

**2000**

# PRICES AND

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# WAGES

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# REVIEW

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■ **Inflation  
in the 1990s**

■ **Development of  
earnings under  
collective incomes  
policy agreements**

■ **Finland's price  
level seventh  
highest in the  
OECD**

■ **Change in cost  
per hour worked  
in 1995–1998**

■ **Harmonised  
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Consumer Prices  
to be revised**

■ **36 labour  
disputes in the  
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*Prices and Wages Review* provides concise statistical data on wages, prices and labour disputes.

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# INFLATION IN THE 1990S

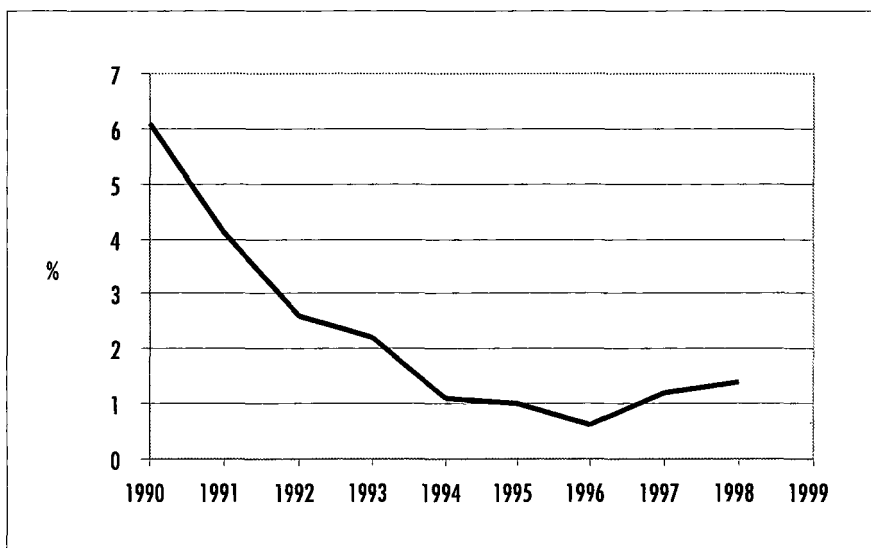
Inflation, or the rise of consumer prices, declined throughout the 1990s. Towards the turn of the millennium inflation had been almost non-existent for the last six years. Although the average rate of increase was very small, several relative price changes took place in the 1990s.

During the 1990s, inflation was at its highest in January 1990, at 7.5 per cent. At its lowest it was in autumn 1995, at 0.3 per cent. When examining the development of consumer prices in the 1990s, we can see that the rate of inflation slowed down in the first half of the decade. The EU membership from the beginning of 1995 brought about some significant changes, primarily to consumer prices of food.

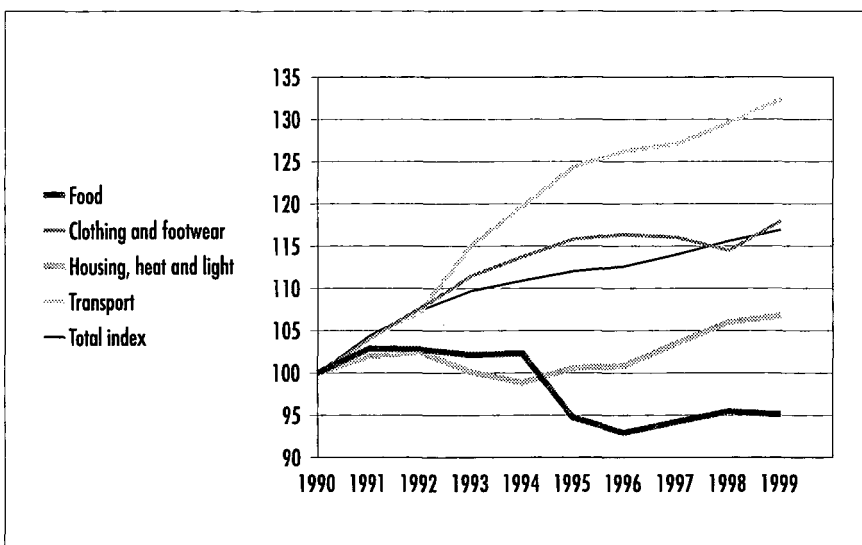
The devaluation of the Finnish markka in November 1991 and its floating from September 1992 did not, despite expectations, fuel inflation. On the contrary, due to the economic recession and a steep fall in consumer demand, there was no room for price rises. When great changes took place at the same time on the housing market when housing prices collapsed, deflation was also regarded as a possibility in the mid-1990s.

Consumer prices rose by 16.9 per cent from the beginning of 1990 to April 1999. Figure 2 indicates that the prices of health and medical care, transport, beverages and education have gone up more than average. Housing costs have risen more slowly than the general price level and the prices of food have

INFLATION IN THE 1990S



INFLATION BY MAIN GROUP



gone down. The prices of education, clothing and footwear and other goods and services have in-

creased almost as much as the general price level.

### *Food prices and housing costs kept price development down*

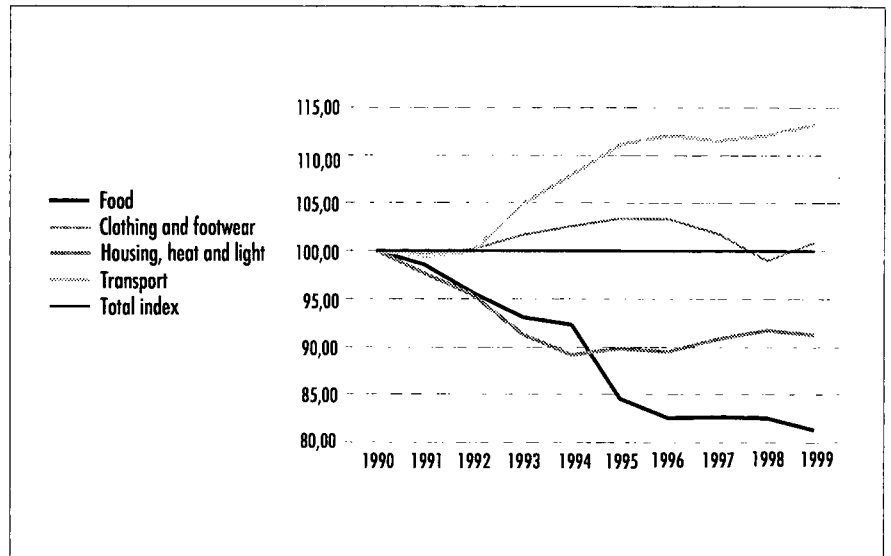
Although inflation was slow in the 1990s, considerable changes took place in the relative prices paid by the household sector. When viewing price changes by consumer group in real terms, that is, in relation to the rise in the general price level shown in Figure 3, we can see that the prices of housing and food have gone down in real terms in the 1990s, food by 19 per cent and housing by 9 per cent.

The price of food fell significantly with the EU membership and food prices have remained almost on the 1995 level in relation to April 1999. There are, of course, some products in the food group that have higher and some lower prices since the early days of the EU membership, but on average, price changes have cancelled each other out. The prices of rice, fish fingers and soft drinks, for example, have had the largest increases since 1995, while the prices of coffee, and chicken drumsticks and legs, for instance, have fallen most.

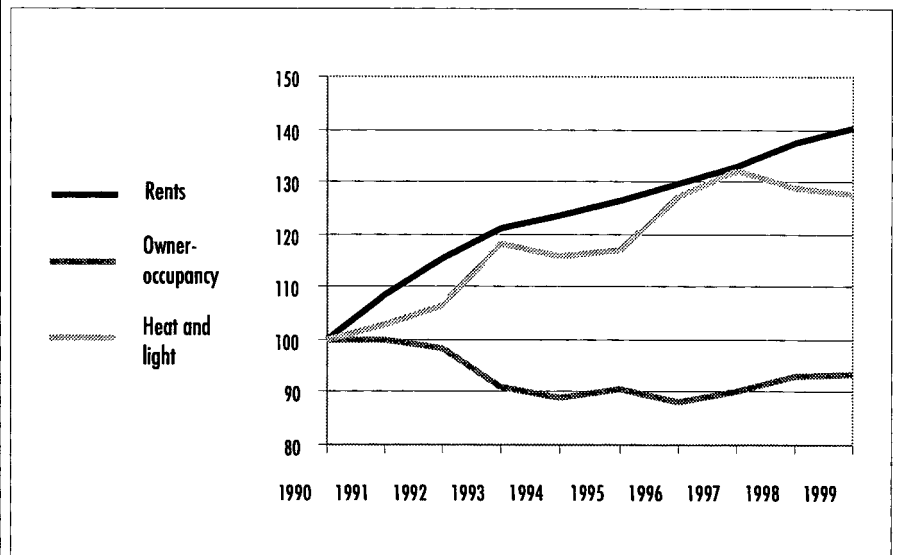
Changes in housing costs were a major contributor to inflation in the 1990s. According to the present consumer price index 1995=100, housing, heat and light account for 22.3 per cent of consumption expenditure in the household sector. Households living in owner-occupied dwellings have experienced the largest relative price changes, while renting households have paid rents that rise faster than inflation.

The costs of owner-occupied housing comprise the price development of dwellings and interests.

PRICE CHANGES IN REAL TERMS BY MAIN GROUP



CHANGES IN HOUSING COSTS IN THE 1990S



When these factors are taken into consideration, owner-occupancy is 20 per cent cheaper in real terms than in 1990. The price development of dwellings has raised inflation in the past few years, but lower loan interests have been significant

in curbing inflation. Rents have risen by 40 per cent and in real terms by 20 per cent in the 1990s.

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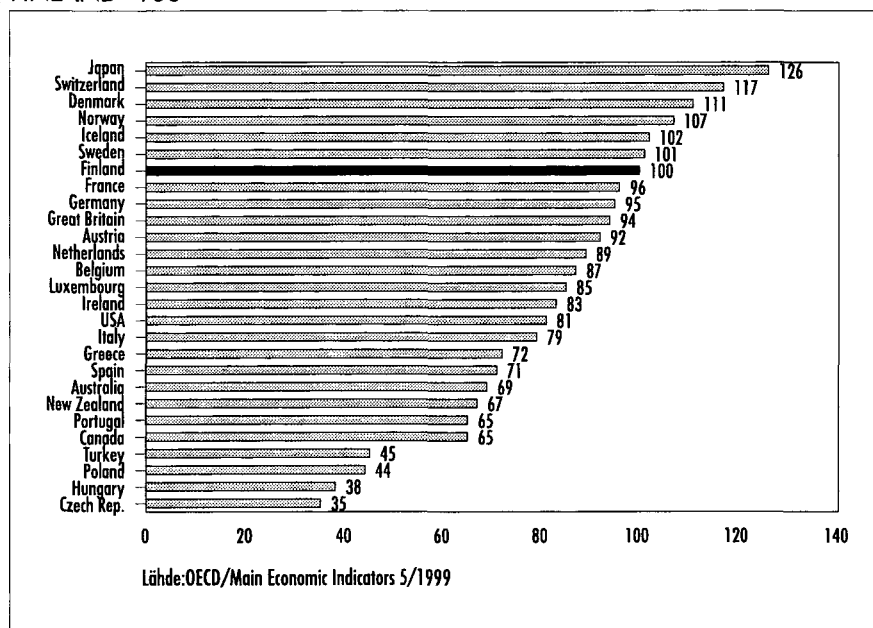
## FINLAND'S PRICE LEVEL SEVENTH HIGHEST IN THE OECD

Experiences of how expensive life is in Finland are supported by a price level comparison study published by the OECD. When total price levels in private consumption are adjusted by February 1999 changes in rates of exchange and inflation, Finland is ranked as the seventh most expensive country in the OECD. Some changes have taken place, since still at the turn of the decade, Finland was the most expensive country in Europe and the OECD in terms of the overall price level of private consumption.

