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THE EFFECTS OF EUROPEAN INTEGRATION ON THE FINNISH LABOUR MARKET

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ABSTRACT: The report analyses the effects of European integration on the labour market structure, employment and employment policy measures in Finland as well as the potential labour mobility between Finland and other European countries. Both labour inflows and outflows are expected to increase from the present level although no dramatic change seems eminent in the short or medium term. More foreign labour can be expected to immigrate to Finland from the East. One possible structural change is that the segmentation according to gender will be displaced by segmentation of natives' and foreigners' labour markets. It is the interaction between labour mobility and capital mobility which strongly determines the impact of integration as a whole on the Finnish labour market. The increase in Finnish direct investment to the EC may have an even stronger effect on both the labour market balance and structure than the increase in labour mobility with that area will ever have. Integration with the EC would bring several limitations to the traditional employment policy measures. The EES agreement or EC membership as a whole seem to have more importance for the demand side, whereas the supply side on the labour market will be affected strongly by the Eastern European developments.

KEY WORDS: integration, labour market, labour migration, employment policy

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TIIVISTELMÄ: Tutkimus tarkastelee Euroopan integraation vaikutuksia Suomen työmarkkinoiden rakenteisiin, työllisyyteen ja työllisyyspolitiikan mahdollisuuksiin. Työvoiman liikkuvuuden Suomen ja muun Länsi-Euroopan välillä arvioidaan lisääntyvän molempiin suuntiin, joskaan kovin merkittävää muutosta nykytilanteeseen ei ole odotettavissa ainakaan lyhyellä tai keskipitkällä aikavälillä, jolloin maahanmuutto Suomeen on laajassa mitassa todennäköistä korkeintaan Itä-Euroopasta. Ulkomaisen työvoiman kasvu voi muuttaa työmarkkinoiden rakennetta mm. siten, että segmentoituminen miesten ja naisten työmarkkinoihin osittain korvautuu jakautumisella ulkomaisen ja kotimaisen työvoiman osatyömarkkinoihin. Integraatiovaikutukset riippuvat keskeisesti siitä, minkälaiseksi muodostuu työn ja pääoman liikkuvuuden välinen vuorovaikutus Euroopassa. Tuotannollisten investointien voimakas suuntautuminen EY-alueelle voi olla vaikutuksiltaan työmarkkinoiden rakenteelle ja työllisyydelle merkittävämpi kuin työvoiman liikkuvuuden kasvu. Taloudellinen integroituminen Euroopan yhteisöön tuo myös rajoituksia talouspolitiikan mahdollisuuksiin työllisyyden hoidossa. ETA-sopimuksella tai EY-jäsenyydellä näyttäisikin olevan Suomessa enemmän vaikutusta työvoiman kysyntään, kun vaikutukset työvoiman tarjontaan tulevat ensisijaisesti idästä.

AVAINSANAT: integraatio, työmarkkinat, työvoiman liikkuvuus, työllisyyspolitiikka

ESIPUHE

Varautuminen integraation luomiin haasteisiin ja uhkiin edellyttää työmarkkinoiden näkökulmasta keskeisten tekijöiden arvioimista sekä kehityssuuntien ennakoimista hyvissä ajoin. Euroopan integraation vaikutukset Suomen työmarkkinoille välittyvät useiden kanavien kautta. Koska monet vaikutukset tulevat esille epäsuorasti, vasta pitkän ajan kuluessa, ovat ne vaikeasti tunnistettavissa integraatioon liittyviksi. Tässä raportissa on kartoitettu integraation yhteyksiä työmarkkinakysymyksiin ja pyritty siten täyttämään suomalaisessa integraatiotutkimuksessa tältä osin ollutta aukkoa.

Tutkimuksen on tehnyt Valtion taloudellisen tutkimuskeskuksen erikoistutkija Seija Parviainen. Esitän parhaat kiitokset projektin rahoittaneelle kauppa- ja teollisuusministeriölle sekä seurantaryhmälle, johon ovat kuuluneet Peter Boldt Suomen Ammattiliittojen Keskusjärjestöstä, Timo Filpus työministeriöstä, Mikko Hurmalainen Suomen Työnantajain Keskusliitosta, Heikki Koljonen kauppa- ja teollisuusministeriöstä sekä Antti Romppanen Valtion taloudellisesta tutkimuskeskuksesta.

Helsingissä, toukokuussa 1991

Seppo Leppänen

FOREWORD

Preparing for the forthcoming threats and challenges caused by the European integration process requires identification of the factors essential from the standpoint of the labour market. European integration affects the Finnish labour markets through several channels. Because many changes appear indirectly after long lags, they are difficult to recognize as being related to integration. This report presents an overview of the links between the integration and the labour market process and thus fills one gap in the Finnish integration research.

This study was carried out by Seija Parviainen, who works as a researcher in the Government Institute for Economic Research. The Institute is grateful for the Ministry of Trade and Industry for financing the study, as well as for the members of the follow up group: Peter Boldt from the Confederation of Finnish Trade Unions, Timo Filpus from the Ministry of Labour, Mikko Hurmalainen from the Finnish Employers' Confederation, Heikki Koljonen from the Ministry of Trade and Industry and Antti Romppanen from the Government Institute for Economic Research.

Helsinki, May 1991

Seppo Leppänen

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1. INTRODUCTION

Historic changes are taking place in Europe. The internal market programme of the EC, the negotiations between EFTA and the EC on the common European Economic Space as well as the development in Eastern Europe towards political democracy and market economies (including the reunification of Germany in October 1990) could all well be included under the heading 'European integration'. The recent developments have brought a wider European perspective to the integration discussion which was spawned in the mid 1980s on a Western European basis only.

Besides the mainstream patterns there are also some signs of other forms of economic cooperation in the future Europe. The following topics have been under discussion recently: the old Hansa area (i.e. the Nordic and Baltic countries plus Poland and the northern part of united Germany) and the old German-influenced Central Europe including Germany, Switzerland, Austria, Hungary and Czechoslovakia. These are, however, not seen as alternatives for European integration but as supplementary features to it.

In the European Economic Space (EES) the mobility of people, capital, goods and services would be free of technical, physical and financial barriers. The process includes harmonisation of standards, liberalisation of public procurement, diminishing state subsidies etc. An essential part of the Western European economic integration is also the exchange rate mechanism of the European Monetary System (EMS), which in fact means fixed exchange rates for those participating.

The concrete factors with respect to the integration affecting the Finnish labour markets, either directly or indirectly, are the structural change in international trade, increasing mobility of production factors and changes in the economic policy framework. Most of these factors hold for all European countries despite their decision to participate or to stay out of the integration process. As a small country, open to Europe, Finland is quite sensitive to these factors in many of its economic and social sectors. Over 80 % of its foreign trade is carried on with Europe and Finnish companies have internationalized by intensive foreign direct investments especially to EFTA and EC countries during the last few years.

This report concentrates on analysing the Finnish labour market's reaction to these European changes. For background of the analyses there is a brief look at the basic features of the Finnish labour market. Both similarities and differences compared to other European labour markets affect the reactions. An overview on the economic effects of the internal market programme on the EC countries is essential for estimating the employment effects which could be transmitted to Finland via the open sector.

As a concrete and easily noticeable phenomenon the labour mobility has strongly dominated the discussion on integration effects. Labour mobility is analysed here first from a historical point of view by enlightening the experiences from the free Nordic and EC labour markets. These experiences help in assessing the future of free mobility on the EES labour market in the 1990s. Although the original aim of this study was to concentrate on the EFTA-EC dimension only, the growing labour force flows from Eastern Europe can no longer be omitted today. Eastern Europe is liberalizing its passport practices, which increases migration from there to Western Europe and Finland.

One of the ideas here has been, however, to enlarge the discussion from the labour mobility to the other effects as well like the employment-related and structural influences of the different factors spurred by the integration process.

As uncertainty in political and economic development has globally increased, most of the conclusions concerning the future must be considered strongly hypothetical. The report must therefore be based on certain assumptions. Integration of Finland to the internal market of the EC is assumed to continue reaching either participation in an EES agreement or in EC membership. The political and economic reforms in Eastern European countries are expected to continue in the present direction. The third assumption is that there will not arise any unexpected radical changes on the domestic labour market, which would alter the impact of the integration process.

2. THE FINNISH LABOUR MARKET IN A EUROPEAN PERSPECTIVE

Some structural trends

The Finnish labour market has experienced one of the fastest and strongest structural changes in Europe after the Second World War. Transition from agriculture to industry and further to services (at the same time from the North to South) was very fast especially in the 1960s and 1970s and meant a sizable reallocation of recources. In ten years about one million Finns out of then 4 $^1/_2$ million population moved away from rural areas.

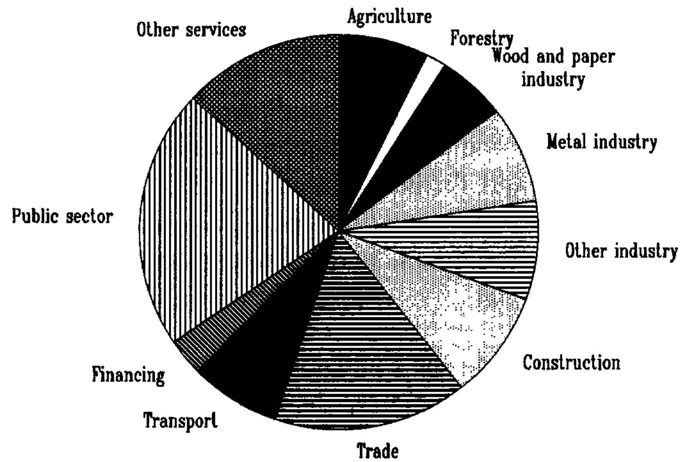
These changes have brought the Finnish labour market structure closer to the European one. Services is clearly the main employer in Finland, too, but the share of agriculture is bigger in Finland than in many other EFTA and EC countries (*table 1* and *figure 1*). One difference compared to the other Nordic countries is the essentially smaller share of the public sector, which is in Finland on about the EC level. However, Finland has never experienced a phase when industry would have been the biggest employer.

