energy? → Market prices

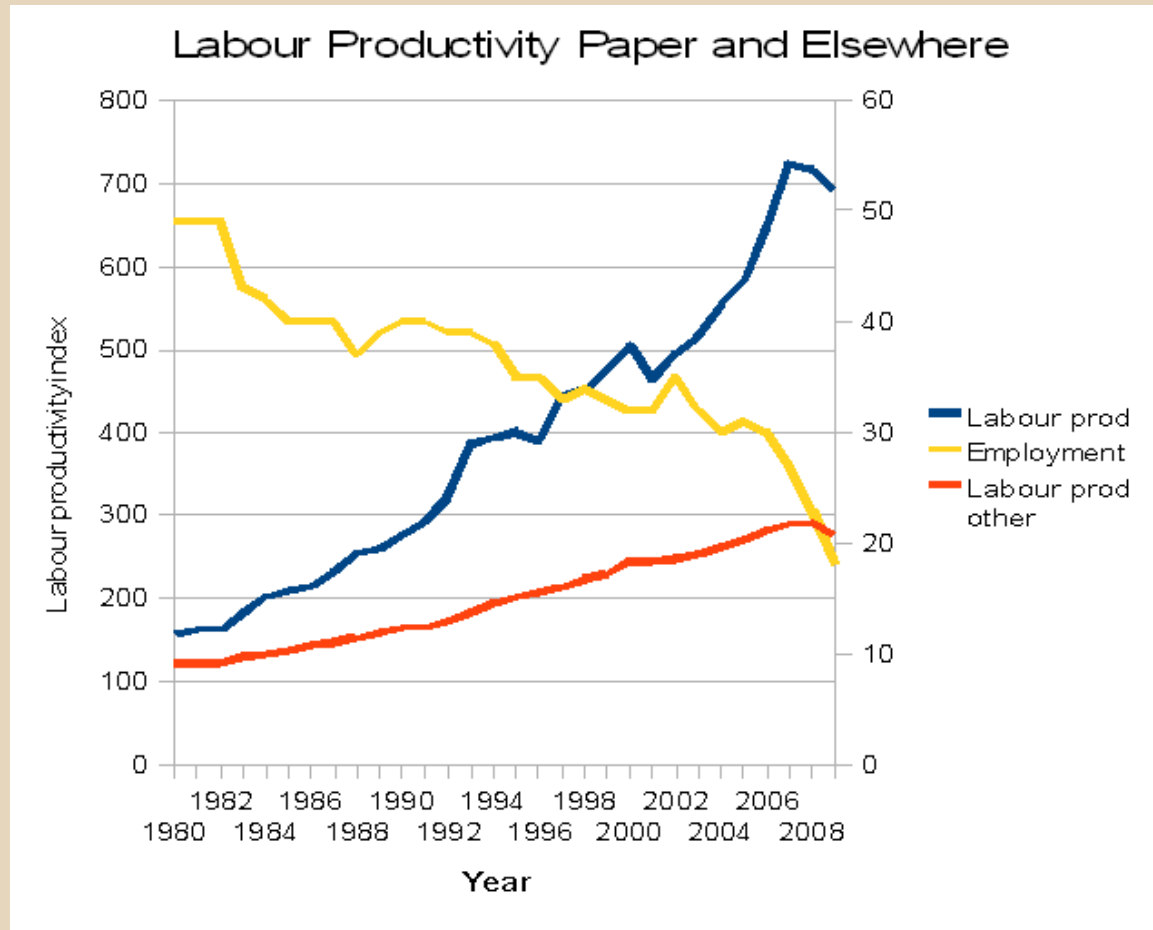
-Prediction (hope?) that energy prices will decline with increased nuclear energy

Raw materials? Domestically, raw materials remain expensive (METLA)