Other Nordic countries, Japan and Switzerland were more expensive than Finland, as was the case the year before. Price level differences between the Nordic countries have narrowed down, and the price level of Norway, in particular, has declined in relation to Finland. The least expensive countries in Europe are still the Mediterranean countries (Portugal, Greece, Spain and Turkey) and Poland, Hungary and the Czech Republic. With reference to expensive private consumption, especially alcoholic beverages, tobacco, vehicles, books and magazines are expensive in Finland compared to most other EU countries.

Comparative price surveys study the prices of equivalent products in different countries. For private consumption, the weight structure of the commodity basket is formed on the basis of household consumption. Because consumption habits are different in different

OVERALL PRICE LEVEL OF PRIVATE CONSUMPTION IN FEBRUARY 1999, FINLAND=100



The international price level indices of private consumption were calculated on the basis of the 1996 purchasing power parities by correcting them by changes in exchange rates and by inflation coefficients.

countries, the items in the basket for each country are determined in co-operation with the national statistical offices, the OECD and Eurostat. Prices of about 3,500 commodities and services are surveyed.

The value ratios, i.e. the purchasing power parities between currencies, are calculated by price comparisons between the countries. This so-called PPP rate represents the real purchasing power of the currencies.

The price level index is calculated by dividing the purchasing power parity by the corresponding

exchange rate. The index gives a tourist's point of view: if my purchases in Finland cost FIM 100, how many markkas do I need to buy the same commodities in some other country? In February 1999, that 'commodity basket' covering private consumption would have cost FIM 107 in Norway and FIM 65 in Portugal.

For more details about international price comparison, please contact Harri Kananoja or Arja Seittenranta, tel. +358 9 17341.

# HARMONISED INDEX OF CONSUMER PRICES TO BE REVISED

## Background

The Member States of the European Union, Norway and Iceland have produced the Harmonised Index of Consumer Prices, HICP since 1997. The time series of the HICP have been calculated backwards to 1995. The Harmonised Index of Consumer Prices measures changes in consumer prices in the countries of the European Economic Area with uniform classifications, a comparable consumption concept and harmonised methods. The consumption items included in the Harmonised Index of Consumer Prices and the compilation rules have been determined by EU regulations. In addition to these, the calculation of the HICP is directed by various guidelines.

Each country supplies to Eurostat the Harmonised Indices of

TABLE 1. COUNTRY WEIGHTS OF EICP AND MUICP

	EICP	MUICP
Euro-area	781,74	1000
Germany	246,7	345,18
Italy	167,34	188,15
France	147,2	210,53
Spain	89,06	91,45
Netherlands	39,85	51,27
Belgium	31,09	39,89
Austria	21,2	28,9
Portugal	19,76	18,21
Finland	10,05	14,83
Ireland	7,93	9,61
Luxembourg	1,57	1,98
Great Britain	163,62	—
Greece	23,5	—
Sweden	17,59	—
Denmark	13,55	—

Consumer Prices of their country, from which the joint index of the EU Member States (the European Index of Consumer Prices EICP) and the joint index of the EMU member countries (the Monetary Union Index of Consumer Prices MUICP) are calculated by means of country weights. The country-specific weights of these indices are shown in Table 1. The Harmonised Index of Consumer Prices is primarily used for inflation comparisons between the EU Member States. The European Central Bank uses the Harmonised Index of Consumer Prices as an indicator of inflation for its monetary policy.

## Weight structure of the index

The base year of the index is 1996 and its weight structure was changed by calculation to the year 1996. The weight structure of the index is reviewed every year. For the present, the Harmonised Index of Consumer Prices does not include capital expenditure on owner-occupancy and health and medical expenses covered by sickness insurance, for example. In Finland, the HICP currently covers 80.3 per cent of the consumption expenditure of the national consumer price index. The Finnish Harmonised Index of Consumer Prices is now based on the same price data and the same consumption expenditure survey as the national consumer price index. It is produced monthly with its own weight structure. The present

weight structure of the Finnish Harmonised Index of Consumer Prices is shown in Table 2.

In December 1999, the coverage of the index was extended and education fees and insurance premiums and part of health care and social service expenses were added to the index of January 2000. The coverage of health care and social services will be supplemented at the beginning of 2001 by adding hospital fees and expenses of home services and institutional housing to the index. After these additions, the Finnish Harmonised Index of Consumer Prices will cover about 90 per cent of the consumption expenditure of the national index. In addition, the demographic and geographical coverage of the index was extended at the turn of the year by including the consumption of tourists and institutional households, such as old people's homes, in the consumption concept and thus in

TABLE 2. WEIGHT STRUCTURE OF THE FINNISH HARMONISED INDEX OF CONSUMER PRICES 1996=100

0 Total index	1 000
01 Food and non-alcoholic beverages	190.52
02 Alcoholic beverages and tobacco	77.83
03 Clothing and footwear	56.97
04 Housing, heat and light	167.48
05 Furniture, furnishings, household appliances and household management	57.78
06 Health and medical care	15.91
07 Transport	164.82
08 Communication	26.28
09 Recreation and culture	121.87
10 Education	1.85
11 Hotels, cafes and restaurants	80.7
12 Other goods and services	37.99



the weights, too. Hence, the Harmonised Index of Consumer Prices covers all consumption within the borders of Finland and its consumption concept thus differs from the national index.

### Consumer price trends in the EU area

The rise of consumer prices, or inflation, has been moderate in the EU countries since 1995. The average for the EU Member States has fallen from almost three per cent in the mid-1990s to good one per cent. The steep fall in prices as a result of the EU membership is clearly visible in the Finnish Harmonised Index of Consumer Prices, the fall being mainly due to lower food prices. Figure 1 shows the year-on-year changes of the Finnish HICP and the EICP and MUICP from January 1995 to September 1999 and Figure 2 presents the corresponding series of the year-on-year changes of food and non-alcoholic beverages.

### Harmonisation continues

The work for improving the coverage of the index continues. Although each country has an individual weight structure in accordance with the consumption structure of that country, the problem in the harmonisation is how to take into account national differences in consumer behaviour. For example, differences in housing behaviour have made it difficult to include owner-occupancy in the index, since in countries where renting is general, owner-occupancy has not been considered as important as in a country like Finland, where it is a very common mode of housing. In addition to consumption differences,

FIGURE 1. YEAR-ON-YEAR CHANGES OF THE HARMONISED INDEX OF CONSUMER PRICES IN PERCENTAGES: FINLAND, EU MEMBER STATES AND EMU COUNTRIES

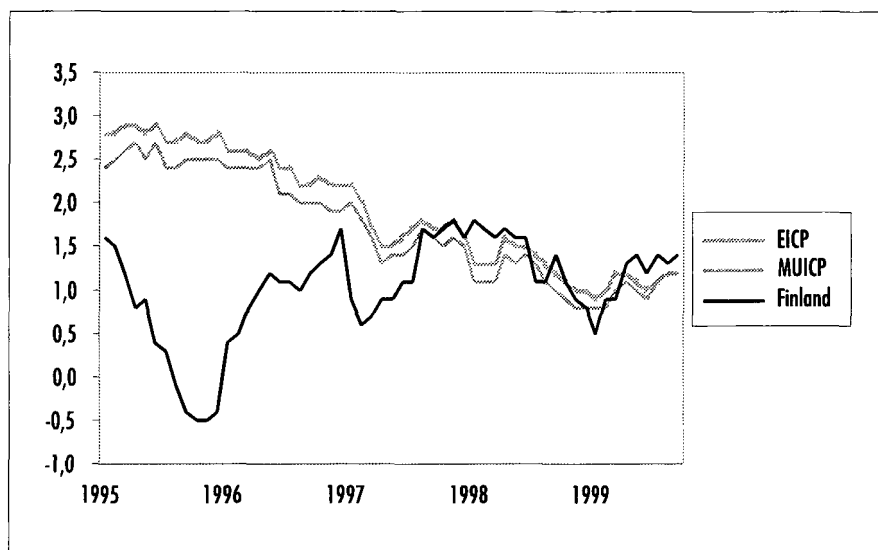
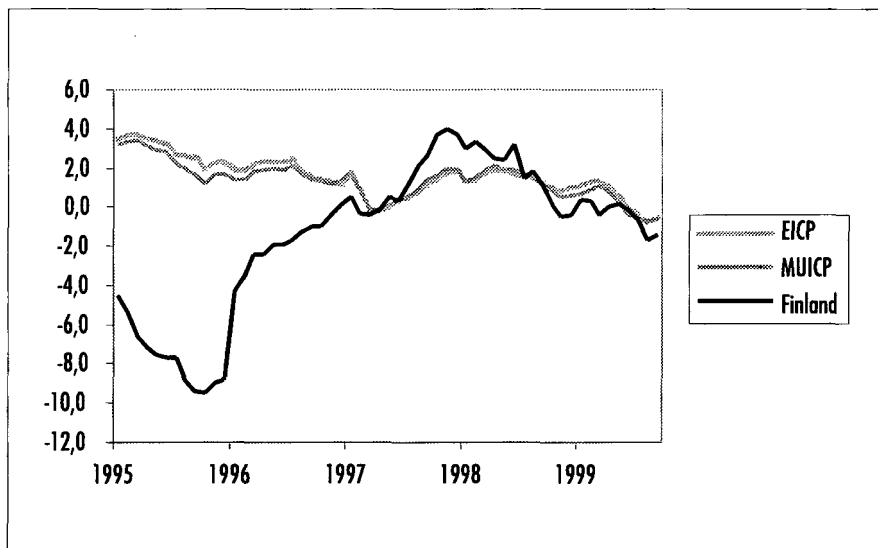


FIGURE 2. YEAR-ON-YEAR CHANGES OF FOOD AND NON-ALCOHOLIC BEVERAGES ACCORDING TO THE HARMONISED INDEX OF CONSUMER PRICES IN PERCENTAGES: FINLAND, EU MEMBER STATES AND EMU



the harmonisation is hampered by different methods used in the national index.

The greatest difference for Finland between the national and Harmonised Index of Consumer Prices will be, after the additions mentioned above, the absence of owner-occupancy from the Harmonised Index of Consumer Prices. In the Finnish national index the

weight of owner-occupancy is almost 10 per cent. The Task Force XII was established to discuss problems relating to the measurement of the consumer price of owner-occupancy. The Task Force is headed by Denmark and Finland participates actively in its work.