Table 1. Employment by sectors 1989, %

	Agriculture	Industry	Services	Total	(Public sector)
Finland	8,9	30,9	60,2	100,0	20,9
Sweden	3,6	29,4	66,9	100,0	31,5
Norway	6,6	25,3	68,1	100,0	30,8
Denmark (-88)	5,8	27,2	67,1	100,0	30,2
Germany	3,7	39,8	56,5	100,0	15,4
France	6,4	30,1	63,5	100,0	22,7
UK	2,1	29,4	68,4	100,0	19,4
Belgium (-88)	2,8	28,3	68,9	100,0	19,9
Netherland (-88)	4,8	26,4	68,8	100,0	15,2
Italy	9,3	32,4	58,2	100,0	17,3
Other Nordic countries*	5,3	27,3	67,4	100,0	30,7
EC-countries**	4,9	31,1	64,0	100,0	18,3

* non-weighted average
** non-weighted average including only the EC countries above
Data source: OECD Labour Force Statistics

Figure 1. Structure of Finnish employment in 1990

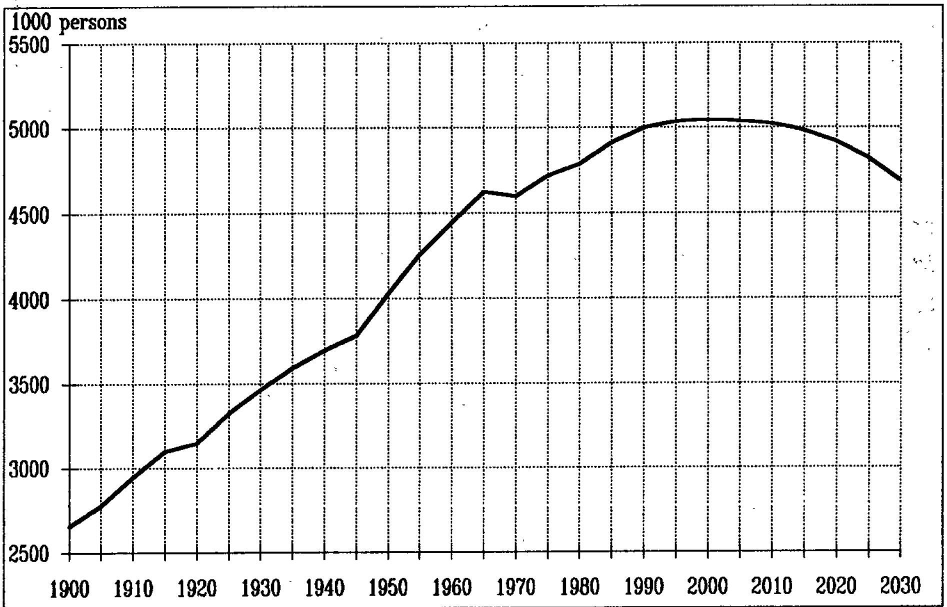


The main trends on the Finnish labour market today are the same as elsewhere in Western Europe. The growth in the labour supply is slowing and the labour force is ageing. Working time is shortening and labour productivity is still increasing, although the growth is assumed to slow down in the 1990s. Technological changes set new requirements for flexibility on both production and labour markets.

The labour supply in Finland has been mainly affected by the demographic developments and emigration. Fluctuations in the birth rate have been strong after the war. In the years 1946-1950 the rate was almost double compared to the pre-war period. These baby-boom generations have been later called 'the large age groups'. The age groups born in the 1970s were only half as large. Without any radical change in the birth rate the domestic population would peak around the year 2000 and start declining after that. (*See figure 2.*)

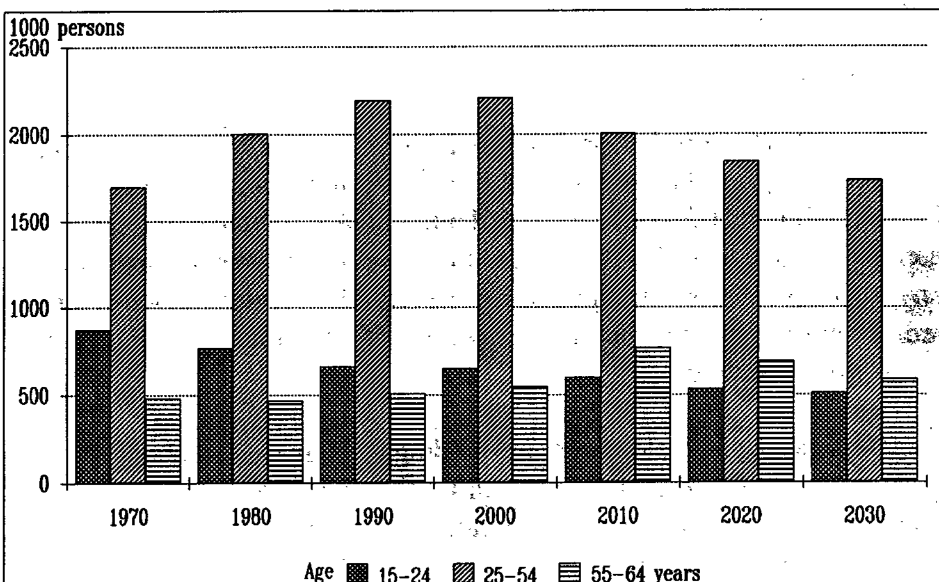
Because of the wide variations in the birth rate, there are also big changes in the age structure of the labour force. In the 1990s the number of 40-64 year old workers will increase by over 200 000 persons whereas the number of 15-39 year old workers will decrease by 150 000 persons only. Although the age structure is quite favourable now, problems will arise when the large age groups retire and the working age population gets relatively smaller (*figure 3*).

Figure 2. Population development of Finland in 1900-2030



Source: Central Statistical Office of Finland

Figure 3. Working age population of Finland in 1970-2030



Source: Ministry of Labour

As regards to different components of labour force growth during the last years, Finland differs from the other Western European countries (*table 2*). Elsewhere the rise in women's participation rate has explained much of the recent growth in labour supply. Finnish women, in contrast, have already earlier entered the labour market, so the comparable rise in their participation rate has been negligible.

Table 2. Some components in labour force growth in 1985/1988, average annual growth rates in percentages

	population growth	changes in general* participation	changes in womens** participation	total growth of labour force
Finland	0.32	-0.57	0.05	-0.25
Denmark	0.58	0.09	0.10	0.66
Norway	0.95	0.85	0.55	1.83
Sweden	0.48	0.47	0.23	0.95
Belgium	0.35	-0.25	0.53	0.11
France	0.74	-0.50	0.34	0.25
Germany	0.21	0.71	0.72	0.92
U.K.	0.39	0.32	0.31	0.71
Greece	0.37	0.21	0.23	0.58
Italy	0.60	0.83	0.75	1.41
Portugal	0.93	-0.17	0.45	0.75
Spain	1.14	0.74	1.18	1.88

* both sexes, all age groups
** only the age group 24-55 years old
Source: OECD Employment Outlook 1990.

The overall labour market participation rate is on par with the average European level, but the structure of participation by both age and sex is different in Finland (*figure 4*). The participation rate of women is one of the highest in Europe and the rate is about the same among married and single women. The women's participation rate nevertheless seems higher in other Nordic countries, where many women work only part time. In Finland most women work full time.

Recent legislational developments are tending to decrease the labour supply of especially young females by increasing childrens' home care. It has been possible since 1985 for either of the parents to take a leave-of-absence to care for their children at home and receive public financial support until the child reaches 3 years of age. After several years' decline the number of people performing household work is increasing again.

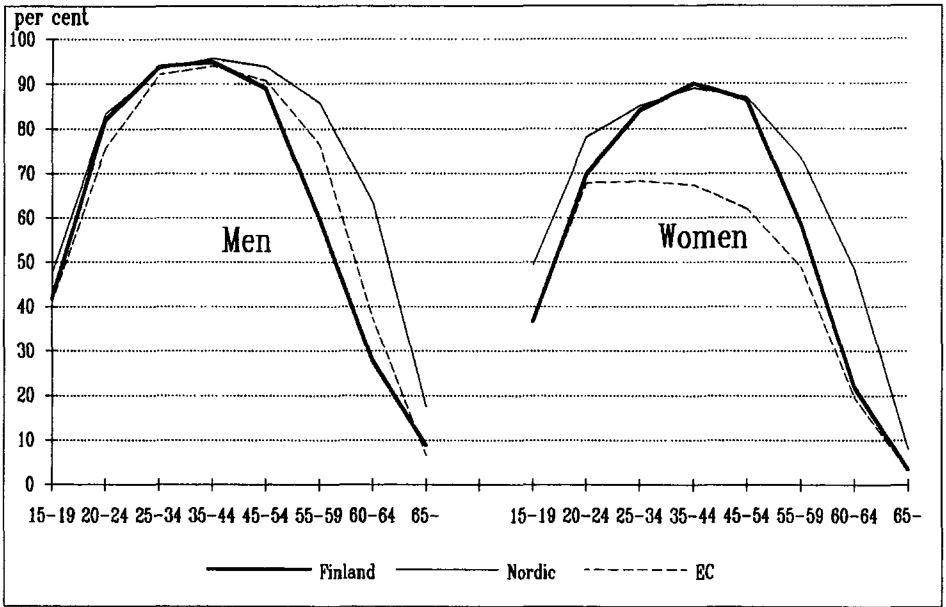
The decreasing overall participation rate in Finland can be mainly explained by an early retirement scheme which was made possible by changes in the pension legislation in the 1980s. The offical retirement age is generally 65, but the average retirement in practice is 58. Around 50 per cent of the age group of 55-64 years old are already retired. The early retirement option has drawn especially elderly men away from the labour market. In Finland their participation rate is therefore lower than elsewhere in Western Europe.

Although quite many have opted for early pension because of health, there are in background of this developement some structural changes in the Finnish economy as well. In practice the young persons entering the labour market have come directly to services and older ones have retired from industry and agriculture. This may have been a more common way of structural change than sectoral labour mobility. The older workers who have lost their jobs in the declining sectors have had difficulties in getting employed again. Early retirement has been a smooth way to solve the problem of these potentially long-term unemployed. Although the same kind of measures have been applied in other countries too, the range of use has been minor.

Also the young age classes have lower participation rates in Finland than elsewhere in Western Europe. However, working in the evenings and weekends besides school has gained in popularity among the young especially in the Helsinki area.

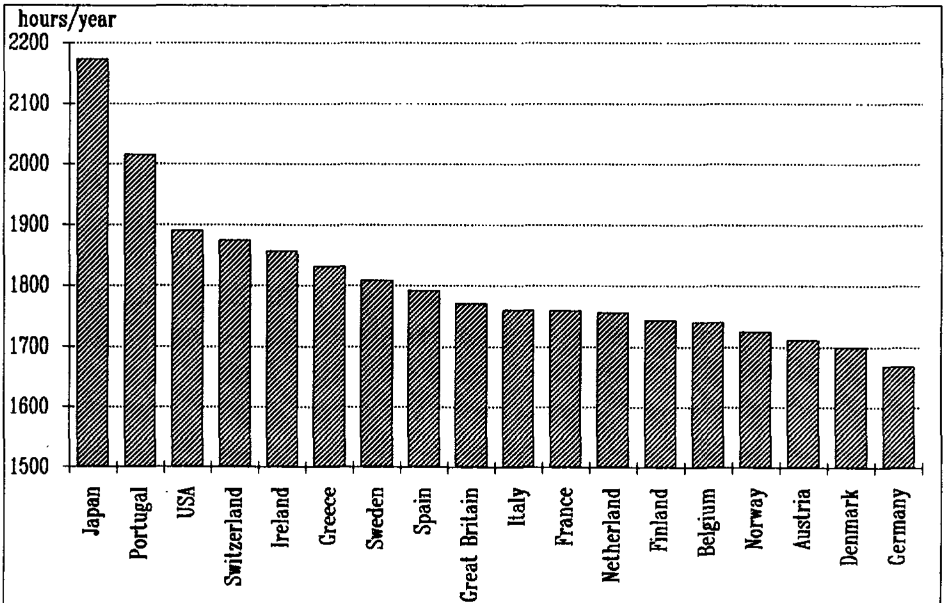
Although part-time work has increased among these 15-19 years old students, among older persons it is still less common, although it is increasing gradually. The share of part-time work was 6.5 % in 1989 (10.4 % among women and 4.6 % among men), which is only half of the EC level. In other Nordic countries part-time work is about four times more common than in Finland. However, if part-time work were defined in Finland in the same way as elsewhere (below 35 hours/weeks instead of 30 hours/week as the limit) the share would be 11.9 %, which is much more near the European level (see Santamäki-Vuori and Sauramo, 1990). If only full-time work is considered, the official working time is short in Finland compared to most EC countries (*figure 5*). At same time the length of job relations is shorter on average in Finland than in many other Western European countries.