Transport? → Price of oil, influence of Sulphur Directive

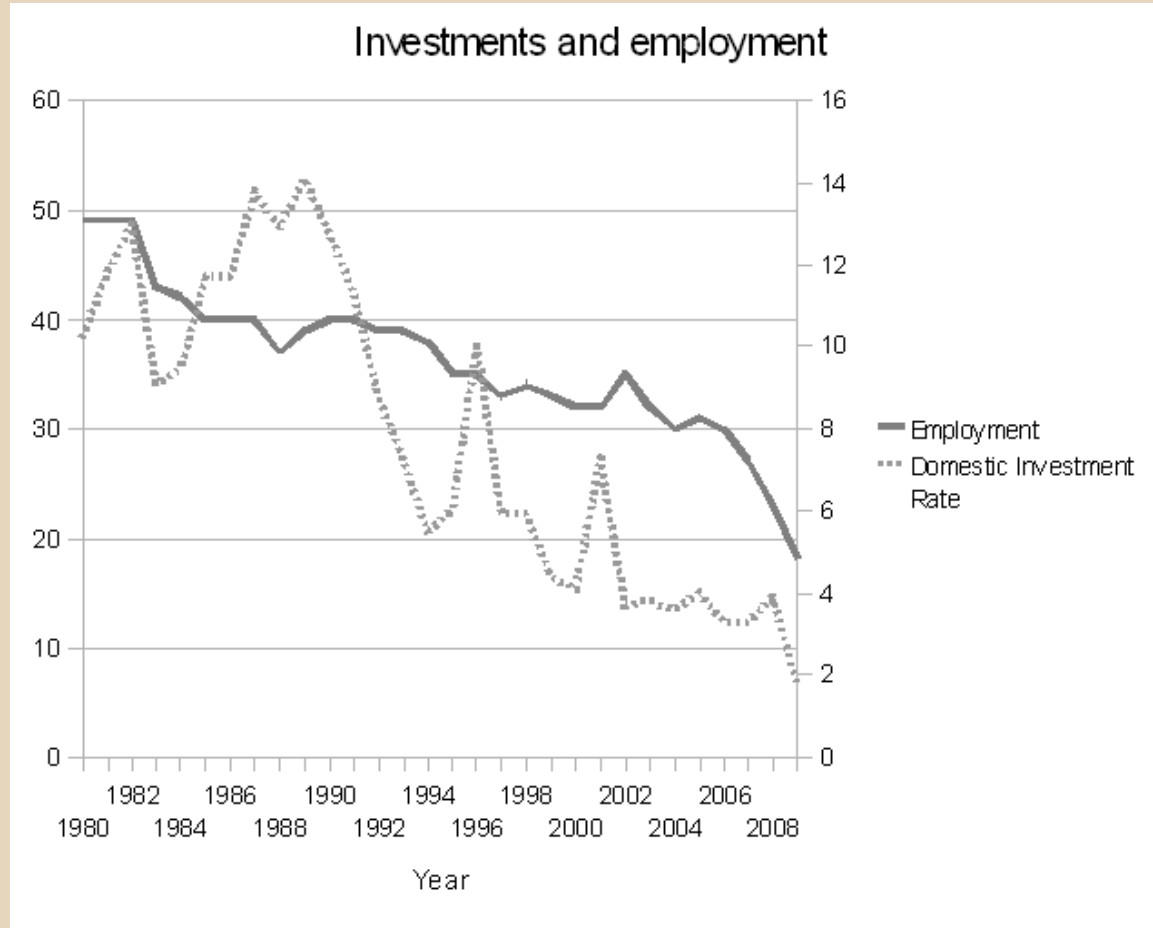
Labour? → Collective agreements

# Decline of employment 1980-2009



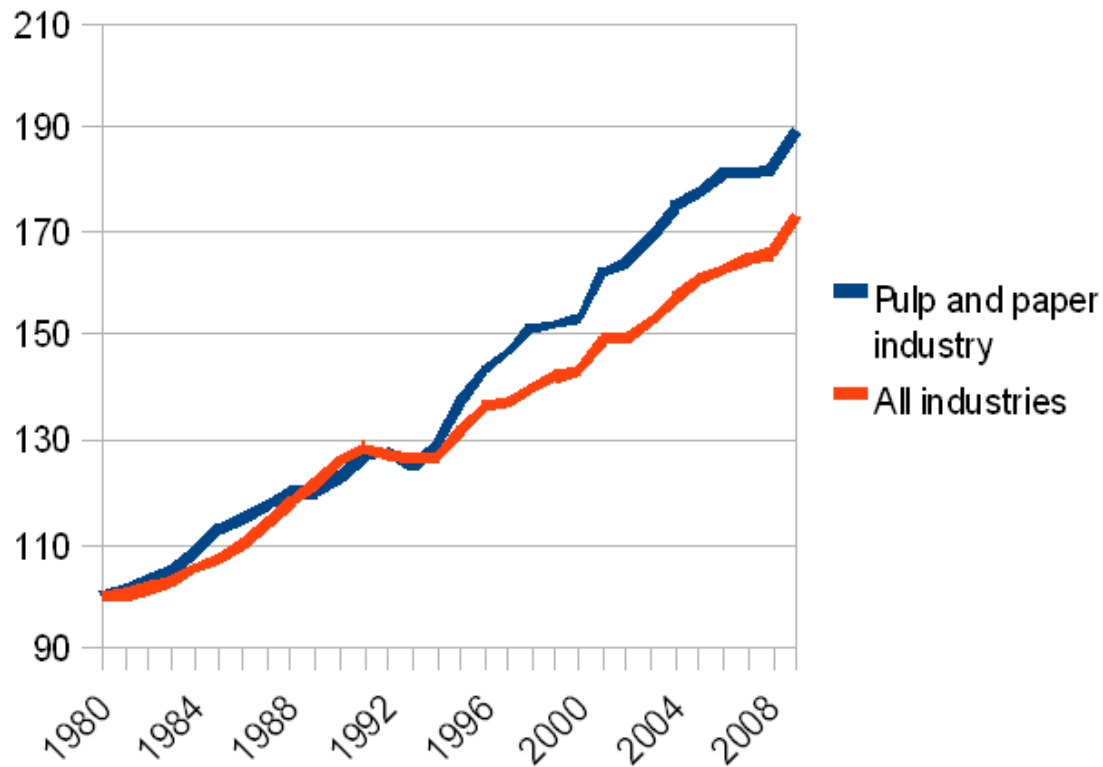


# Domestic Investments and Employment 1980-2009



# Real Earnings Index

Figure 3. Index of real earnings, 1980-2009



# What does this look like?

The union has managed to negotiate ever higher wages for ever fewer employees.

Recent changes in collective agreements on the one hand allow siphoning away of personnel from the sphere of the Paper Union and on the other hand allow the employer greater discretion on the organization of work

Internally, there appears to be much discontent

# Changes in the CA, 2005

Following a protracted industrial conflict in 2005, the collective agreement allowed continuous shifts, work on e.g. Midsummer and Christmas as well as outsourcing of cleaning and security personnel

This was the final struggle about allowing outsourcing (and how to organize it) which had lasted for roughly 15 years (Jonker-Hoffrén 2011)

# Changes in the CA, 2008

This was a radical rewriting of the CA.

Most importantly, a new skills-and-tasks-based wage system was introduced.

Change from work-community to individual.

Furthermore, the so-called §11 was removed. This enabled the shop stewards to negotiate additional wage increases in connection to new investments. Negotiation was obligatory, even for small investments!

# Internal discontent

The union has two factions, SPD and Left-Wing Alliance. Power balance 70%-30% in General Assembly.

LWA is more oriented towards local action and organizational democracy. This faction voted against the 2008 draft CA after a membership vote was rejected by the SPD majority.

In 2009, LWA lawsuit against union.

# Internal discontent

(senior) shop stewards report in response to a questionnaire that their work has become more difficult after 2008 and the loss of §11.

They also report that regular members don't feel shop stewards are doing enough, and don't realize the rules have changed

At all levels of the union the opinion is expressed that strikes are useless nowadays.

# Strikes in the paper industry





# The Finnish Paper Union

## Positive

- Strong union (nominally)
- Skilled work-force
- Large strike fund
- Strong professional identity
- Reputation?

## Negative

- Declining work-force and increasing pension-force
- Loss of several core instruments and achievements
- Collective identity is broken (?)
- No TEAM

# Problems of representativeness

- The union has, under pressure and on its own accord, 'democratically' given up on several instruments and achievements that were important for the union.