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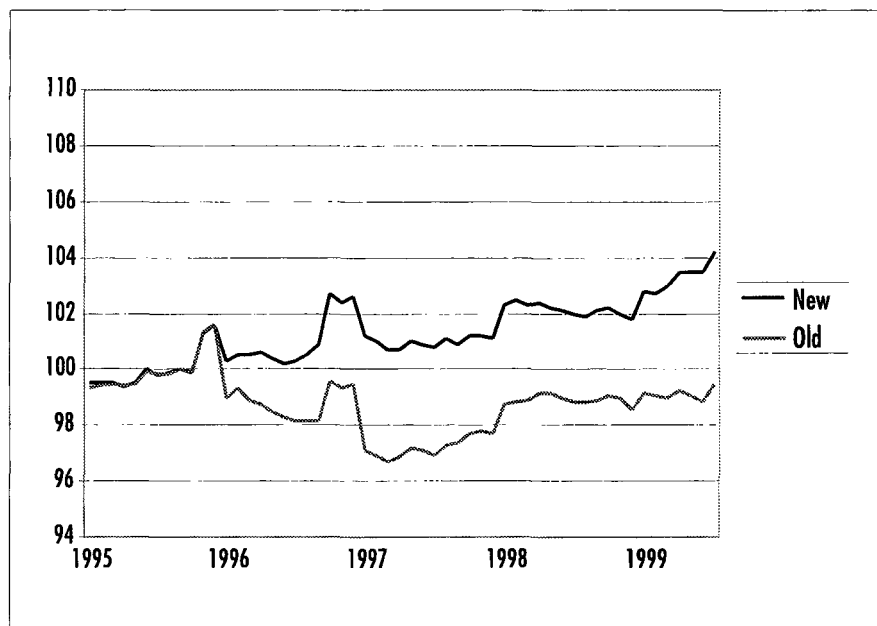


Compared to the 1990 index, fuels and lubricants now take a larger proportion of total costs, as do tyre and wearing part expenses and depreciation of capital for most transport types. The proportions of service and maintenance costs and interests, insurance premiums and general costs in total costs decreased for most transport types (Table). The decrease in general costs was due to interest expenses included in it, the weights of which fell from a few per cent to a few per mille.

Figure 1 shows the development of total costs in bus and motor-coach transport according to the old and revised index. With the revised weight structure and price headings, the index indicates a 1.4 percentage points higher rise in costs between 1995 and July 1999. This was mainly due to traffic boards where considerable changes took place in the cost structure, but the lower weights of interest expenses included in the general costs of other transport types also raised the index.

According to the revised index, the costs of traffic boards would have risen by 4.2 per cent in July 1999 from 1995 onwards, while the old index indicates that they fell by one-half per cent (Figure 2). This was mainly due to the fact that the weight of wages – where the cost development has been faster than average since 1995 – clearly grew in the new index and also because the weight of indirect wages and inter-

FIGURE 2. COST DEVELOPMENT OF PUBLIC TRANSPORT SERVICES ACCORDING TO THE 1990=100 AND 1995=100 INDICES, FROM JANUARY 1995 TO JULY 1999



ests – where the cost development has showed a downward trend since 1995 – in the total costs clearly lowered. The proportion of wages in the total costs of traffic boards grew by almost 18 percentage points, while that of indirect wages and interests went down from almost three per cent to one-half per mille. The interests in the old weight structure of traffic boards were based on imputed capital interest and in the new weight structure on financial interest as is the case for other transport types.

The most significant revisions to price headings were made to inter-

ests. For example, the average rate of the transport industry (SIC 7) was added to price monitoring.

The 1995=100 index is produced starting from July 1999. The point figures of the new index are available from January 1995 onwards. The production of the point figures according to the old 1990=100 index for different transport types will be continued by chaining.

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# INTERNATIONAL CRISES ALSO VISIBLE IN THE PRICES OF AGRICULTURAL PRODUCTS

In addition to the year of crop failure, economic difficulties in Asia and Russia also influenced the price development of Finnish agricultural products. Difficulties in exports of pork and fodder cereals resulted in serious overproduction and collapse of prices in the EU area. The agricultural producer price index fell by exactly one per cent in Finland in 1998 compared to 1997. At the same time, the agricultural input price index dropped by 1.2 per cent. On the total level, price changes have been fairly minor, but year-on-year changes are quite large for individual products.

## *Producer prices down by 1.0 per cent*

In all, producer prices went down by 1.0 per cent. In contrast, unsubsidised prices went up by 0.9 per cent compared to 1997. The prices of animal products contributed most to the decrease in the producer price index, as they went down by 1.9 per cent, the same as the year before. The fall in prices was largest for cereals, down by 4.6 per cent. The price of milk dropped by 2.6 per cent, but its unsubsidised price grew by almost one-half per cent. Milk is the only animal product on which the price subsidy of the transition period was still paid in 1998. The price of beef increased by about 7 per cent, while the price of pork went down by almost 10 per cent. The price development of pork and beef was totally opposite the year before. The price index of crop products rose by 1.4

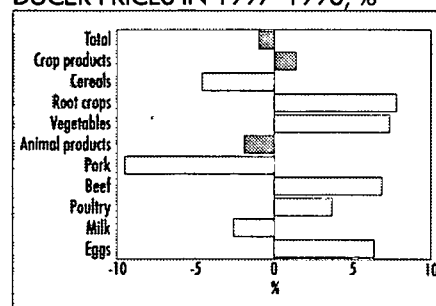
per cent, although the price of cereals dropped by 4.6 per cent. This is attributable to the higher prices of root crops and vegetables. The price index of potatoes rose by 36 per cent and that of vegetables by 7.4 per cent in the year. The figures of the agricultural producer price index differ slightly from those calculated by the Information Centre of the Ministry of Agriculture and Forestry, since the effect of production volumes on average annual prices was not taken into account in the index.

## *The prices of agricultural inputs down by 1.2 per cent*

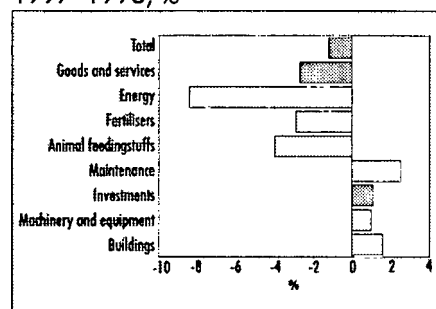
The prices of agricultural production inputs went down by 1.2 per cent on the total level when comparing 1997 to 1998. In the two previous years the prices had gone up by about 2 per cent per year. Investments are also calculated into agricultural inputs. The prices of investments have gone up by 1.1 per cent. The prices of machinery and equipment have increased by one per cent and those of buildings by 1.6 per cent.

The costs declined most in relative terms due to lower prices of energy, 8.4 per cent and of feedingstuffs, 4.0 per cent. In 1997 the prices of energy and feedingstuffs went up by almost as many percentages as they fell in 1998. Of animal feedingstuffs, the price of feedingstuffs for pigs went down almost, by 5.8 per cent. The price of fuel oil declined by 8.4 per cent and the price of electricity was almost unchanged from the year before.

YEAR-ON-YEAR CHANGES OF PRODUCER PRICES IN 1997-1998, %



YEAR-ON-YEAR CHANGES OF THE PRICES OF AGRICULTURAL INPUTS IN 1997-1998, %



The prices of animals for rearing and fertilisers both decreased by 2.9 per cent. Maintenance costs increased by 2.5 per cent.

The fail-year in crop products reduced the production volumes, which was also visible in agricultural income that provides a better overview of the development of agriculture. According to the Agricultural Economics Research Institute, agricultural income dropped by 14 per cent in 1998. Agricultural prices will continue to fall, since according to the Agenda 2000 proposal, the price of cereals would decline by 20 per cent, that of milk by 15 per cent and that of beef by 20 per cent.

Source: Agricultural price indices  
For further details, please contact Pentti Wanhatalo +358 9 1734 3466

# GROWTH IN HOUSING TRANSACTIONS CONTINUED IN 1998

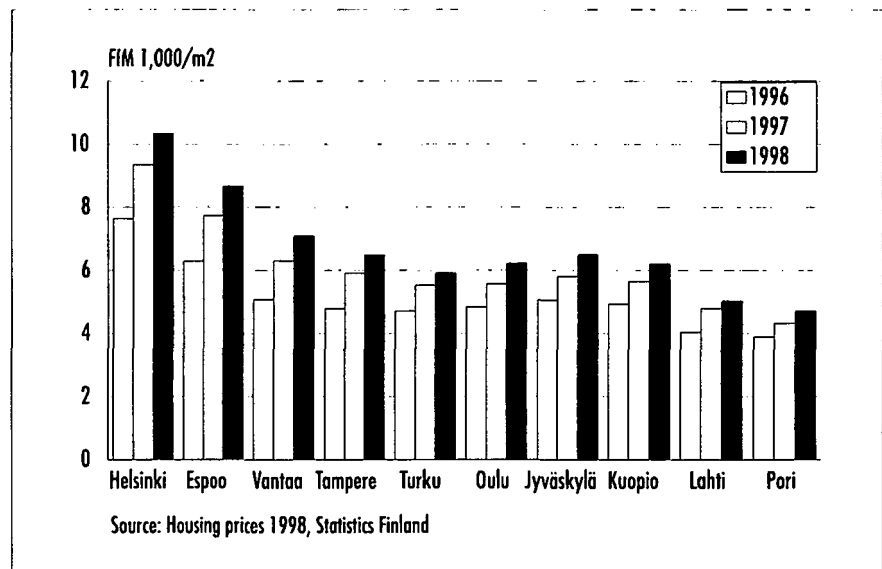
The number of housing transactions continued to grow in 1998. Transactions amounted to FIM 28.7 billion. The total price was up by FIM 5.2 billion from the previous year. The growth is attributable both to brisker sales and higher housing prices. The data are based on Statistics Finland's price statistics of housing companies from 1998 compiled from the taxation authority's asset transfer tax statements.

The statistics cover a total of 73,000 housing transactions, up by about 5,500 from the previous year. Transactions of old non-subsidised dwellings numbered 65,300. One third of them were made in the region of Uusimaa. Good 20 per cent of the buyers purchased their first dwelling and 5 per cent were enterprises.

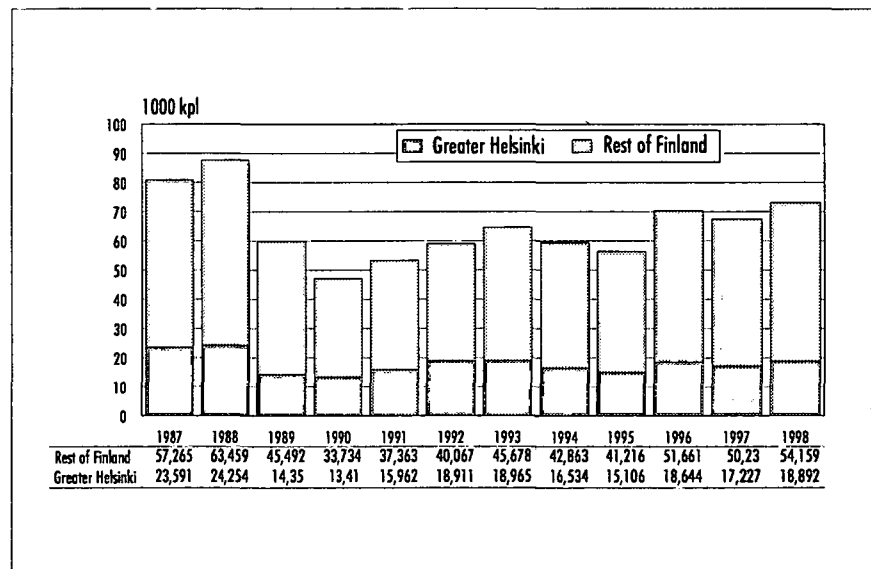
In 1998, the average price for old non-subsidised dwellings was FIM 6,369 per square metre, which is 10.6 per cent higher than in 1997. The annual rise in average prices was slowest in the region of South Ostrobothnia, up by 2.3 per cent, and fastest in Itä-Uusimaa, at 12.6 per cent. In the Greater Helsinki area, the average price per square metre rose by 10.9 per cent, to FIM 9,413. The rate of increase was clearly slower, since in 1997 the average price in Greater Helsinki rose by 22 per cent from the previous year.