Figure 4. Labourforce participation rates by age and sex in Finland, other Nordic countries and the EC



Source: OECD Labour Force Statistics

Figure 5. Official annual working hours in industry without absenses and overtime



Source: Finnish Employers Federation

The growth of labour productivity has been clearly faster in Finland than elsewhere in Europe. In the 1980s the average annual productivity growth was almost 3 per cent in Finland, while the average in Western Europe was slightly above 2 per cent. The productivity development has been fastest in agriculture and forestry, the metal industry and transportation. The productivity growth is, however, estimated to slow down to around 2.5 % level in the 1990s.

The Finnish labour market are strongly segregated into men's and women's jobs (*figure 6*). According to Anttalainen (1986) 53 % of all employees in Finland work in such occupations, where the share of the opposite gender is only 0-10 % and only 8.7 % of women and 8.6 % of men worked in occupations where the share of both genders is more or less the same (40-60 %).

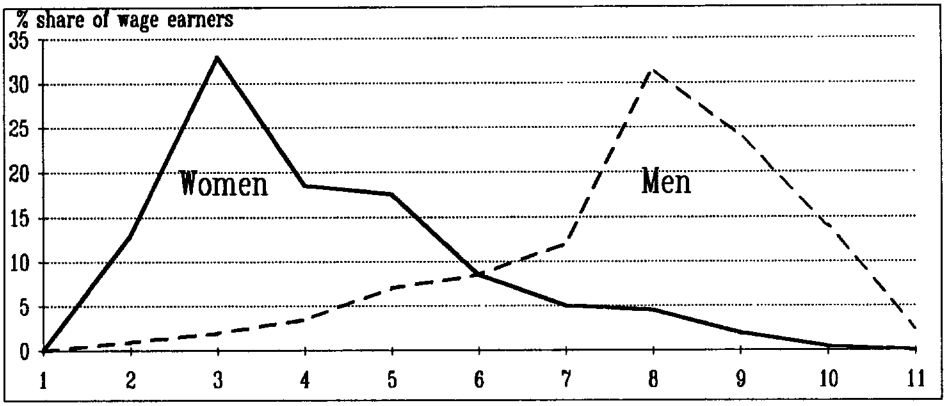
The wage differences between men and women are bigger in Finland than in the other Nordic countries but smaller than in most EC countries (*figure 7*). Women's wages are on average 29 % lower than men's wages in Finland (Allén et al. 1990). When differences in occupation, age, education and family status are taken into account, the wage difference looks smaller. Nevertheless some 16-17 percentage points can only be explained by discrimination. Although there has been some positive long-term development in both the labour market segregation and wage structure, the progress has been slow in the 1980s. Some parts of the recent legislational development (mentioned above) can even strengthen the traditional structures by encouraging women to stay home.

Finland has been considered as one of the most corporatist societies in the world. Trade unions cover about 80 % of all wage-earners. A feature peculiar to Finland is that functionaries are nowadays even better organized than workers. The Finnish 'consensus' in incomes policy includes negotiations between the employers, the trade unions and the government. The participation of government in wage negotiations has been typical especially on economic crises.

Employment trends

Very favourable economic developments kept the unemployment rate through the 1980s essentially lower in Finland than in the EC countries on average but higher than in Sweden and Norway (*figure 8*). Great difference

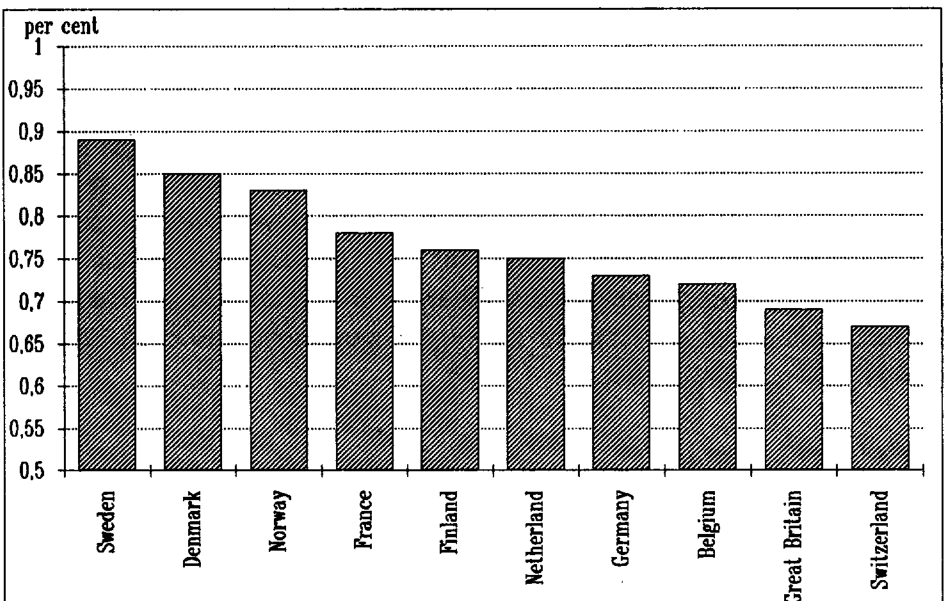
Figure 6. Segregation of the Finnish labour market into men's and women's occupations



1. Occupations open only for women (100 %)
2. Very strongly female-dominated occupations (> 99 %)
3. Very strongly female-dominated occupations (> 95 %)
4. Strongly female-dominated occupations (>80 %)
5. Female-dominated occupations (61-80 %)
6. Equality occupations (40-60 %)
7. Men-dominated occupations (20-39 %)
8. Strongly men-dominated occupations (< 20 %)
9. Very strongly men-dominated occupations (< 5 %)
10. Very strongly men-dominated occupations (0 %)
11. Occupations open only for men (0 %)

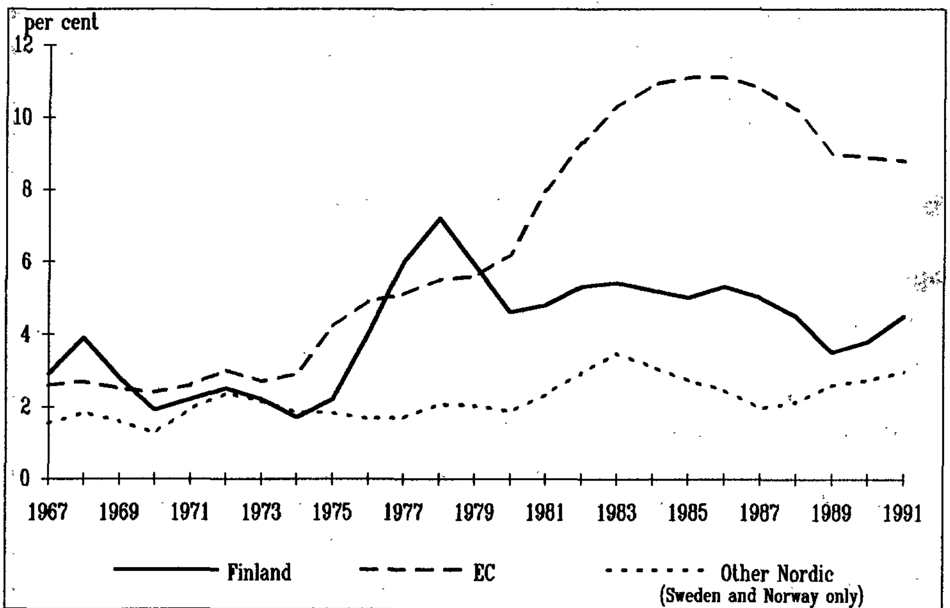
Source: Allén et al. 1990.

Figure 7. Women's wages in relation to men's wages in manufacturing of certain EES countries (averages in 1978-1988)



Source: SAF statistics

Figure 8. Unemployment rates of Finland, other Nordic countries and the EC



Source: OECD

exists between Finland and the EC especially in youth unemployment. The unemployment rate among 15-24 years old has stayed in Finland below 10 per cent in the 1980s, whereas it is even 40 % in the southern European countries.

The share of long-term unemployment is in Finland on the Nordic level and essentially lower than in the EC. If those receiving 'unemployment pensions' were included in the number of unemployed, the share of long-term unemployment would have been about 40 per cent in the 1980s in Finland, too. That is nearer the EC average and on about the OECD level.

In contrast to many other European countries, the unemployment rate has been generally lower for women than for men in Finland. Women's share of all unemployed stayed only a little above 40 % in the 1980s although women constitute around 50 % of the total labour force. One explanation might be the greater flexibility of the female labour supply to changes in labour demand. On the other hand, the labour demand has grown most evenly in services, which have traditionally employed more women in Finland.

The regional differences in unemployment are rather big in Finland. This phenomenon has been partly due to the very fast structural shift in emphasis from primary production to industry and onwards to services. The unemployment rate is highest in the northern and eastern parts of the country, where it is close to the 10 % level. Measured by the absolute number of unemployed the regional differences look less dramatic. Many of the unemployed are in big cities of southern Finland and in old industrial towns in southern and central parts of the country, long-term unemployment being most common in southern Finland (except the Helsinki area).

Some studies have argued that the hysteresis would hold better in Finland than in most other OECD countries (e.g. Eriksson 1989). The hysteresis phenomenon means that the non-inflationary level of unemployment is affected by its past history. A low economic activity level leads to a rise in the natural rate. Eriksson notices, that the rise in unemployment since the 1970s has meant in Finland mostly increase in the duration of unemployment spells and to a much lesser extent an increase in the number of unemployed. Because of the strong trade unions the increase in the number of long-term unemployed does not have a negative effect on the private sectors' real wage. (Eriksson highlights, however, the data problems of the study.)

All in all, quite a large share of the Finnish unemployment was considered structural especially when the economic developments were very favourable in the 1980s and there was a shortage of skilled labour in many branches. There were difficulties in getting workers for some low-paid jobs, too, especially in health care. The new situation spurred active discussion about more active use of foreign labour.

Foreign labour force

One important characteristics on the Finnish labour market compared to other Western European countries is the small share of foreigners in population (0.4 %) and labour force (0.5 %). Most of the foreign population is from the neighbouring countries. The EC citizens are only a small part of all foreigners in Finland.

Table 3. Foreigners living in Finland by nationality at the end of year 1989

Nationality	Number of foreign persons in Finland	%-share of all foreigners in Finland
Sweden	5660	26.7
Soviet Union	2394	11.3
West-Germany	1427	6.7
USA	1354	6.4
Great Britain	1215	5.7
Danmark	463	2.2
Norway	465	2.2
Poland	410	1.9
Italy	370	1.7
Canada	338	1.6
France	316	1.5
Netherlands	308	1.5
Switzerland	274	1.3
Spain	263	1.2
Japan	228	1.1
Others	5689	27.0
Summary	21174	100.0

Source: Central Statistical Office of Finland

Hitherto most of the immigration to Finland has consisted of Finnish citizens returning. Many 'foreign' immigrants also have some family connections to Finland. A growing part of the home-comers from Sweden and the USA are pensioners who no longer participate in the Finnish labour market.

The foreign men living in Finland are more apt to enter the labour force than the Finnish men. The foreign women participate less than the Finnish women, which can be partly explained by cultural differences but also by the working permit practices of Finnish authorities concerning family members.