- The concessions on outsourcing come at the expense of employees that represent about 1/3 of the union's membership.
- If the goal of the union is to preserve jobs, this has not worked, regardless of the §11-removal.

# Internal democracy

- Questionnaire, interviews and other exchange has indicated that there is strong acrimony between SDP and LWA. The decision-making procedure in 2008 was democratic in a sense.
- Some shop stewards have expressed concern about the possibility of PS-shop stewards. Union welcomes a broader range of political colour.

# Elsewhere..

- Kalliola and Niemelä (2008) report that cleaners from the Rauma paper industry feel betrayed by the union, after it decided that they can be outsourced. Issue: professional identity and pay.
- One paper industry employee (SDP) mentioned that in shop stewards elections, the SDP exercised a lot of pressure to get him to refrain from running against an SDP candidate.

# Globalization

- Globalization is a difficult challenge for the union, since production can be easily transferred, no real transnational union activity exists (lack of legislation) and local paper factories compete internationally, not just locally.
- The benefit of §11 for workers has disappeared at the time investments abroad began to increase to the expense of domestic investment.

# Labour law

A few shop stewards have expressed the opinion that e.g. in comparison to Germany, it is very easy to fire workers, and that even though strike levels are minimal post-1995, employers seem to close 'strike-prone' (LWA?) paper mills first.

# Challenges ahead

It is clear that the position of the Finnish Paper Union has weakened in conjunction with globalization of the industry.

It also seems that the union has made strategical mistakes (outsourcing, §11, TEAM) that very well may have direct impact on the perceived representativeness of the union for the members (and co-dec. neg. are not positive either)

# Challenges ahead

Although the union has plenty of resources and near 100% union density, it can be asked: 100% of how much? In perspective, the constituency of the union has shrunk due to the changes in 2005, and after that the industrial decline really accelerated.

The (local) balance of power has shifted to capital, and the union does not seem to have new ideas.



# Challenges ahead

As for instruments the union can use to promote the interests of its members, strikes and §11 are not effective anymore. Paper mills all over Europe face the same circumstances more or less, so a sudden European labour movement is unlikely.

The world has changed, must the union change too?

# The end

## THANK YOU!

(sorry no happy ending.)