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AVERAGE UNENCUMBERED SELLING PRICES PER SQUARE METRE FOR OLD NON-SUBSIDISED DWELLINGS IN HOUSING COMPANIES IN FINLAND'S LARGEST TOWNS, 1996-1998



NUMBER OF HOUSING TRANSACTIONS IN 1987-1998



AVERAGE UNENCUMBERED SELLING PRICES FOR OLD1) NON-SUBSIDISED DWELLINGS IN HOUSING COMPANIES (FIM/M<sup>2</sup>) AND NUMBER OF TRANSACTIONS IN 1998, AND CHANGE IN AVERAGE PRICE FROM 1997 TO 1998

Area	FIM/m <sup>2</sup>	Change % 97-98	No.
Whole country	6 369	10,6	65 311
Greater Helsinki	9 413	10,9	17 188
Rest of Finland	5 281	9,6	48 123
By region			
Uusimaa	8 654	11,4	21 782
Helsinki	10 335	10,6	10 516
Espoo	8 666	12,1	3 445
Vantaa	7 089	12,4	3 114
Itä-Uusimaa	5 690	12,6	841
Porvoo	5 917	9,8	646
Varsinais-Suomi	5 414	8,3	6 866
Turku	5 925	7,3	3 950
Satakunta	4 584	9,8	2 308
Pori	4 712	9	1 070
Häme	5 105	9,7	2 241
Hämeenlinna	5 847	10,6	917
Pirkanmaa	5 829	11,7	6 648
Tampere	6 488	11,6	4 236
Päijät-Häme	4 806	6,5	3 004
Lahti	5 027	4,8	1 963
Kymenlaakso	4 309	9,6	2 249
Kotka	4 361	9,5	849
South Karelia	5 464	11,7	1 293
Lappeenranta	6 218	12,7	734
Etelä-Savo	4 813	8,2	1 733
Mikkeli	5 744	9,2	604
Pohjois-Savo	5 325	9,7	3 067
Kuopio	6 208	10	1 693
North Karelia	4 891	8,4	1 631
Joensuu	5 479	11	1 053
Central Finland	5 419	7,8	2 934
Jyväskylä	6 287	8,5	1 515
South Ostrobothnia	4 628	2,3	1 157
Seinäjoki	5 256	3,8	521
Coastal Vaasa	5 328	6,3	1 503
Vaasa	5 960	6,9	939
Central Ostrobothnia	4 598	10,5	586
Kokkola	4 879	12,3	472
North Ostrobothnia	5 606	10,5	3 280
Oulu	6 216	11,6	2 119
Kainuu	4 957	7,6	668
Kajaani	5 125	9,3	540
Lapland	4 695	5,1	1 438
Rovaniemi	5 269	3,9	528

1) Completed before 1997.

## RENTS UP BY 3.1 PER CENT IN THE YEAR

The rents of dwellings rose by 3.1 per cent from April 1998 to April 1999. The rents of government-subsidised rental dwellings went up by 2.5 per cent and those of non-subsidised dwellings by 3.6 per cent. The data are based on Statistics Finland's rent statistics.

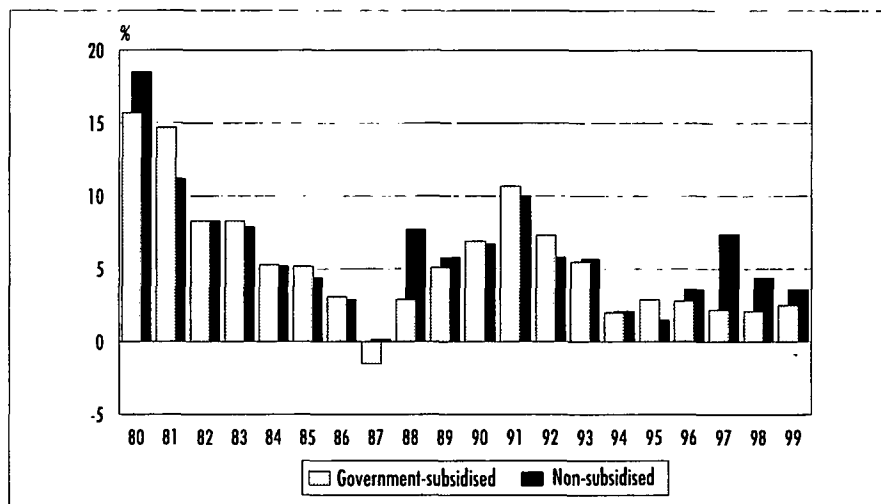
The mean rent was FIM 37 per square metre for a government-subsidised dwelling and FIM 43 for a non-subsidised dwelling in April 1999. In Greater Helsinki the rents were, on average, about 40 per cent higher than in the rest of Finland.

In new tenancies of non-subsidised dwellings the rents went up, on average, by about 4.3 per cent in the whole country from April 1998. The rate of increase slowed down in comparison to the year before. In Greater Helsinki the rents of new tenancies rose faster than elsewhere in the country, up by 7.2 per cent, on average. A new tenancy refers to a change of tenants within the past 12 months.

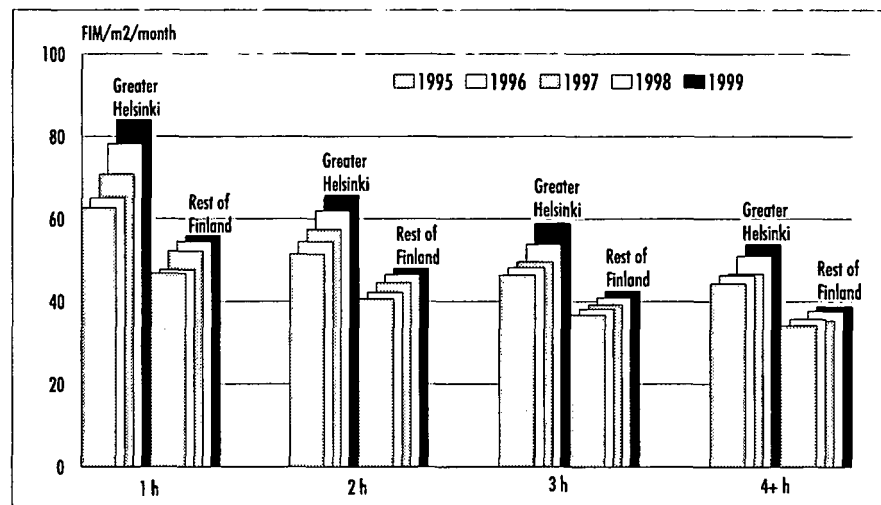
Towards the end of the 1990s, government-subsidised rents went up by 2-3 per cent per year. In non-subsidised dwellings, the rate of increase was at its peak in 1997 after rent regulation was lifted, or at 7.4 per cent, on average. Although the rise in the rents of non-subsidised dwellings has continued, the rate is half what it used to be.

The data on rents were obtained from Statistics Finland's inquiry and the Social Insurance Institute's

CHANGES IN RENTS IN 1980-1999, PERCENTAGE FROM PREVIOUS YEAR



MEAN RENTS PER SQUARE METRE BY NUMBER OF ROOMS (KITCHEN COUNTED AS A ROOM, KITCHENETTE NOT) IN GREATER HELSINKI AND THE REST OF FINLAND IN 1995-1999, NEW TENANCIES IN NON-SUBSIDISED RENTAL DWELLINGS



rental subsidy register. The data on rental dwellings are from the population information system.

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MEAN MONTHLY RENTS BY AREA IN APRIL 1999, FIM/M<sup>2</sup>

Area	Whole stock of rental dwellings				New non-subsidised tenancies	
	Non-subsidised		Government-subsidised		Rent, FIM/m <sup>2</sup> /month	Change, % 4/98–4/99
	Rent, FIM/m <sup>2</sup> /month	Change, % 4/98–4/99	Rent, FIM/m <sup>2</sup> /month	Change, % 4/98–4/99		
Whole country	43,3	3,6	37,1	2,5	47,5	4,3
Greater Helsinki	54,9	5,5	41,9	2,7	62,0	7,2
Rest of Finland	39,3	2,6	35,2	2,4	43,3	3,1
Espoo	51,5	4,8	41,7	2	54,8	5,9
Helsinki	57,3	6,4	42,1	2,7	66,1	7,7
Hämeenlinna	43,3	..	37,1	..	47,0	..
Joensuu	45,1	1,6	36,9	1,1	48,3	2,8
Jyväskylä	46,4	5,1	37,4	2,6	50,3	6,4
Kotka	40,7	..	34,7	..	45,1	..
Kouvola	41,1	3,5	33,6	1,8	44,0	3,2
Kuopio	45,4	2,4	35,1	3,8	49,7	3,3
Lahti	41,4	3,1	35,1	2,7	45,2	4,2
Lappeenranta	43,8	3,8	36,3	1,7	48,6	3,0
Oulu	45,2	1,7	35,6	3,8	49,2	3,5
Pori	39,2	2,4	34,5	1,2	44,6	5,3
Rovaniemi	43,7	3,8	38,0	4,6	47,6	5,5
Seinäjoki	40,7	3,7	34,2	2,3	43,8	2,1
Tampere	47,2	4,0	36,9	4,3	51,8	5,1
Turku	45,6	3,0	35,3	2,9	48,7	2,3
Vaasa	42,6	2,0	36,2	2,8	47,4	3,1
Vantaa	48,4	2,3	41,3	3,4	53,4	5,9
Surrounding districts <sup>1</sup>	43,0	4,6	38,0	2,7	47,3	4,5
By the number of inhabitants in the municipality						
over 100,000 inhabitants	51,8	4,8	40,3	2,9	56,8	5,8
60,000–100,000 inhabitants	43,2	3,3	35,7	2,7	47,5	4,8
20,000–59,999 inhabitants	40,5	2,8	35,8	2,2	44,3	2,9
under 20,000 inhabitants	33,8	1,9	34,2	1,9	36,7	2,2

<sup>1</sup> Surrounding districts include Hyvinkää, Järvenpää, Kerava, Riihimäki, Kirkkonummi, Sipoo, Tuusula and Vihti.

.. = the change percentage was not calculated as separate information is given on that area for the first time.

The change percentages are calculated from the index of all comparable dwellings, not directly from mean rents.

Source: Rent statistics 1999. Housing 1999:3. Statistics Finland – For further details, please contact Eugen Koev +358 9 1734 3397.

Internet: [http://www.tilastokeskus.fi/tk/ho/112asus\\_vuokrat.html](http://www.tilastokeskus.fi/tk/ho/112asus_vuokrat.html)

# DEVELOPMENT OF EARNINGS UNDER COLLECTIVE INCOMES POLICY AGREEMENTS

The nominal earnings of Finnish wage and salary earners have gone up by just under 14 per cent during the four-odd years of collective incomes policy agreements. Adjusted for inflation, the real increase in wages and salaries has been just under 9 per cent during the same period. There have been minor variations from this development by employer sector. In the private sector the increase has been approximately 14.5 per cent, in the local government sector about 11.8 per cent and in the central government sector roughly 13.6 per cent. Women's wages and salaries have gone up by about 0.2 percentage points more than men's, so no significant change has taken place in this respect.