Table 4. Working age foreigners' labour market position in Finland in 1989 (in parenthesis are the figures for Finnish citizens)

by age and sex	Number of foreigners	Participation rate, %	Unemployment rate, %
Both sexes:			
15-74	9 900	69.8 (68.7)	5.0 (3.5)
16-64	8 600	77.9 (75.9)	5.1 (3.5)
Men:			
15-74	5 800	79.5 (73.2)	4.6 (3.6)
16-64	5 200	86.5 (78.8)	4.7 (3.6)
Women:			
15-74	4 100	55.8 (64.3)	5.9 (3.3)
16-64	3 400	65.1 (72.9)	6.0 (3.3)

Source: Central Statistical Office of Finland

The foreigners living in Finland have a higher unemployment rate than the Finnish citizens. Especially foreign women's unemployment rate is much higher than the rate of Finnish women. This may be due to foreign women's lacking or unsuitable education and working experience. As women typically work in services, also insufficient knowledge of the Finnish language poses a major barrier to entering the labour force.

The foreigners have traditionally worked in Finland in more challenging jobs than the Finns on average, which is also one essential difference in Finland compared to other Western European countries. This situation is however changing fast as immigration from less developed countries is increasing. A general problem in the receiving countries is, that the education and experience of immigrants have not been fully utilized. The foreigners have been engaged in low-paid routine jobs, which have not attracted native inhabitants. The same development has been noticed already in Finland as well.

There are some 2500 refugees in Finland (in the beginning of year 1991). The annual quota for official refugees is very small (only 600 persons in 1990). During the last few years the number of spontaneous refugees entering Finland and asking for asylum has increased considerably. One reason for this might be tightened refugee policies in other Western European countries. However, the refugees do not yet have any noteworthy impact on the Finnish labour market. They are not allowed to take a job before they have received asylum and a working permit. The process can take nowadays almost one year.

Future need for additional labour

Despite the recent increase in unemployment, the labour shortage is becoming a long-term problem in Finland in the beginning of the twenty first century. Two official working groups have recently produced estimations on the future demand for foreign labour in Finland. The so-called 'Migration Commission' proposed that to keep the size of population on the present level around 25 000 immigrants are needed annually. Because one third of them are estimated to return home, some 17 000 foreigners should permanently settle down in Finland every year.

Estimations made from the labour market point of view only produce much lower approximations. The commission projected that the labour shortage would increase by around 2100 persons annually. If this were covered by foreign labour, Finland would need almost 3200 net immigrants annually in the 1990s because the participation rate of the working age immigrants is expected to be some 80 percent and 17 percent of the immigrants to be children. If 30 percent of all immigrants eventually returned home, that would raise the annually required number of immigrants to 6400. Refugees are included in these numbers.

The other group, 'Labour force 2000' -working group, has based its estimations on different scenarios on economic growth and domestic labour supply. In all scenarios the demand for additional labour (received either from domestic reserves or abroad) is small in the 1990s despite the GDP growth rate. Up to year 2030 the differences are nevertheless very big. If long-term growth dropped to 1 %, labour productivity growth would rise above the present level and all domestic labour reserves would be in use, there would be a considerable oversupply of labour on the market. But without increasing use of domestic reserves, a 3 % GDP growth rate with slowing labour productivity growth would lead to serious overdemand for labour.

The cumulative effects of immigration have been estimated by assuming gradually increasing net immigration reaching the annual level of 10 000 persons in 1995 and staying on that level afterwards. In the year 2030 the size of the foreign-based population in Finland would be 300 000 persons, which would mean 6.4 % of population and 7.7 % of labour force.

One problem which might arise with the rapidly increasing need for immigration is the lacking (or at least very modest) experience in the use of foreign labour in Finland. These problems partly arise from the institutional and partly the cultural features ignoring the special needs of foreigners.

3. EMPLOYMENT EFFECTS OF THE INTEGRATION PROCESS

The Finnish economic growth and labour demand are highly dependent on the success in the EC, the most important export area. Some aspects of the direction and time dimension of the potential employment effects will be outlined herein by taking a look at various studies regarding the general integration influences in the EC. One result of economic integration might be convergence of unemployment rates in the long run. The employment developments in the EC therefore have a certain importance for Finland.

The effects will differ sectorally and the process itself is expected to cause structural changes in the economy. Certain attention is therefore given to the prospects of sectoral employment impacts and possibilities for flexible sectoral employment adjustment. As most of the changes facing the Finnish employment developments can be either hindered or promoted by active labour market policy, the future prospects of the policy instruments are examined as well.

3.1 Job growth

The unemployment rate has stayed high in the EC despite the increasing economic growth in the latter part of the 1980s. During the years 1987-1989 some eight million new jobs were created in the EC. That is more than during the previous two decades. This development reflects the importance of positive expectations regarding the economic outlook. Nevertheless, there are still 14 million unemployed in the EC, half of them long-term unemployed, whom the increased economic growth has not yet helped.

All the studies made on the economic effects of the internal market programme promise – more or less – increasing economic growth in the medium term as a result of standardization and liberalisation of the mobility of goods, services, capital and labour. There are disagreements, however, on the regional distribution of the effects and the long-term outcome.

One of the very first studies made on the economic effects on the EC level was the so-called Emerson Report, published in 1988. That was a part of a larger project of the EC Commission called 'The Cost of Non-Europe', the final report of which was dubbed the Cecchini-report, named after its coordinator Paolo Cecchini. The report went through the costs of non-Europe and benefits of the internal market.

The internal market programme was estimated to boost economic activity. The additional growth of GDP would be 4 per cent and the slowdown in consumer prices 6.1 per cent in the medium term. Lower prices were expected to stimulate domestic demand and to boost external demand by the gains for European competitivity. The programme alone would improve employment by creating some 1.8 million new jobs in the EC area. That would be, however, enough to reduce the unemployment rate by only 1 percentage points. By active economic policy the amount of new jobs could be raised to 5 million.

In the short term, however, jobs could even be lost. There are three factors mentioned in the commission report that could lead to negative employment effects. In the short term jobs are lost in border control and customs administration as most of their services become needless. Productivity gains can influence in the same direction in some sectors. Even the liberalisation of financial services can pose a threat to short term employment, because lower financial costs can increase substitution of capital for labour. However, boosted economic growth will soon compensate for all these losses, the report consoles.

The short-term decline in employment would be offset in a few years. After one year the total employment would be down by more than half a million people. The initial level of unemployment would be roughly re-established in two years. Net gains in employment could be expected in the medium term.

Table 5. Employment effects of the internal market programme on the EC (per unit of percentage point)

	After 1 year	After 2 years	After 6 years	Number of new jobs
Supply effects	-0,2	-0,1	0,7	850 000
Liberalisation of financial services	-0,2	-0,1	0,3	400 000
Opening up public procurement	0,1	0,1	0,3	350 000
Abolition of frontier controls	-0,1	0,0	0,2	200 000
Total macroeconomic consequences	-0,4	0,0	1,5	1800 000
With macropolicy				3200 000
Total				5000 000

Source: Cecchini, 1988.

Almost half of the employment effects are expected to come from the supply side, i.e. business strategies reacting to the new competitive environment. In practice the effects have two channels in the commission report: price reductions as a result of lowering production costs and productivity gains as a result of more efficient allocation of resources, industrial restructuring on the basis of economies of scale and improved business organisation.

Liberalisation of financial services, i.e. banking, insurance and securities services, is expected to bring around one fifth of the employment effects in the EC. This is explained by the supportive nature of these services for the whole economy. Cheaper credit should give a boost to spending on housing, which is considered a job-creating sector. Diminishing financial costs should stimulate domestic demand by increasing purchasing power and boosting external demand by improving European competitiveness.

Opening up the public procurement markets would increase the number of new jobs almost as much as the liberalisation of financial services. Free public procurement markets should reduce public debt, ease taxation or directly boost demand. The commission report remarks that the first alternative would by and large postpone the expected benefits, while the last two would mean direct support to growth and jobs. The increase in jobs is a result of growth prospects, which essentially stem from price reductions made by public enterprices and their spin-off effects on domestic and external demand.

Liberalising of public procurement would not greatly increase foreign competition on the Finnish construction market but instead it would open large new markets for Finnish companies in the EC area. The planned limit of 5 million ECUs in goods and 25 million ECUs in construction projects (which has to be exceeded before the project must be opened to foreign competition) therefore brings positive net effects for Finland. It has been estimated that only around 100 projects reach that level in Finland annually.

The commission model has been applied to the Finnish data by Lahti (1989). The simulation results shaw fall in wage earner's employment by 0.1 % in a medium term although the industrial production increased by 3.2 %. Lahti explains this with an increase in real wages and by way of simulation. The results are based on an assumption that Finland will not be a member in the EC and will therefore not get all the benefits of 1992. Finland would stay for instance outside the public procurement liberalisation, which distorts the result.

The estimations concerning the effects of 1992 generally ignore indirect effects coming from the resource reallocation. In the latter part of 1980s there was a strong inflow of foreign direct investment into the EC, especially from EFTA countries and Japan. Strong capital inflow can provide a remarkable boost to the economic growth and spur the positive effects earlier than estimated.

Both the direction and the strength of the Cecchini report's results, as well as their temporal and regional distribution, have been under active discussion and criticism. In the Netherlands the Central Planning Bureau proclaims by using their World Model (CPB 1989) that the extra economic growth caused by integration would be at most about 2.3 per cent and consumer prices decreases to be far less than expected (i.e. about 1.6 per cent). Furthermore, the envisaged effects were not expected to last for a long time, but to be more or less temporary.

On the other hand, the commission report is also said to underestimate the economic effects. Baldwin (1989) estimates the effects to be about twice as big as anticipated in the commission report. He criticizes the report for ignoring the long-term dynamic effects which the one-off change might have leading to continuing economic growth. These long-term consequences may well exceed all the once-and-for-all benefits. Baldwin argues, that the 1992 integration will boost the permanent growth rate by about 0.3 to 0.8 percentage points. The most important impact of 1992 could well be its growth effect, not its static effect on resource allocation. However, he does not distinguish between the long-term growth effects on productivity and the increase in employment.

While Smith and Venables (1988) have concluded that all the (EC) countries are likely to gain from the 1992 process, Damien Neven (1990) argues, that the benefits will be unequally distributed. The northern European countries should expect relatively small benefits. He does not mention the possibility of spin-off effects on the EFTA countries, but some connection to that can be seen in the study.

Distribution of the integration benefits will be affected by the extent to which scale economies are exploited in the first place. Countries which currently do not exhaust scale economies should in principle benefit more. This could effect especially the southern European countries and improve employment there. Along this line of thinking the EFTA countries could not expect important effects, because they already are well integrated with the EC.

Both Krugman (1988) and Norman (1989) believe that by participating in the 1992 process the EFTA countries can expect even greater benefits than the EC countries themselves. The reason is that as small open economies EFTA countries could experience a more severe trade-off between scale economies and competition than the larger EC countries. EFTA countries' trade with EC countries is, in relative terms, larger than trade between large EC countries. As a result, Norman writes, if EFTA countries remain outside, changes in cost, demand and market structure within the EC could have substantial spill-over effects on EFTA countries. Norman estimates that the gains to the average EFTA country could be even two to three times larger than for the average EC country.