## Effects of collective incomes policy agreements

The current agreement expires on 15 January 2000, bringing to a close a period of two, very widespread collective agreements, which started on 1 October 1995. The agreement made in 1995 already influenced wages and salaries in the last quarter of the same year, which means that the examination of earnings development during the period of collective agreements here refers to comparing the data relating to the third quarter of 1999 to the data concerning the third quarter of 1995. Obviously, the closing agreement still influences the development of wages and salaries at

the end of the current year and at the beginning of the next, but no general increases are contained in the agreement towards the end of its validity, nor are any major wage drifts expected. This makes it possible to examine the overall situation now, as negotiations with individual unions are about to start.

Figure 1 shows annual changes of the Index of Wage and Salary

Earnings (1990=100) by quarter and employer sector in the past decade. The extent of the effect of the collective incomes policy agreements can be seen in the highly congruent development over the 1996-1999 period. In contrast to this, there was notable divergence between the different sectors in the development of earnings during the 1992-1995 period. Measured in terms of earn-

FIGURE 1. YEAR-ON-YEAR CHANGES OF THE INDEX OF WAGE AND SALARY EARNINGS (1990=100) BY EMPLOYER SECTOR, % YEAR

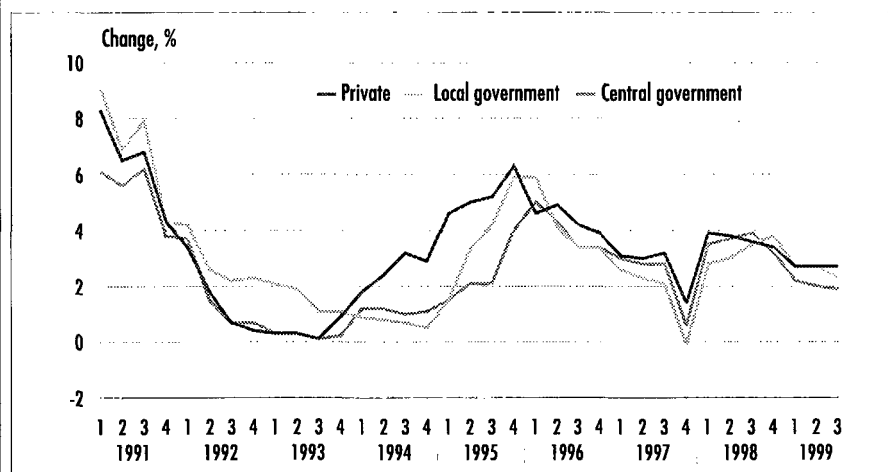
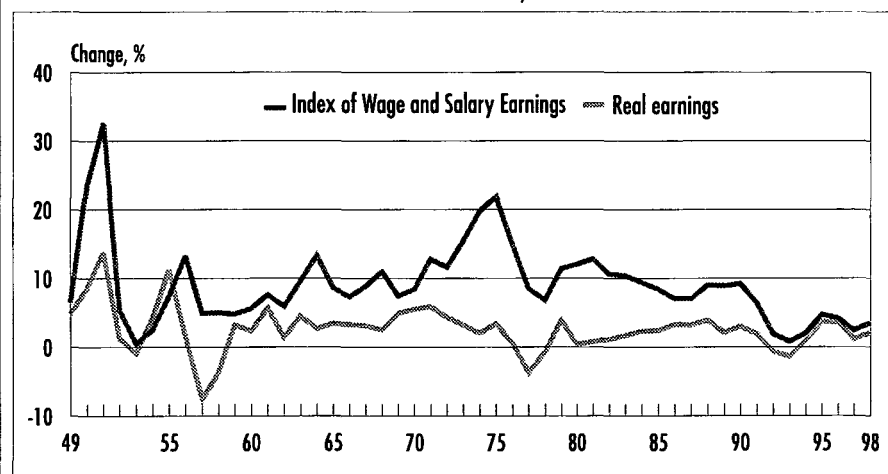


FIGURE 2. YEAR-ON-YEAR CHANGES OF THE INDEX OF WAGE AND SALARY EARNINGS AND REAL EARNINGS, %





ings development, the private and central government sectors were the fastest to sink to "the bottom line" with the recession while the private sector was the fastest to recover from it.

Examining the Index of Wage and Salary Earnings as a whole, the drift in wages and salaries has stayed at roughly one per cent over the period of collective incomes policy agreements. The drift has been largest in the private sector and the drifts in the central government sector have slightly exceeded those in the local government sector.

### *Development of the Index of Wage and Salary Earnings*

The Index of Wage and Salary Earnings produced by Statistics Finland measures changes in the average earnings of the wage and salary earners for regular working hours. The base year of the latest Index is 1995. Overtime pay and remuneration for hours not worked, such as holiday pay and bonuses do not affect the development of the Index. The Index is published quarterly and the latest published data are always preliminary, subject to review as and when final wages statistics become available. The preliminary data are based on estimations of the effects of incomes agreements and wage drifts on the development of earnings. The figures for 1998 are currently final ones, while those for 1999 are preliminary. The Index of Wage and Salary Earnings is described in detail in publication number 33 in Statistics Finland's Handbooks Series under the title "The Index of Wage and Salary Earnings 1995=100, Handbook for Users" (in Finnish, October 1999).

Figure 2 shows annual changes in the Index of Wage and Salary Earnings and real earnings since 1949. The indicator of real earnings has been obtained by removing the effects of inflation from the index describing nominal earnings. Compared to the previous decades, the trend in the 1990s has clearly been towards smaller nominal increases but because of the low inflation this has not reflected as significant changes in the development of real earnings.

Table 1 contains calculations of the change percentages of the Index of Wage and Salary Earnings by mode of remuneration, industry and gender compared to the previous quarter and the corresponding quarter in the previous year. In 1999 the quarterly development has

been quite congruent; the only rise deviating from the others took place in the insurance branch in the second quarter (0.8%).

Over the twelve months' examination period the Index of Wage and Salary Earnings went up most in financing (4.1%) and least in general government (1.8%) in the third quarter. The rest of the changes in the third quarter fall within a range of 0.5 percentage points.

#### *Source:*

*Index of Wage and Salary Earnings 1999, 3rd quarter and 1998 (Official Statistics of Finland, Index of Wage and Salary Earnings 1999:4)*

*For further details, please contact Jyrki Halomo, tel. +358 9 1734 3445; e-mail jyrki.halomo@stat.fi*

TABLE 1. CHANGE PERCENTAGES OF THE INDEX OF WAGE AND SALARY EARNINGS (1995=100)

	From previous quarter				From previous year							
	1998	1999*	1997	1998	1997	1998	1999*	1999*	1999*			
	III	IV	I	II	III	III	IV	I	II	III		
All wage earners	0,2	0,3	2,0	0,1	0,1	2,4	3,5	3,6	3,4	2,6	2,6	2,5
Hourly paid	0,0	0,6	2,1	0,1	-0,1	2,3	3,6	3,6	3,1	2,7	2,8	2,7
Monthly paid	0,2	0,2	1,9	0,2	0,1	2,5	3,5	3,5	3,6	2,6	2,6	2,5
Central government	0,3	-0,5	2,0	0,2	0,2	2,3	3,6	3,9	3,2	2,2	2,0	1,9
Local government	0,4	0,4	1,8	0,1	0,1	1,7	3,3	3,5	3,8	2,7	2,7	2,3
Private	0,1	0,4	2,0	0,2	0,0	2,7	3,7	3,6	3,4	2,7	2,7	2,7
Other	0,0	-0,1	1,9	0,2	0,2	1,9	1,9	1,7	2,0	1,5	1,9	2,1
Manufacturing	0,1	0,6	2,1	0,1	-0,1	2,7	3,7	3,8	3,5	2,9	2,9	2,7
Construction	0,4	0,6	1,9	0,1	0,2	2,5	4,0	3,9	3,5	3,1	3,1	2,8
Wholesale and retail trade	0,1	-0,2	2,1	0,1	0,1	2,2	3,4	3,3	3,3	2,1	2,1	2,2
Hotels and restaurants	0,4	0,7	2,0	0,1	0,1	1,2	4,5	4,8	5,4	3,5	3,2	2,9
Transport	-0,2	0,2	2,1	0,2	0,0	2,5	3,5	3,3	3,1	2,1	2,3	2,5
Telecommunications	0,2	0,4	2,0	0,3	0,0	2,9	3,8	3,8	3,5	2,7	3,0	2,8
Financing	-0,5	2,0	1,7	0,2	0,2	3,8	3,4	2,5	3,1	2,7	3,4	4,1
Insurance	0,2	0,6	1,8	0,8	0,2	3,6	3,2	2,8	3,2	2,8	3,4	3,4
Real estate, etc. services	-0,2	0,0	2,0	0,2	0,1	3,4	3,7	3,5	2,8	1,9	2,0	2,2
General administration	0,3	-0,5	2,0	0,2	0,2	1,9	3,5	3,9	3,3	2,2	2,0	1,8
Education	0,0	0,3	1,9	0,1	0,1	1,8	2,9	2,8	3,0	2,1	2,3	2,5
Health services	0,8	0,3	1,7	0,1	0,1	1,9	3,4	3,8	4,1	3,0	2,9	2,2
Social services	0,4	0,3	1,9	0,1	0,1	1,6	3,9	4,2	4,3	3,0	2,7	2,4
Other community services	0,3	0,2	1,9	0,2	0,2	1,1	2,2	2,5	3,4	2,6	2,6	2,5
Men	0,2	0,3	2,0	0,1	0,0	2,4	3,4	3,4	3,1	2,5	2,5	2,4

# PAY DIFFERENTIALS GREW IN 1997 – VARIATION IN DEVELOPMENT BY INDUSTRY

In the last quarter of 1997 the average earnings of a full-time employee for the total working time were FIM 11,260 per month. Total working time includes regular working hours plus paid additional and overtime hours, and total earnings include remuneration for these plus compensation for stand-by hours. In the private sector the average monthly earnings were FIM 11,500 and in the central government sector FIM 11,710. In the local government sector a full-time employee earned FIM 10,470 per month. The figures relate to hourly and monthly paid employees and employees whose remuneration is based on grounds deviating from the norm (e.g. trainees and those employed with policy measures).

The average monthly earnings for the total working time grew nominally by under one per cent from the last quarter of the previous year. The growth was largest in the private sector at 1.4 per cent. In the central government sector, average earnings increased by 0.2 per cent. In the local government sector average monthly earnings were 0.5 per cent lower than a year before, due both to a reduction in the remuneration for additional or overtime hours and changes in personnel structures.