Their views differ when they analyse the results of staying outside the internal market. Norman believes that the EFTA countries would not lose much by staying outside. However, the losses would be greater for countries like Finland which export a narrow range of products. According to Krugman the conventional effects may imply some deterioration in EFTA countries' position. There might well be additional costs – losses relative to the current situation – if EFTA failed to participate.

In addition to Krugman a group of EFTA economists (see Pintado et al. 1988) have argued that if EFTA countries did not participate in the completion of the internal market, intra-community trade would increase and EC goods could substitute for EFTA goods. This would imply a decline in the demand for EFTA goods and a deterioration in EFTA countries' terms of trade.

The supply side changes are in fact one fundamental part of the process that Finnish companies are already participating in now. The Finnish export companies have already been forced to change their production and business strategies to keep their competitiveness. The supply side effects should therefore be experienced in Finland despite the integration strategies.

The positive development of the EC economy could be experienced in Finland especially through increasing export demand. Cumulative increase in the Finnish GDP is estimated to be some three percent in the medium term. If that were experienced as improvement in employment, the extra demand for labour would be over 10 000 persons per year. Sectoral differences are, however, big as shown in the next chapter.

An important phenomenon that the earliest studies have naturally been unable to take into account is the Eastern European development. The reunification of Germany has increased the number of EC inhabitants by over 16 million. Financial support from the EC to the Eastern Europe takes a lot of resources, which will evidently influence the economic development in different directions in a short and long term.

3.2 Sectoral employment adjustment

The final employment effect of the 1992 process on Finland depends largely on the role that Finland will play in the international division of labour. Structural changes in international trade will become evident when the abolishing of trade barriers affects the competitive environment. This chapter tries to analyse briefly, what kinds of factors affect the employment development on different sectors and branches.

Agriculture is one of the most important common policies in the EC. Nevertheless, agricultural questions as a whole are excluded from the EES negotiations. More concrete pressures for liberalisation are coming from the GATT Uruguay Round negotiations. The southern European EC countries, which are still heavily dependent on agricultural production, nevertheless insist that the richer EFTA countries allow imports of certain agricultural products (Satuli, 1990). More pressures for liberalisation are also coming from the Finnish foodstuff industry, which has to adjust to the opening markets and growing competition from Europe, raw material prices being an essential factor of competitiveness.

As was pointed out earlier in this paper, agriculture (primary production) covers a bigger share of total employment in Finland than in the other Nordic countries or in most of the EC countries. This indicates that strong changes are in store for Finland, where the agricultural employment is foreseen to continue declining both absolutely and relatively in the 1990s, although more slowly than during the two previous decades (*figure 9*). In addition to the international pressures to limit production, the fast productivity growth means further employment decrease in that sector.

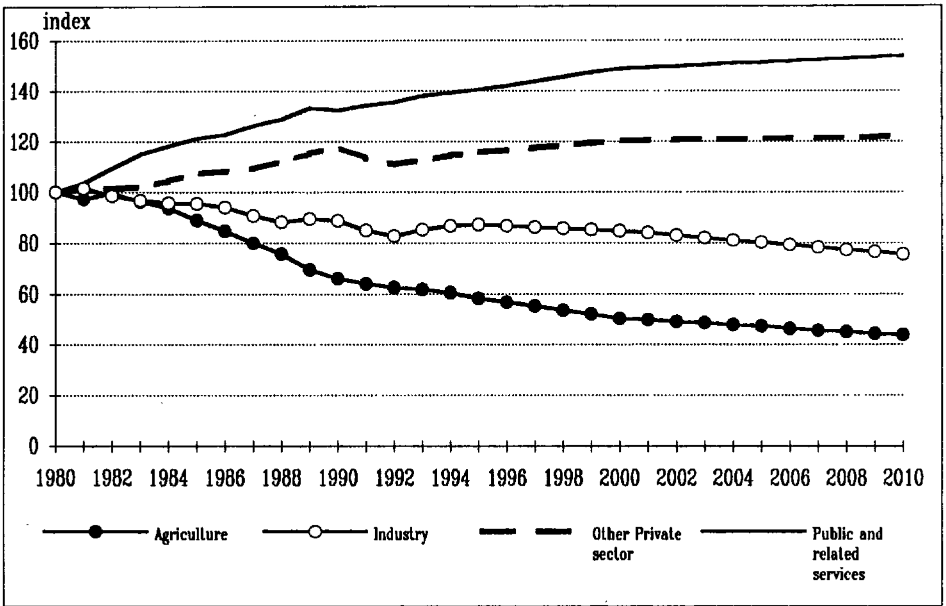
On the open branches of industry the employment impacts of the European integration are naturally greatly dependent on the export demand on the internal market. In the hitherto sheltered branches the effects come mainly from adaptation to foreign competition on the domestic market and to changes in productivity. Views on which industrial branches will lose and which will win in the process depend largely on whether comparative advantage or economies of scale is considered the stronger determinant for future specialization among the European countries.

Still in the end of the 1980s comparative advantage got much attention and warnings were often heard that integration can lead to further concentration in the forestry and paper industry in Finland. If the industrial structure were to become more one sided, that could increase exposure to international business cycles.

Recently however arguments highlighting the importance of economies of scale in the integration process have become more popular. As an example Norman (1989) argues that participation in a fully integrated EC market would have special importance for the industrial structure in all EFTA countries. If EFTA countries stayed outside, "they would be forced into greater reliance on their traditional exports of metals, paper products and other semi-manufactured goods." If they participate, their industrial growth would be concentrated in other areas of manufacturing.

The impact of integration on the Finnish industries has been examined by Kajaste (1990) by following the lines of a corresponding EC study (see Buigues & Ilzkowitz 1988). The study lists 41 branches of Finnish industries which are considered sensitive to the integration process. The word

Figure 9. Sectoral employment development in Finland, 1980=100



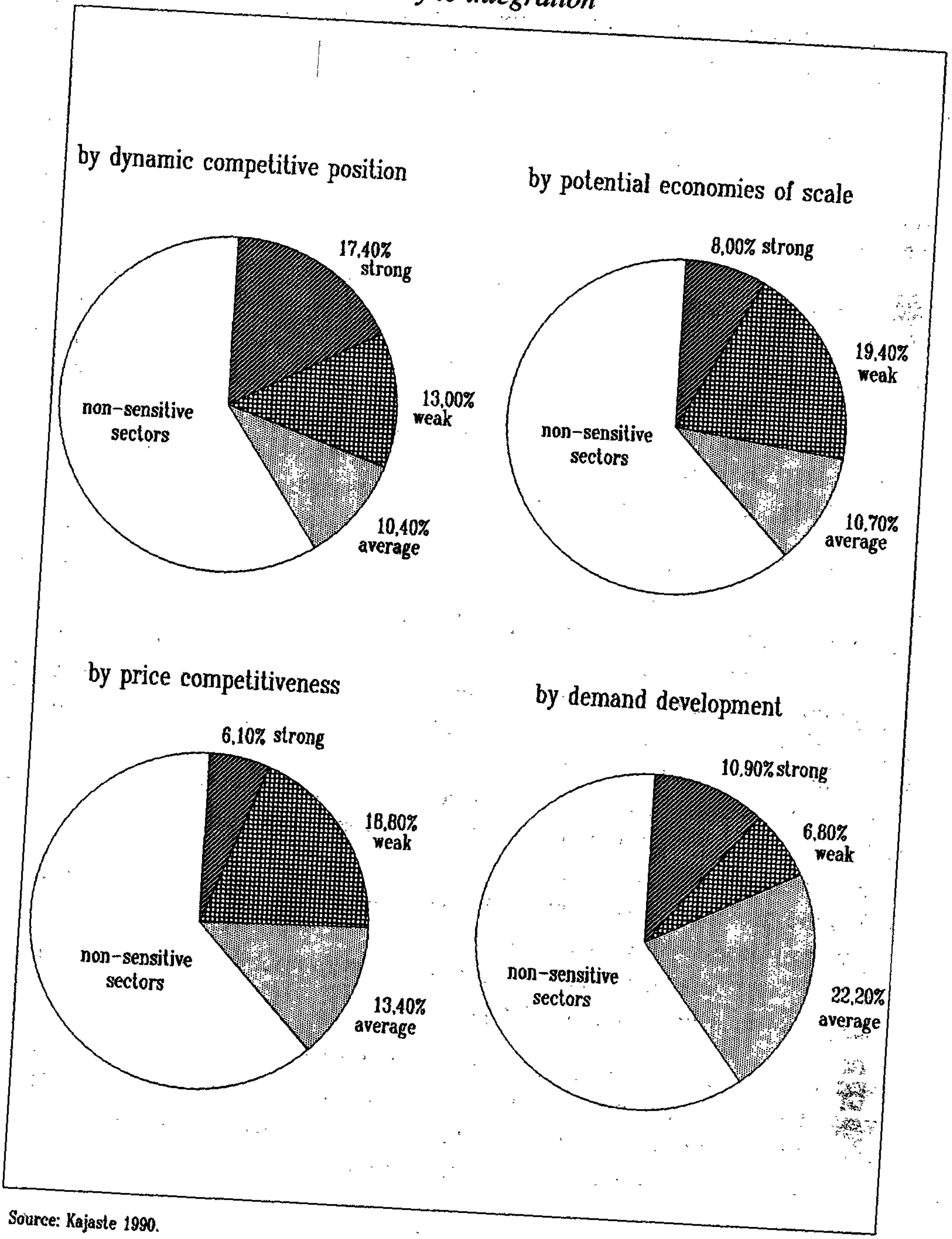
Source: Central Statistical Office of Finland and Labour Force 2000 -working group

'sensitive' refers to sectors which are likely to be affected either positively or negatively by the removal of non-tariff barriers and adaptation to economies of scale. The study is based on an assumption that Finland is a member of the EC.

The sectors which are classified as sensitive account for approximately 36 per cent of total value added and 43 per cent of employment in Finnish manufacturing in the year 1987. The shares of employment in strong and weak sensitive sectors according to different components of competitiveness are shawn in *figure 10.*

In the EC manufacturing the share is about 50 per cent of both value added and employment. The share is smaller in Finland because the forest industry is not considered sensitive as it has already adjusted to the international competition. On the other hand, even 75 per cent of metal and engineering industries are classified as sensitive. The most vulnerable industrial branches are e.g. shipbuilding, clothing, radio and television, glass and glassware, dairy production etc., which cover 15-16 % of all industrial employment. Trade performance improvement is taking place in the iron and steel industry, machinery, telecommunications etc., which likewise cover around 15 % of industrial employment in Finland.

Figure 10. Breakdown of employment in Finnish industry by industrial sectors' sensitivity to integration



Source: Kajaste 1990.

Kajaste agrees with the views that specialization in foreign trade in Western Europe is mainly driven by economies of scale instead of comparative advantage. As a result the bulk of intra-European trade consists of intra-industry trade, i.e. exports and imports of similar products. In many of the machine industry sectors as well as in some sectors producing consumer goods like food and clothing the potential economies of scale are not essential. On the other hand, for some sectors in the chemical, electro-technical and steel industries "exploitation of scale economies is a key question" (Kajaste 1990).

As elsewhere in Western Europe, in Finland too, services are the biggest and the fastest growing employer. It is also strongly affected by the integration process while liberalisation of trade in services is an essential part of the internal market programme. Services as a whole has been hitherto more shelted from international competition than manufacturing. Changes can therefore become relatively strong especially in transport, financial services, insurance and retail and wholesale trade.

The main difference in most branches of the service sector compared to manufacturing is that the 'products' generally have to be produced where they are consumed. This fact decreases the employment effects on domestic markets despite the rearrangements in ownership relations of service companies. As André Sapir (1990) puts it, for most services the high degree of nearness required between consumers and producers implies that integration is not likely to affect greatly the location of production. He classifies the international service transaction into three types:

1. Mobile users from one nation travel to another nation to have services performance (e.g. tourism)
2. Mobile providers from one nation travel to another nation in order to perform services (e.g. engineering)
3. Providers from one nation establish a branch in another nation in order to perform services (e.g. banking)

Sapir sees also a close relationship between international trade and foreign direct investment in services. In certain services internationalization of firms can shift the production of some activities from the local point of consumption to the headquarters of the multinational network.

Free mobility of workers and specialists is of special importance in the internationalization of services (especially in the second type of services on the list above). On the other hand, many services are based on language, which is an important 'trade barrier' giving the domestic employees some monopolistic power on the national labour market. In this sense it seems that at least the direct employment effects could not be very dramatical in the short or medium term.

The analysis should make a difference between services for households and companies as well as public services. According to Huuskonen (1989) the integration would affect most directly the private services but the public services will experience some effects as well. Especially liberalisation of public procurement will affect the way of organising public services in many EES countries.

The supply of some services is considered quite underdeveloped in Finland compared to most other EES countries. Therefore an essential part of the value added particularly in trade of special products, hotels and restaurants and financial services can be directed to foreign control. As a whole he can see essential growth in labour demand only in public services.

There have been few studies made on the integration effects on single branches of services in Finland. One exception is a study made by Jussi Raumolin (1990) about 'Challenges facing the Finnish retail and wholesale trade in the European integration'. The share of trade on all employment has stayed at about 12 % but its share of employment in services has declined from about 25 % in the mid-1970s to around 20 % in the end of 1980s.

Raumolin concluded that the most vulnerable branches in Finnish wholesale and retail trade are transportation, forward storing, raw materials trade, car imports, imports of brand name products, mail order sales, direct marketing and tax free trade. The Finnish companies have to meet the increasing competition by improving efficiency which means streamlining of activities and closing down thousands of peripheral stores. There will be a general tendency to concentrate the location of stores in the urban centres of southern Finland and the warehouses especially in the Helsinki region. Although the international competition will force rationalisation and automation, Raumolin considers the labour shortage one of the major obstacles of development in the wholesale and retail trade.

As a whole integration does not seem to spur any radical changes in long-term sectoral employment. It rather accelerates and strengthens the already ongoing trends. The intra-sectoral influences might be much stronger. There are many other factors not related to integration at all decreasing the employment share of agriculture and increasing further the share of services in total employment. Of much greater importance is the intra-sectoral impact especially inside industries, where a decrease in public support and the opening of borders to foreign competition will be fateful for certain branches but will open many new growth and employment prospects for others. For certain branches, especially in manufacturing, the integration process seems to open up growing export markets, from which also some company-oriented branches in services will benefit.

The structural employment changes caused by integration are very difficult to separate from other structural developments taking place continuously in the economy. Also the sectoral differences in productivity make predicting complicated and can change the view given now.

The sectoral transfers in employment especially from agriculture and manufacturing to services have in practise taken place by the expanding sectors hiring young persons directly from school while the declining sectors let the older workers retire. As the size of young age groups is becoming propotionally smaller on the labour market, the sectoral adjustment has to take place increasingly via occupational and regional mobility, which sets requirements for the labour market flexibility in general.

3.3 Limits and possibilities of employment policy

Like the other Nordic countries, Finland has largely followed the so-called Rehn-Meidner model in its labour market policy after the Second World War. This tradition has consisted of active measures to increase the number of jobs and to improve the match between labour demand and labour supply by effective employment services and by promotioning of regional and occupational mobility. Full employment has been an essential target as well in monetary, fiscal, industrial and regional policies.

There are several factors in the European integration process changing the employment policy framework. This raises questions of what will be the role of domestic economic policy with respect to employment in the 1990s, to what extent will Finland as a small country be able to set its own employment targets and what kind of measures will it be able to use for attaining them.

Active use of exchange rate changes in stabilization policy and structural policy has been typical for Finland during the post-war decades. Big devaluations have been used to change the income shares between capital and labour to promote open sector competitiveness and employment. The policy was however criticized, because the positive effects were wiped out by increasing inflation within a few years after each devaluation. In the 1970s and 1980s attempts were made to circumvent this problem by evoking a 'fine-tuning' policy of actively using both small devaluations and revaluations to stabilize employment as well as inflation development.

When capital movements became more liberalised in the early 1980s, they started reacting strongly to expectations concerning exchange rate changes. So the main aim of monetary policy has been to support the stability of the markka's external value in the 1980s. This has led to growing demands to guarantee the credibility of the exchange rate stability as a cornestone of Finnish macroeconomic policy by seeking membership in the EMS. Another reason for these demands has been the relatively high inflation rate in Finland. When currencies are strictly pegged to each other, the free mobility of capital forces the countries to follow the economic policy (especially the inflation level) of the leading EMS country, at the moment Germany. The economic policy of Germany has been strongly deflationary. Its inflation rate has stayed around 2 per cent in the 1980s, while the EC average has been 6-7 per cent.

The membership in the EMS would essentially limit the independency of monetary and exchange rate policy. In practise participation in the exchange rate mechanism of the EMS would mean fixed external value of Finnish markka in relation to the other EMS currencies. The Finnish markka is already partly tied up with ECU via its own currency basket of which the ECU currencies cover directly almost 60 % and indirectly even further because the other Nordic currencies are also mostly tied to ECU currencies. The main difference is the inclusion of the US dollar and Japanese yen, with a combined weight of 14.7 per cent in the Finnish currency basket. The EMS membership could therefore increase the variability of the markka in relation to these two currencies.

Table 6. Weights of European currencies in ECU and the Finnish currency basket, %

	in ECU	in the Finnish currency basket	Other weights in the Finnish basket
DEM	31.1	19.2	USD 8.8
FRF	19.0	6.9	SEK18.9
GBP	13.0	12.3	NOK 3.8
NLG	9.4	5.0	CHF 2.4
BEC/LUX	7.9	3.3	ATS 1.7
ITL	10.15	5.2	JPY 5.9
DKK	2.45	4.5	Together 41.5
IEP	1.1	—	
GRD	0.8	—	
ESP	5.3	2.1	
PTE	0.8	—	
Together	100.0	58.5	

It should be noted that for the EC the EMS is only an intermediate goal on a way to more integrated and harmonized economic policy, the European Monetary Union (EMU). The first phase of the EMU has already started and the second one will begin in 1993, when the internal market programme should be ready. In practise this would ultimately mean one common currency replacing the present national currencies as well as of a common central bank which would coordinate the EC level economic policy and take care of price stability. In practise multinational monetary policy would be combined with the national level fiscal policies. Therefore the coordination of national budjet practises will get special importance and might leave little room for national deviations from the EC level targets.

The future development of the EMS seems such that countries participating in the exchange rate policy cooperation will have to harmonize their economic policy to a great extent with the EC countries, especially with the economically strongest ones. Adjusting to the lower inflation level could easily leave employment aims in the background, especially when these two aims are conflicting. Employment developments have been hitherto more favourable in Finland than in the EMS countries for many years. All in all, the EMS membership could lead to lower inflation rate and higher unemployment rate in Finland. (See *figures 11 and 12*.)

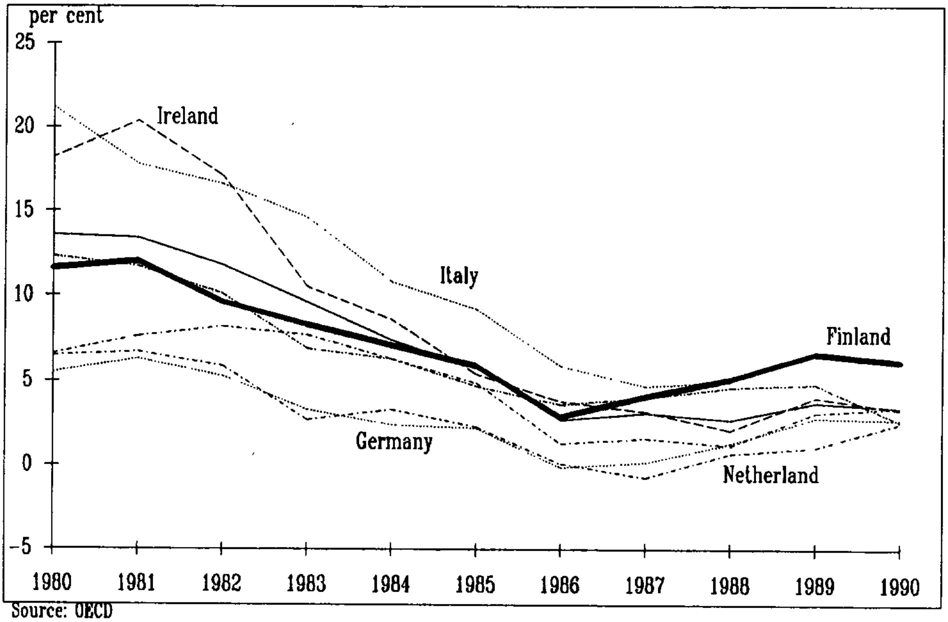
The monetary policy has already lost in practise a lot of its traditional independency and importance in the Finnish macroeconomic stabilization even without EMS membership because of the liberalised capital flows. More responsibility will therefore be left to fiscal policy.

However, the integration brings some limits to the active use of fiscal policy as well. Korkman (1990) has pointed out three main limitations. First, in the environment of free capital movements the fiscal policy makers always have to take into account how the measures planned would affect expectations and reactions among the financial investors. Second, pressures to harmonize the taxation system with other Europe will increase. One of the main principles in the integration process concerning taxation is neutrality, i.e. taxation should not too strongly determine the location of production factors. Differences especially in capital income taxation can cause large capital movements and thus cause imbalances in the economy. Harmonization of taxation is quite problematic as it has traditionally been one of the main fiscal policy instruments. Third, Korkman mentions the increase in imports as a natural result from liberalisation of trade. Measures used to increase domestic demand easily lead only to increasing imports and deterioration of the external balance.

While the future of both monetary and fiscal policy in employment promotion is becoming more limited, increasing responsibility for competitiveness and employment will be left to incomes policy (Pekkarinen 1990 and Sauramo 1990). As was mentioned already in chapter 2, Finland is one of the most corporatist societies in the world and has long traditions in active incomes policy. In this sense there is a good basis for compensating at least partly for the lost economic policy independency by incomes policy. On the other hand, especially the internationalization of companies is changing the incomes policy framework and can restrict the effectiveness of this policy instrument, too. Strongly increasing labour mobility could likewise dampen the effectiveness of incomes policy.