### Nearly 49,500 new employment relationships

In the structural statistics on earnings, the number of full-time wa-

FULL-TIME WAGE AND SALARY EARNERS AND AVERAGE EARNINGS FOR TOTAL WORKING TIME, 4TH QUARTER 1997

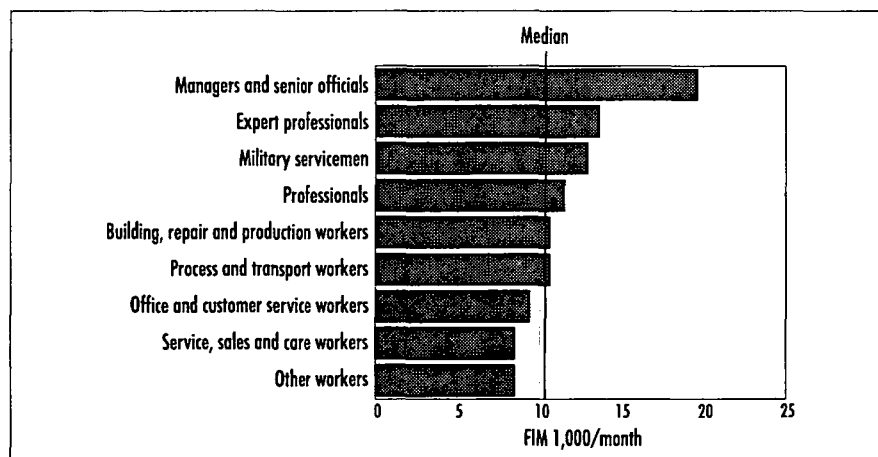
Employer sector	Number	Change 1996-97, %	-of whom women, %	Monthly earnings, FIM %	Change 1996-97, %
Private	877 604	4,6	40,2	11 504	1,4
— manufacturing	428 591	-0,7	28,1	11 652	1,9
— services	448 524	10,3	51,7	11 365	0,9
Local government	332 247	2,8	74,5	10 469	-0,5
Central government (excl. state enterprises)	110 797	1,4	44,7	11 712	0,2
Total	1 320 648	3,9	49,2	11 261	0,9

ge and salary earners grew by 4-odd per cent. The number of those under 25 doing full-time work grew by over 15 per cent in twelve months. The young were mainly employed by the private sector. At the same time, however, the average earnings of the young employees in the private sector rose by one percentage point less than the average for the sector. The number of employees aged over 50 grew by just short of 11 per cent. However, this was because those born in 1947 moved into this age group.

### Half of full-time employees earned at least FIM 10,000 per month

The average earnings of persons in management positions were FIM 19,660 per month, i.e. nearly 75 per cent above the average. In expert positions, where academic professional qualifications are generally required, monthly earnings amounted to FIM 13,730 (about 22 per cent above the average). As a rule, monthly earnings in the expert positions requiring professional quali-

AVERAGE MONTHLY EARNINGS OF FULL-TIME WAGE AND SALARY EARNERS BY MAIN OCCUPATIONAL GROUP 1997, 4TH QUARTER



fications acquired through vocational education lasting approximately four years were just under three per cent higher than the average at FIM 11,580. In the other occupational main categories (excl. military occupations) the level of earnings was from 5 to 22 per cent below the average.

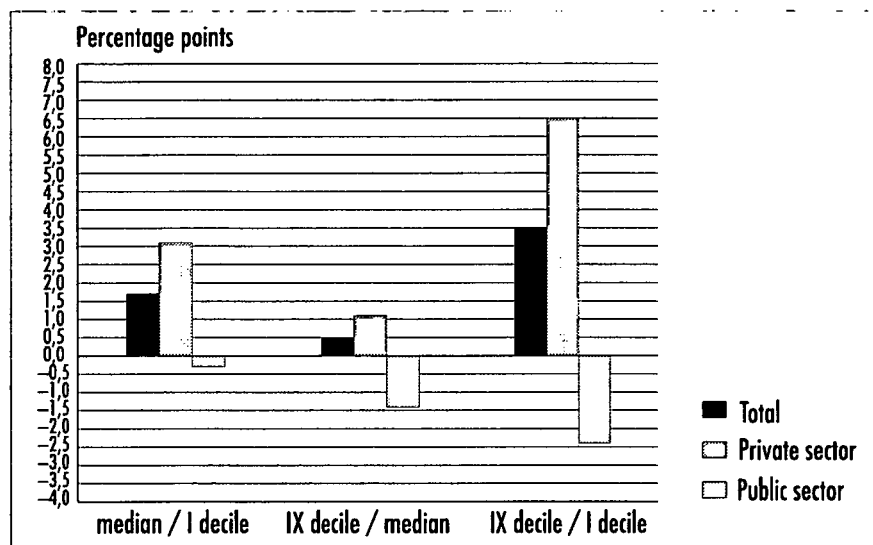
### Pay differentials grew

The growth of pay differentials in 1997 was almost exclusively caused by changes in the private sector. In most occupational categories the earnings level of the decile with the lowest earnings was slightly lower than twelve months earlier. However, the direction of the development varied between different industries and employee groups. In the public sector pay differentials contracted slightly, but mainly at the top end of the pay distribution.

Collectively agreed increments did not influence the pay structure in 1997. The changes were mainly caused by the creation of new jobs, grown proportion of young employees, and wage drifts. Especially in the private sector, the economic boom conditions influenced the structure of the wage and salary earning population.

Considering the different employer sectors, ten per cent of wage and salary earners gained under FIM 7,350 per month. The earnings of the decile with the highest earnings were at least 2.2 times higher than this. In the last quarter of 1997 employees with average wages earned 38 per cent more than those in the decile with the lowest pay did. Twelve months earlier the difference was 2 percentage points smaller.

### CHANGE IN KEY FIGURES ON THE DISTRIBUTION OF MONTHLY EARNINGS 1996-1997 - FULL-TIME WAGE AND SALARY EARNERS, 4TH QUARTER



Median = The central value above and below which 50 per cent of all wage and salary earners fall  
Decile = Wage and salary earners have been divided into ten groups of equal size according to the order of size of their monthly earnings.

The differences in the development by industry also partly influenced the ratio between women's and men's average earnings. Women's average earnings for regular working hours (FIM 9,746) were approximately 80.3 per cent of men's (FIM 12,126). The difference was 0.6 percentage points greater than twelve months earlier. Nevertheless, in the same occupational category and at the same educational level in the same industry the pay differential between the genders remained unchanged. Twelve months previously the pay differentials had contracted slightly because of the supplements included in the collective incomes policy settlement for women and persons with low earnings.

#### Source:

Structural Statistics on Wages and Salaries 1997 (Wages and Salaries 1999:13)

Structural statistics on wages and salaries cover the wage and salary earners employed by the central and local government sectors and the private sector wage and salary earners who work in enterprises employing at least five persons. Thus, the basic data of the statistics contain information on nearly 1.2 million employment relationships. At the population level, these represent nearly 1.5 million employment relationships. Excluded from the statistics are only agriculture and forestry, employer households and international organisations.

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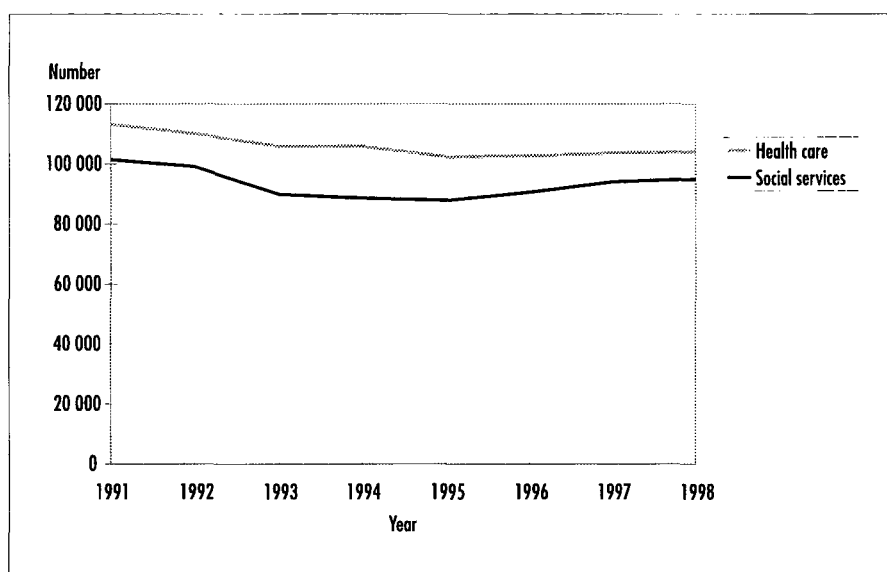
# MONTHLY-PAID SOCIAL SERVICES AND HEALTH CARE EMPLOYEES AND THEIR EARNINGS IN THE LOCAL GOVERNMENT SECTOR

The number of social services and health care employees has turned upwards in the local government sector after the years of recession. In 1998, 199,000 full-time persons were employed by social services and health care, of whom 104,000 worked for health care and 95,000 for social services. In the first half of the 1990s, the number of monthly-paid full-time employees exceeded the limit of 214,000. During the 1990s, the number of social services and health care employees was at its lowest in 1995, when full-time personnel numbered approximately 190,000. The proportion of women has always been high in social services and health care. In 1998 about 87 per cent of full-time employees in health care and around 94 per cent in social services were women.

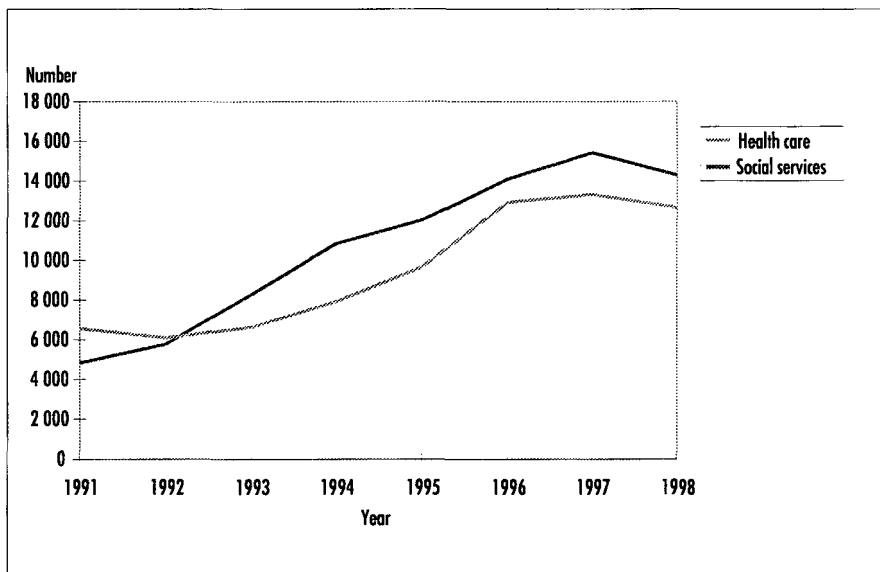
Social services provides employment in municipalities. Of all social services employees, about 94 per cent were employed by the local government in 1998. In contrast, only 35 per cent of health care employees were working for the local government in 1998. More than 65 per cent were employed by joint municipal boards.