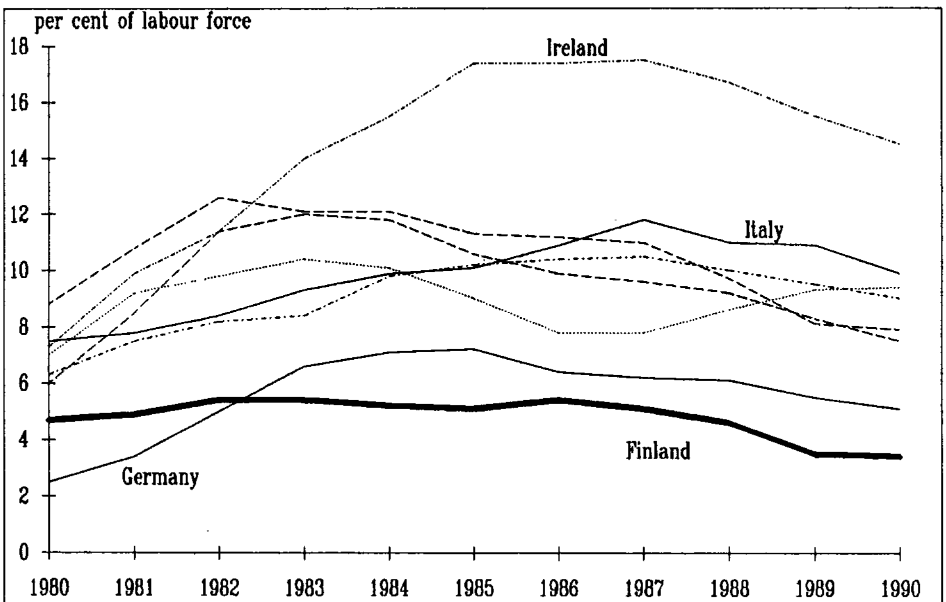
Employment aims have been largely promoted by regional and industrial policies as well, mainly by using government aids. Public support for industries and services in Finland has been on about the Nordic level and below the EC level. The public support in relation to GDP declined in EFTA countries in the end of the 1980s. At the turn of the decade, however, the trend reversed itself in Finland and Norway (as well as in the EC member Denmark).

Figure 11. Inflation development in EMS countries and Finland, annual changes in consumer prices



Source: OECD

Figure 12. Unemployment rate development in EMS countries and Finland



Source: OECD

Table 7. Public support for industry in Western Europe

	as % GDP	as % of value added
Finland (-88)	0.26	1.1
EFTA (-88)	0.29	1.1
EC (81-86)	3	6
* EC steel industry		36
* EC shipyard industry		26
* EC railways		29

(the year of data in paranthesis)
Source: Government report for Parliament 1990.

In Finland the government aid given to industry is mainly in the form of regional aids (almost 50 % of the total), in which the regional grants have been the main form of support. Employment aid covers around 12 % and has been mainly in the form of wage subsidies. Export promotion (11 % of the total) has in practise meant promotion of marketing. Grants and loans for research and development have also been important, although their direct employment effects are not so important and results can be seen only in the long term. Firm specific subsidies have also been given, often mainly for employment purposes. The main forms have been grants, loans and ownership. Guarantees have been used as well, but they are more seldom invoked than real support.

The figures above do not include support for services, which has been considerable especially for transport, information, cultural services (newspapers, films) and telecommunication. It is also noteworthy that the public support for primary production (agriculture) is considerably bigger than the aid for industry. In Finland and Norway the support in agriculture is over 2 % of GDP, in Denmark almost 1.6 % but in Sweden less than 0.4 % (the figures are from years 1988-1989).

The aim of EC's internal market programme is to diminish considerably all such public support which can disturb free competition and which could be considered a trade barrier. Negotiations on abolishing the government aid system have also taken place in GATT and the OECD. The regional support for the less developed countries and areas in the EC will, however, continue and EFTA countries will be forced to participate financially that if they want to enjoy the advantages of internal markets in the EES system. It seems at the moment that none of the less developed Finnish areas would fulfill the norms required to receive regional support from the EC regional fund.

As a whole Finnish exports (and employment) should get a boost from the diminishing of public support, because the high support in the EC has been considered as a trade barrier in many branches.

4. DETERMINANTS OF INTERNATIONAL FACTOR MOBILITY

The increasing international mobility of production factors has been considered as one of the greatest consequences of the European integration. The EES agreement would have a profound impact on labour mobility, whereas capital mobility has globally increased already before the EC's intensified internal market programme or the EES plans. However, the internal market programme has strongly redirected the capital flows, especially the direct investments, to the EC.

For a small open economy like Finland, however, there are many unclear questions such as whether companies will move their production to areas where there is enough labour or where the labour costs are the lowest and whether the unemployed and low paid employees will move to areas where there are enough jobs or where the wages are the highest. It has been possible hitherto to influence the production factor flows by direct regulations to reach the optimal level and direction.

4.1 Factors affecting labour mobility

Labour mobility can be considered a process which during a certain period corrects regional imbalances by reallocating this production resource. Another way to see it is to consider it as a part of continuous phenomenon, where the production factor flows (especially labour mobility) go in many directions at the same time, the size of the stock (the labour force) staying more or less the same.

There is wide theoretical and empirical litterature on labour migration. Only small parts of the discussion are picked here to englighten the Finnish migration traditions and future prospects. Nevertheless, there are few studies making a distinction between the internal and international labour mobilities in the analysis of the affecting factors. Most of those determinants which are found to have importance for internal migration are adaptable to international migration as well.

Straubhaar (1988) distinguishes between two main approaches: the 'push-pull approach' and another one based on human capital theory. Elements of both are combined in the 'New Economics of Labour Migration' introduced by Stark and Bloom (1985). The view considers the family a more important decision making unit than the individual. Migration is seen as strategic behavior, where the international migration decision is influenced by relative as well as absolute income considerations. In the New Economics of Labour Migration the migration decision can be analysed as a process of innovation, adoption and diffusion. In the analysis the propensity to move, risks and lags get special importance. Especially lags to former migration experiences can be used to explain current migration flows, which makes the migration a dynamic process.

Contemporaneous pull-effects of the potential host country and push-effects of the sender country are generally considered necessary to bring about the final migration decision. Differences between domestic and foreign real income levels do not alone explain migration. Costs related to profession specific factors and the return expected to be earned in the future as well as lacking information or potential unemployment abroad are all factors which can diminish the pull effects of higher income abroad. Changes in the strength of the push and pull effects can change the roles between the receiving and sender countries (as a result of return migration).

Unemployment experiences generally increase the likelihood of migration. Nevertheless it affects labour mobility differently depending upon whether it is experienced personally or whether the local or general unemployment rate is high (Holmlund 1984). Local unemployment rates affect migration within the people most seriously affected by them – the unemployed. Pissarides and Wadsworth (1989) found in their study that households living in regions of high unemployment are not more likely to move than others. Regions with above-average unemployment seem to have a bigger outflow than regions with below-average unemployment only as a reaction to each households' own situation, not as a reaction to regional unemployment differentials.

One reason behind this can be the reduced response to economic incentives in the high unemployment years and the fact that a high overall unemployment rate seems to reduce migration propensities. The regional reallocation process functions better therefore in a favourable employment situation than in high unemployment situation.

All in all, unemployment itself seems to be only one factor among others determining migration. It seems that those unemployed who move are more achievement-oriented than those who stay. On the other hand, the unemployed are prone to migrate not only because of their bad current income but also because the situation provides them with an opportunity to specialize in job search (Holmlund, 1984).

Mobility decisions are largely consequences of cost and benefit comparisons. Improvement in incomes is one of the main motives for labour mobility. Schlottmann and Herzog (1981) notice that it is not only the absolute income level but especially the relative level which matters in migration. The real motive can be changing the relative position in the same reference group or to change the reference group itself, which can lead to a cyclical phenomenon in local migration behaviour. Emigration of one person changes the relative position of those who stay. It can induce persons whose relative position decreases to migrate. This can partly explain the phenomenon that emigration is often regionally concentrated.

Higher progressivity in taxation can reduce potential wage gains associated with mobility. A less progressive tax system would promote job mobility. DaVanzo (1978) in turn found that the likelihood of migration is not decreased by relatively high levels of welfare services.

Age matters in migration quite much, the younger persons being more mobile than older ones. This is related to the economic life cycle explanation. As Holmlund (1984) puts it, at the end of a working career, the period over which moving costs can be recovered is declining. So the hypothetical income gains from mobility radically decrease over the life-cycle.

The importance of all the above factors for the migration decision can be different for workers who are single or are bread winners for a family. In general, the marital status has effects on the probability of migration. Like Mincer (1978) argues, net family gains rather than net personal gains motivate migration of families. Families tend to be less mobile than single persons, because in families the returns from migration increase less than costs as household size increases. Female labour force participation lowers family migration probabilities in general. Two-earner families are less migration prone especially if the working wife has a high education.

Several studies confirm that the highly educated are in general more prone to migrate than those having a relatively low level of education. The highly educated often face restricted demand for their special skills on the local labour market, which limits their opportunities for local job changes within their current occupations. The highly skilled are also supposed to be more effective in their job search. This could be well understood especially in international labour mobility in which knowledge of foreign languages matters. They are also usually better aware of alternative employment opportunities elsewhere. (See Holmlund 1984 and Straubhaar 1988.)

Even previous migration experiences can influence migration decisions. It can be argued that the person who decides to migrate makes his decision in conditions of more or less incomplete information. The final decision on staying or moving again can be made only after some time spent in the new place. Therefore the recent migrants who are searching for work are considerably more likely to emigrate than other persons looking for work (DaVanzo 1978). This indicates that persons who migrate and can not find acceptable employment tend to move on.

One important determinant of both the size of emigration and its regional direction is not only personal experiences but the migration tradition in the sending country. A local community of countrymen residing in the receiving country is likely to stimulate more migrants. As reasons for this Lundborg (1988) mentions the falling psychic costs and increasing information about the place of destination. This has been dubbed 'chain migration' (Straubhaar 1988) meaning a self-feeding dynamic process.

The distance between origin and destination is used as a measure of the costs of transportation and of the increasing uncertainty of moving. Distance has been typically considered in the migration litterature as a proxy for moving costs. Also the amount of information flows between two regions diminishes as the distance between them increases. Therefore simply the decreasing awareness of job opportunities with distance discourages migration (Holmlund 1984 and Lundborg 1988). Due to the uncertainty following from increasing distance, the greater the distance, the more income prospects are discounted.

Empirical evidence of several studies suggests that migration is basically demand driven: people move because the employment and income opportunities elsewhere are better than at home.

4.2 Foreign direct investment and the labour market

In Finland the internationalization of companies started relatively late compared to other industrialised OECD countries (*figure 13*). Nevertheless, measured by Finnish direct investment abroad relative to the GDP, the development has since the mid-80s been one of the fastest of all Europe (Kinnunen, 1991).

The European integration process alone has been only one of many factors increasing the flows. Nevertheless, it has strongly directed the flows to the EC area. The most important host country is, however, still Sweden (*figure 14*).