The total earnings of monthly-paid employees went up by 3.6 per cent in health care and by 4.2 per cent in social services from 1997 to 1998. The average total earnings in

FULL-TIME EMPLOYEES IN HEALTH CARE AND SOCIAL SERVICES IN 1991-1998 YEAR



PART-TIME EMPLOYEES IN HEALTH CARE AND SOCIAL SERVICES IN 1991-1998



## FULL-TIME AND PART-TIME EMPLOYEES IN HEALTH CARE AND SOCIAL SERVICES AND THEIR AVERAGE TOTAL EARNINGS IN 1991–1998

	Health care			Social services			Total earnings FIM/month
	Full-time			Full-time			
	Number	Change No.	Change %	Number	Change No.	Change %	
1991	113 283			9 829	101 397		7 650
1992	110 048	-3 235	-2,9	10 009	99 099	-2 298	7 851
1993	105 937	-4 111	-3,7	10 078	89 921	-9 178	7 987
1994	105 865	-72	-0,1	10 151	88 609	-1 312	8 095
1995	102 387	-3 478	-3,3	10 776	87 885	-724	8 464
1996	102 701	314	0,3	11 447	90 588	2 703	8 880
1997	103 607	906	0,9	11 346	94 050	3 462	8 900
1998	104 057	450	0,4	11 749	94 941	891	9 278

	Health care			Social services			Total earnings FIM/month
	Part-time			Part-time			
	Number	Change No.	Change %	Number	Change No.	Change %	
1991	6 568			6 634	4 831		4 730
1992	6 092	-476	-7,2	6 276	5 782	951	4 653
1993	6 642	550	9,0	6 044	8 272	2 490	4 627
1994	7 903	1 261	19,0	5 917	10 830	2 558	4 612
1995	9 644	1 741	22,0	6 129	12 021	1 191	5 240
1996	12 914	3 270	33,9	6 371	14 094	2 073	5 546
1997	13 307	393	3,0	6 329	15 420	1 326	5 540
1998	12 656	-651	-4,9	6 593	14 296	-1 124	5 765

health care amounted to FIM 11,749 per month in October 1998. In social services the average total earnings were FIM 9,278 per month. Within health care the medical profession accounts for the higher level of earnings. In total, the average total earnings in the local government sector amounted to FIM 11,144 per month in 1998.

### *Number of part-time employees doubled in the 1990s*

The number of part-time employees grew considerably in the 1990s. While around 11,000 part-time

workers were employed in social services and health care in the early part of the decade, part-time employees numbered above 25,000 towards the end of the 1990s. In 1998, there were 12,000 part-time employees in health care and 14,000 in social services. The average total earnings of part-time employees in health care did not rise much during the 1990s. This is due to the fact that the average weekly working hours of part-time employees fell by two hours in the 1990s. In social services the weekly working hours of part-time employees re-

mained more or less the same throughout the 1990s. In 1998 the average weekly working hours in health care were 22.7 hours per week and in social services 27.1 hours per week. The average total earnings of part-time employees amounted to FIM 6,593 per month in health care and to FIM 5,765 per month in social services in 1998.

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# HOURLY WAGES IN INDUSTRY UP BY 3.2 PER CENT

The average hourly earnings of an industrial worker for regular working hours were FIM 61.63 in the fourth quarter of 1998. The average earnings rose by 3.2 per cent from the corresponding quarter in the previous year. The average hourly earnings for men were FIM 64.26, up by 3.0 per cent, and for women FIM 53.38, up by 3.4 per cent.

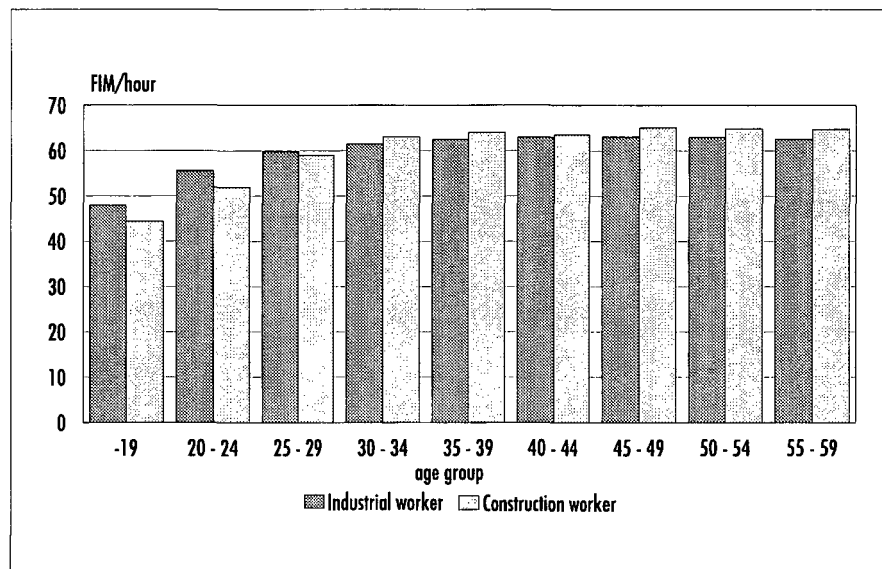
Including overtime and Sunday rates, the average hourly wage was FIM 66.01. The total hourly earnings were up by 2.4 per cent from the corresponding quarter in the previous year.

From 1991 onwards, data have not been collected from the food, beverage and tobacco industries for all the recorded quarters. If the food, beverage and tobacco industries, with about 14,000 employees in the fourth quarter of 1998, had been included in the statistics, the hourly wages for regular working hours for men and women would have been FIM 61.30 and the total hourly wages FIM 65.53.

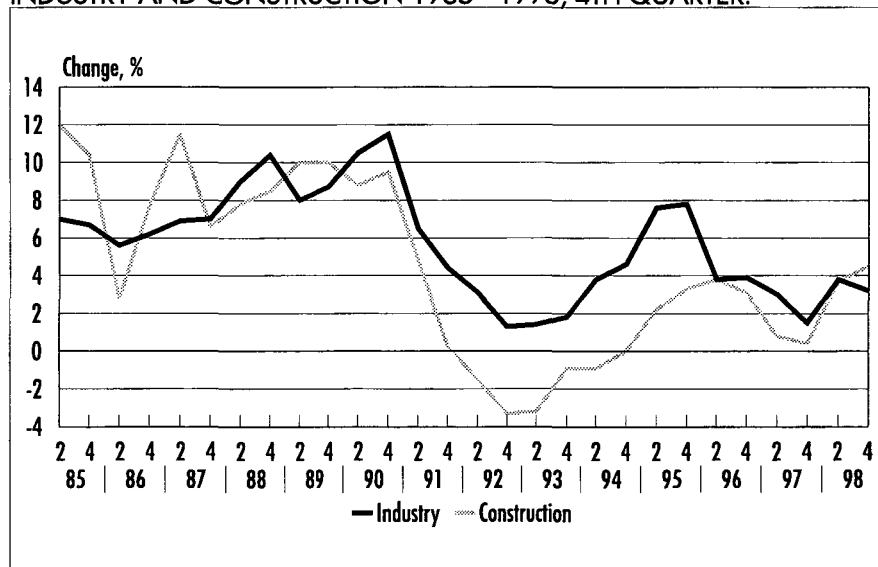
### Hourly wages in construction up by 0.4 percent

The average hourly earnings for regular working hours of a construction worker were FIM 62.51 in the fourth quarter of 1998, those for men being FIM 62.78, and for women FIM 49.11. The earnings were up by a total of 4.5 per cent on the corresponding quarter in the previous year. For men, the increase

HOURLY WAGES BY AGE GROUP FOR REGULAR WORKING HOURS IN INDUSTRY AND CONSTRUCTION IN THE 4TH QUARTER OF 1998



CHANGES FROM THE PREVIOUS YEAR'S CORRESPONDING QUARTER IN HOURLY WAGES FOR REGULAR WORKING HOURS OF WORKERS IN INDUSTRY AND CONSTRUCTION 1985 - 1998, 4TH QUARTER.



## NUMBERS OF WORKERS EMPLOYED IN INDUSTRY AND CONSTRUCTION AND THEIR HOURLY EARNINGS FOR REGULAR WORKING HOURS IN THE 4TH QUARTER OF 1998

Branch	No.	% women	Hourly earnings, FIM			Change,% IV/97-IV/98	Change,% II/98-IV/98
			Men	Women	Total		
Manufacturing industry, total	151 317	25,0	64,26	53,38	61,63	3,2	0,4
Mining and quarrying	365	6,8	71,57	50,53	70,23	1,8	0,4
Peat production	236	7,2	49,01	39,91	48,48	3,3	1,7
Textiles	4 067	65,3	55,07	46,29	49,40	5,0	0,3
Clothing, leather and footwear	3 894	83,5	46,89	42,99	43,63	4,8	0,8
Timber	11 297	23,3	60,14	56,09	59,25	3,3	1,8
Paper	25 003	15,9	70,16	62,70	69,00	3,7	0,7
Graphics	7 899	35,1	62,88	53,99	59,82	3,1	-0,1
Furniture	5 129	27,4	52,69	49,33	51,78	2,5	0,9
Chemicals	14 135	29,1	61,52	49,51	58,19	2,8	-0,9
Glass, pottery and stone	8 217	16,8	59,50	53,32	58,50	2,6	0,3
Basic metals	8 131	10,4	71,38	65,24	70,76	2,1	0,3
Metal products and vehicles	56 595	23,9	64,51	55,12	62,37	2,4	0,9
Other manufacturing	2 156	41,0	61,30	51,86	57,54	2,2	3,0
Power generation	4 193	7,3	64,38	52,87	63,74	3,7	2,2
Construction, total	22 506	2,3	62,78	49,11	62,51	4,5	1,9
House building	11 751	2,9	61,11	48,41	60,79	4,0	2,1
Electrical installations	2 492	0,4	71,98	53,13	71,93	2,6	3,9
Plumbing	1 957	0,4	69,66	.	69,61	5,2	2,6
Painting and decorating	1 993	5,0	62,44	52,54	61,93	3,6	-0,3
Metalwork	287	1,7	57,26	.	57,17	-2,7	-3,7
Industrial insulation	414	2,4	56,96	53,00	56,91	3,2	-1,9
Road surfacing	631	2,1	57,01	43,77	56,76	-3,5	-2,2
Waterproofing	605	0,5	66,41	.	66,37	0,5	-3,0
Civil engineering	2376	1	55,83	42,95	55,73	5,9	2,1

on last year's corresponding quarter was 4.5 per cent, and for women, 3.4 per cent. Including overtime and Sunday rates, the average hourly earnings in the quarter under review were FIM 63.93. The total hourly earnings rose by 4.6 per cent from the corresponding quarter in the previous year.

### *Concepts of wages and earnings*

Statistics on hourly wages in industry and construction refer to earnings for hours worked. Hourly

earnings for regular working hours include wages paid for work performed on time, contract and commission basis, and other payments based on working hours or special bonuses.

In addition to the above, overtime and Sunday rates are also included in the earnings for hours worked, i.e. total earnings.

*Source: Wages of construction and industrial workers in the 4th quarter of 1998*

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## CHANGE IN COST PER HOUR WORKED IN 1995–1998

One hour worked in the private sector cost, on average, 8.8 per cent more in 1998 than in 1995. The rise in costs was fairly uniform in different branches of industry. The increase was greatest in the manufacturing industry and construction (9.3 per cent) and lowest in the branches of trade, hotels and restaurants, and transport (8 per cent).

The rate of change in average hourly costs went up during the period under review: while the change was two per cent from 1995 to 1996, the change between 1997 and 1998 was as high as over four per cent. Preliminary data indicate that the cost per hour worked was 3.3 per cent higher in the third quarter of 1999 than the year before.

About 60 per wage cent of the gross rise in costs is based on collectively bargained increments and almost 40 per cent on drifts and structural factors. The fall in the proportion of remuneration paid for other than hours worked and

social security contributions slowed down the increase in costs by almost three percentage points in the early part of the period under review.

The collective incomes policy agreement of autumn 1995 raised the price of an hour worked by good four per cent during the next two years compared to the average cost level of 1995. The proportion of wage drifts remained at about three per cent at the same time. The average labour input of wage and salary earners increased during the upward trend, which reduced the proportion of remuneration paid for other than hours worked. In 1996, the rise in costs was also curbed by fall in social cost tariffs. The price per hour worked was only two per cent higher in 1996 than in the previous year, although the average earnings rose by over four per cent during the same period.

The two-year incomes policy agreement made in December 1997 raised costs by approximately 2.6 per cent in 1998. The proportion of

drifts and structural factors remained almost unchanged from the year before. The average earnings for regular working hours went up by about four per cent in 1998 – roughly the same as in 1996. The average working hours of wage and salary earners and social cost tariffs were on the same level as in the previous year. Thus the real rise in labour costs corresponded to the change in average earnings.

Calculated per hour worked, the development of social costs differs from that of wage costs in the period under review. From 1995 to 1996, social costs per hour worked fell in all the branches included in the index except for construction. The decrease was especially dramatic in the branch of financial intermediation and business services. The reason for this development was a significant change in tariffs: the tariff of unemployment insurance contribution fell in some branches by as much as 2.5 percentage points at the turn of 1995 and 1996. In 1997 the level of social

### CALCULATION OF FACTORS WITH AN EFFECT ON THE CHANGE IN LABOUR COSTS IN 1995-1998, PRIVATE SECTOR

Cost factor	Effect on change in costs, percentage points			
	1995/1996	1996/1997	1997/1998	1995–1998
Agreement increments	2,9	1,3	2,6	6,9
Drift and structural factors	1,3	1,6	1,5	4,7
Average change in labour input, incentive payments, overtime pay	-1,0	-0,4	0,2	-1,3
Social costs	-1,2	-0,1	-0,1	-1,5
<b>Total</b>	<b>2,0</b>	<b>2,4</b>	<b>4,2</b>	<b>8,8</b>

costs per hour worked turned moderately upwards. According to preliminary data, the change percentages of social costs in 1998 were almost on the same level as total costs. In the period 1995-1998 social costs per hour worked grew by 3.5 per cent, on average.

### **Labour cost index 1996=100**

The results presented above are based on the labour cost index developed by Statistics Finland on assignment of the EU. The index is quarterly and it describes the development of average labour costs per hour worked since 1995. In addition to the manufacturing industry

and construction, the statistics cover most private sector service branches. Excluded from the description are, however, agriculture and forestry, public administration, education, health care and social services, and so-called personal services.

The cost development was determined by calculation on the basis of full-time wage and salary earners. The information sources used were the index of wage and salary earnings, labour statistics, structural statistics on wages and salaries, and national accounts. Because of the method and the statistical sources used, the data on the

index are preliminary and they can be reviewed retrospectively.

The labour cost index will in future be published in the Prices and Wages Review with the delay of about three months. The final cost development and structure for the previous year will be published annually approximately six months from the end of the statistical year.

*Source: Työtunnin kustannus 1995-1998 (Cost of an hour worked in 1995-1998) (Wages 1999: 16)*

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### **LABOUR COST INDEX 1996=100 AND PERCENTAGE CHANGES COMPARED TO THE CORRESPONDING PERIOD IN THE PREVIOUS YEAR**

	Industry		Manufacturing industry		Construction		Trade, hotels, transport		Financial intermediation, business services		Total	
1995	96,6		96,6		97,0		99,4		99,8		98,0	
I	95,4		95,4		95,8		98,2		97,9		96,7	
II	96,7		96,7		96,6		98,8		98,7		97,7	
III	95,4		95,4		96,6		99,1		100,0		97,4	
IV	99,0		99,0		99,0		101,3		102,6		100,3	
1996	100,0	3,5	100,0	3,5	100,0	3,1	100,0	0,6	100,0	0,2	100,0	2,0
I	99,1	3,9	99,1	3,8	99,6	4,0	99,2	1,0	99,0	1,1	99,2	2,5
II	99,3	2,8	99,3	2,7	99,6	3,2	99,5	0,7	99,2	0,4	99,4	1,8
III	99,2	4,0	99,2	4,0	99,5	3,0	99,4	0,3	99,3	-0,7	99,3	1,9
IV	102,4	3,4	102,4	3,4	101,3	2,3	101,8	0,5	102,6	-0,1	102,1	1,8
1997	101,4	1,4	101,5	1,5	101,9	1,9	103,0	3,0	103,8	3,8	102,4	2,4
I	101,1	2,0	101,2	2,1	101,2	1,6	102,8	3,5	102,4	3,5	101,9	2,7
II	101,1	1,8	101,2	1,9	101,2	1,6	102,9	3,4	103,0	3,9	102,0	2,6
III	101,3	2,1	101,3	2,2	102,1	2,6	103,0	3,6	103,5	4,2	102,3	3,0
IV	102,3	-0,1	102,4	0,0	103,0	1,8	103,4	1,5	106,3	3,6	103,4	1,2
1998	106,0	4,5	106,1	4,4	106,2	4,2	107,0	3,9	108,2	4,2	106,7	4,2
I	105,7	4,5	105,7	4,5	105,3	4,1	107,0	4,2	108,2	5,6	106,5	4,5
II	105,6	4,4	105,7	4,4	105,4	4,1	107,0	4,0	108,0	4,8	106,4	4,3
III	105,7	4,4	105,8	4,4	105,8	3,6	107,0	3,9	107,7	4,0	106,4	4,1
IV	106,9	4,5	107,0	4,5	108,3	5,1	107,2	3,6	108,8	2,3	107,5	3,9
1999												
I	109,1	3,3	109,2	3,3	110,4	4,8	109,4	2,3	110,8	2,4	109,6	3,0
II	109,2	3,5	109,4	3,5	110,4	4,7	109,6	2,5	111,1	2,9	109,8	3,2
III	109,2	3,3	109,3	3,3	110,5	4,5	109,7	2,5	111,2	3,3	109,8	3,2

## 36 LABOUR DISPUTES IN THE FIRST HALF OF 1999

According to preliminary data of Statistics Finland, there were 36 labour disputes in Finland in the January-June period of 1999, 21 of them in the first, and 15 in the second quarter of the year. This is five less than in the first half of 1998, when there were 29 and 12 labour disputes in the respective quarters. Workers participating in stoppages numbered nearly 7,000 in January-March and 1,400 in April-June. The number of participants was less than a half in the early part of 1999 compared to the previous year.

The most significant labour dispute of the early part of the year was the strike of the Civil Aviation Administration's air traffic controllers, which paralysed Finland's air traffic on February 10 and went on for one month. The total number of working days lost in the Civil Aviation Administration's strike was about 5,600, which is about 41 per cent of the total time lost in early 1999. Over 60 per cent of the gross wages loss accumulated during this strike as the salary of air traffic controllers is higher than average.

Examined by industry, the numbers of labour disputes were highest in the manufacture of machinery and equipment, the manufacture of electrical machinery and apparatus, and the manufacture of metal products. The number of employees participating in them was, by far, the highest in the manufacture of food products and the

LABOUR COST INDEX 1996=100 AND PERCENTAGE CHANGES COMPARED TO THE CORRESPONDING PERIOD IN THE PREVIOUS YEAR

Year	Disputes	Workers			Working days lost	
		No.	No. per dispute	% of workforce	No.	No. per participant
1990	455	244 760	538	9.9	935 150	3.8
1991	284	166 770	587	7.1	458 340	2.7
1992	168	103 510	616	4.8	76 090	0.7
1993	126	23 190	184	1.1	17 310	0.7
1994	171	70 540	413	3.5	525 700	7.5
<b>1995</b>	<b>112</b>	<b>127 039</b>	<b>1 134</b>	<b>6.3</b>	<b>869 422</b>	<b>6.8</b>
I	42	79 934	1 903	3.9	703 499	8.8
II	27	6 340	235	0.3	141 943	22.4
III	21	6 267	298	0.3	6 034	1.0
IV	22	34 498	1 568	1.7	17 946	0.5
<b>1996</b>	<b>94</b>	<b>43 113</b>	<b>459</b>	<b>2.1</b>	<b>20 077</b>	<b>0.5</b>
I	42	21 887	521	1.1	9 858	0.5
II	17	13 546	797	0.6	3 732	0.3
III	14	4 347	311	0.2	3 593	0.8
IV	21	3 333	159	0.2	2 894	0.9
<b>1997</b>	<b>91</b>	<b>28 402</b>	<b>312</b>	<b>1.3</b>	<b>193 712</b>	<b>3.7</b>
I	30	7 214	240	0.3	7 013	1.0
II	14	3 471	248	0.2	3 918	1.1
III	29	8 694	300	0.4	9 882	1.1
IV	18	9 023	501	4.2	82 899	9.2
<b>1998</b>	<b>98</b>	<b>35 380</b>	<b>361</b>	<b>1.6</b>	<b>133 203</b>	<b>3.8</b>
I	28	15 027	537	0.7	96 562	6.4
II	12	3 033	253	0.1	4 461	1.5
III	13	2 961	228	0.1	18 799	6.3
IV	44	14 319	325	0.7	13 350	0.9
<b>1999</b>						
I	21	6 830	325	0.3	11 737	1.7
II	15	1 404	94	0.1	1 674	1.2

building and repairing of ships and boats. The liveliest month in respect of labour disputes was March, with nine labour disputes, while April, with only three stoppages, was the quietest.

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# TABLE OF INDICE

	IV/1999*	Annual change %
● <b>Index of wage and salary earnings 1995 = 100*</b>		
Hourly paid employees	113.7	2.5
Monthly paid employees	114.0	2.7
Monthly paid employees	113.6	2.4
<b>Manufacturing</b>	114.6	2.6
Blue-collar workers	114.7	2.7
White-collar workers	114.3	2.6
Building construction workers	114.2	2.6
Wholesale and retail trading	112.7	2.5
Transport	114.1	3.0
Finance	116.1	2.3
<b>Local government</b>	112.4	2.2
Hourly paid employees	110.7	2.4
Monthly paid employees	112.5	2.7
<b>Central government</b>	113.3	2.6
Monthly paid employees	112.5	2.6
<b>Private sector</b>	114.2	2.6
Hourly paid employees	114.1	2.7
Monthly paid employees	114.2	2.5
● <b>Index of real earnings 1995 = 100*</b>	108.0	0.9
● <b>Dwelling price index 1983 = 100</b>		
Helsinki conurbation	219.1	10.5
Rest of Finland	225.9	15.2
	217.1	8.3
	<b>February 1999 2000</b>	
● <b>Consumer price index 1995 = 100</b>	106.2	2.7
Food and non-alcoholic beverages	101.9	0.4
Housing, heating and lighting	108.9	3.4
Transportation	111.6	6.5
● <b>Cost of living index 1951:10 = 100</b>	1 476	
● <b>Wholesale price index 1995 = 100</b>	104.7	7.8
Domestic goods	104.0	5.4
Imported goods	106.1	12.5
● <b>Export price index 1995 = 100</b>	98.2	6.0
● <b>Import price index 1995 = 100</b>	107.0	14.6
● <b>Producer price index, home sales 1995 = 100</b>	102.3	6.8
● <b>Basic price index for domestic supply 1995 = 100</b>	104.5	8.1
● <b>Building cost index 1995 = 100</b>	106.7	2.5
Labour	112.7	4.2
Materials	106.3	2.0
● <b>Cost index of civil engineering works 1990 = 100</b>	114.6	6.5
● <b>Cost index for road transport of goods 1995 = 100</b>	111.5	5.6
● <b>Cost index of bus and motor-coach traffic 1995 = 100</b>	111.4	5.1

\* Preliminary figure

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