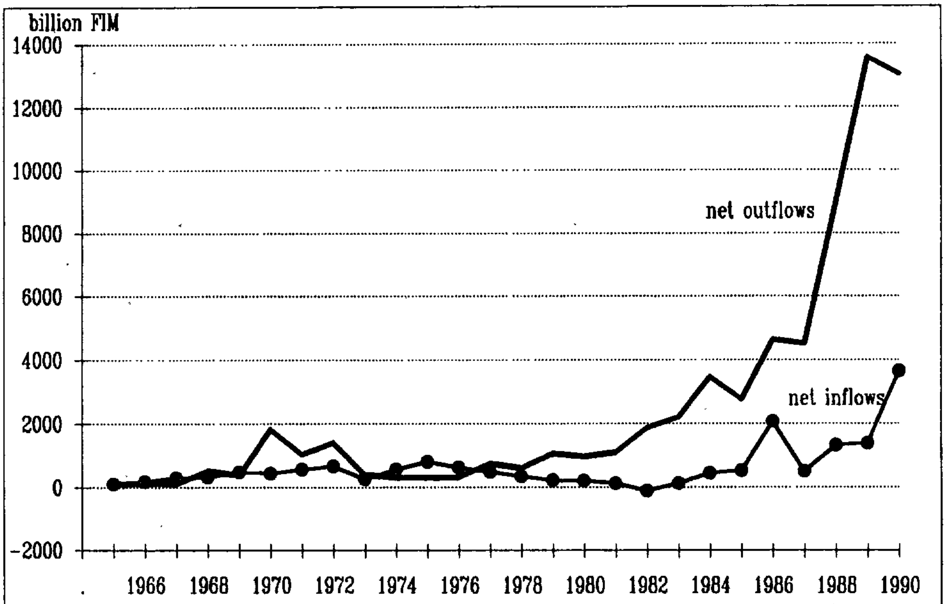
Manufacturing accounted for more than half of all the Finnish outward foreign direct investment flows in the latter half of the 1980s (*figure 15*). The big share of services can be partly explained by the statistical practises in Finland of classifying the direct investment according to the branch of the investment target, not by the investor's branch. Many industrial firms have invested abroad in marketing and other services in order to promote the parent company's exports to that area.

At the same time inward direct investment flows have grown only slightly during the last few years. Almost 60 % of the direct investments to Finland in the 1980s came from Sweden. Around 40 % of all inward foreign direct investment was made in manufacturing (mostly to metal industry), one fifth in the wholesale and retail trade and 12 % in banking and finance.

Finnish owned companies employ around 130 000 persons abroad. In relation to domestic employees, the share of foreign personel has increased very strongly during the 1980s. This fact together with the sizable imbalance between inward and outward foreign direct investment has caused worries about negative domestic employment effects.

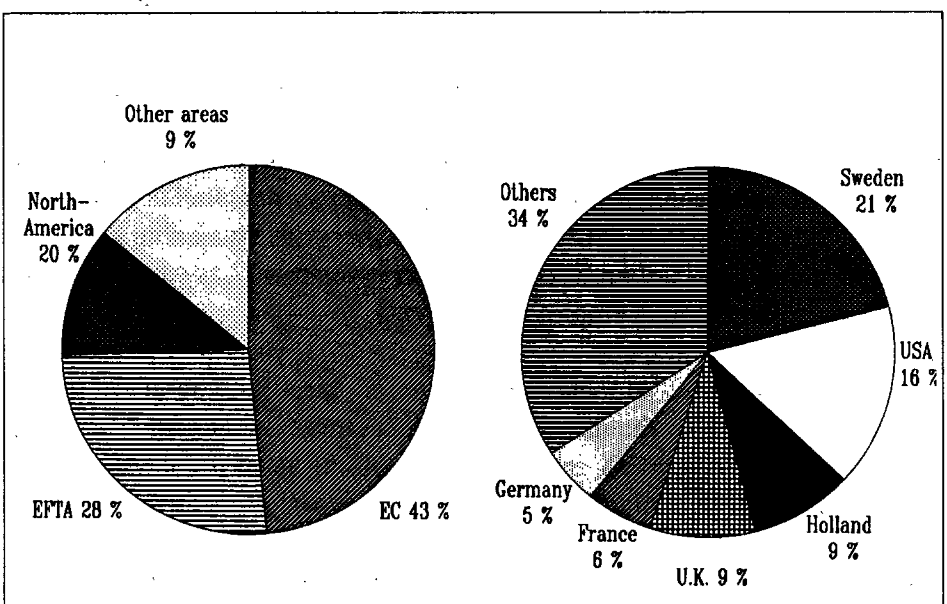
The foreign direct investments can have mainly three kind of labour market effects. In addition to the direct and indirect employment effects they can influence labour migration and especially in long term the labour market structure as well. In reality the effects, even their direction, are nevertheless difficult to estimate. It is particularly difficult in Finland, where there are experiences on large scale internationalization from quite a short period only.

Figure 13. Foreign direct investment net outflows and inflows of Finland in 1965-1990 (in 1990 prices, deflated by GDP deflator)



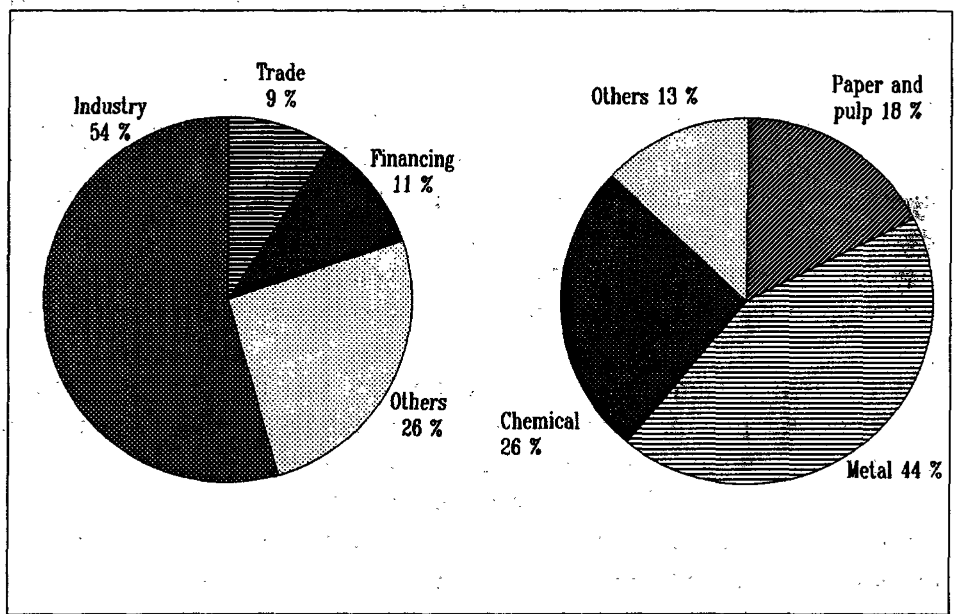
Source: Bank of Finland

Figure 14. Finnish outward foreign direct investment by host regions and countries in 1985-1990



Source: Bank of Finland

Figure 15. Finnish outward foreign direct investment by sectors and branches 1985-1990



Source: Bank of Finland

ILO (1981) has made a survey on national studies concerning the employment effects of foreign direct investments during the 1960s and the 1970s. Although the data is old, these experiences can give some valuable information for Finland, which has started internationalization later.

Five different channels for employment effects of foreign direct investment are listed in the study: job displacement, export stimulation, the home office employment effect, supporting firm employment as well as indirect effects of the presence abroad on the total exports.

In the background of the fears regarding job displacement is often an assumption that the production abroad could have been entirely replaced by exports. The Belgian experiences indicated, however, that this hypothesis is unrealistic since most of the investment abroad is typically defensive by nature and the export markets would be difficult to maintain by exports alone. The hypothesis of large scale 'employment export' was not confirmed by the other findings either.

The term 'home office employment effect' depicts the tendency for the supervisory and supporting management activities typically to remain concentrated in the parent company, meaning that a number of additional people will be needed in the home country to service the expanding subsidiaries abroad. This effect is of course dependent on the assumption that the headquarter of an internationalized company remains in the country of origin.

The 'supporting firm employment effect' relates to the employment in firms and institutions which carry out supporting services for the foreign activities. This concerns, for instance, private consulting firms offering a number of services to the companies investing abroad as well as the domestic subcontractors. The presence abroad of one firm can have some indirect positive effects on the exports of other domestic companies, too.

The German evidence seemed to contradict this thesis of large-scale permanent 'employment exports'. However, it did not exclude transfers of particular production lines. The study regarding Germany indicated that as the foreign direct investments are largely result of take-overs by German companies of existing foreign companies, those workers already employed in these foreign firms are not in fact taking jobs away from workers in Germany. According to the German assessment even certain 'offensive investment' which is not originally made in order to protect markets may increasingly assume a defensive character over time.

The British experience shows that in industries where employment in multinational companies had declined it had generally fallen at a slower pace than in the rest of British industry. In all sectors the dominant impression had been that employment had benefitted from close foreign ties and had suffered from a lack of them.

In Sweden it has been estimated, that in the short run, domestic employment would have increased to some degree if a part of the products had been exported from Sweden. But in the longer run manufacturing subsidiaries abroad are more effective and therefore preferable also from the viewpoint of the future employment security of the firms' domestic labour force.

The report concludes that "the effects of multinational enterprise expansion abroad on the total domestic employment volume in the industrialized home countries in question have probably not been very important, generally and proportionately, either in a positive or a negative sense".

There have been also fears that foreign direct investment might increase instability in employment development. The ILO study indicates that according to the analysed data "the propensity of multinational enterprises to close down enterprises or to undertake mass dismissals has usually been no greater that that of national firms". As regards employment security there would be no significant difference between multinational and other enterprises. The Belgian experience, in contrast, shows that relatively higher productivity and profitability of the ventures abroad can support relatively favourable employment performance compared with national enterprises. Their integration in a larger multinational group can even give them more leeway to absorb temporary difficulties.

Instead of considerable employment effects the internationalization of companies seemed to have had in the ILO study much greater impact on the structure of employment in the home country. Multinational enterprises seemed to concentrate in particular industries with relatively greater capital and research and development (R&D) intensity. Foreign direct investment was found to lead to a certain loss of manual jobs and to an increase in skilled and managerial jobs in the home country of the investing companies within the same industry.

In practise the structural changes take place so that the skill, industry and location mix of the eliminated jobs differed from those created through export stimulus and managerial staff accretions (ILO 1981). These changes can lead to imbalances in the labour market if it causes occupational or regional mismatchs in labour supply and demand.

All in all, it has been noted that a certain balance between outward and inward foreign direct investment is, however, important for the maintenance of a suitable volume of employment in the country. A too one-sided outflow can cause negative employment effect in the long term especially.

The Finnish experiences and analyses from the 1980s and early 1990s support in many respects the ILO results. According to Kinnunen (1991) internationalization has not essentially changed the domestic investments or other functions. The foreign investments have been made largely for strategic purposes and she does not see any 'capital escape' or 'job export' from Finland. Foreign direct investment seem rather to have promoted the parent company's exports. Those companies which have internationalized strongly have increased their investments at home as well. The foreign and domestic investment activities correlated positively in her study especially for the chemical as well as pulp and paper industries.

Haaparanta (1990) has briefly analysed the employment effects of inward investment as well. If the inward foreign direct investments are made for strategic purposes, they can promote imports, replace domestic production and thus decrease domestic jobs in long term. On the other hand, inward foreign direct investment increase capital stock of the host country and so give good possibilities for employment growth. In Finland, too, there have been fears that foreign ownership could increase variability in employment because the foreign companies would be more liable to move their production elsewhere than the domestic ones. Haaparanta notices, that because all companies aim to maximize their profits, there should be no difference in their behaviour with respect to domestic and foreign owners. His argument gives support to the ILO result.

Finally, foreign direct investment can balance labour migration to some extent. Countries which have high national income per capita tend to be net outward investors, whereas labour migration flows are typically oriented from less developed to more wealthy areas. Weintraub and Stolp (1987) conclude that, to the extent the flows promote wage convergence over the long term, desires for emigration should be dampened. The increasing foreign direct investment flows put pressure on growing wage differentials inside the domestic labour market and convergence with foreign labour markets. Haaparanta presumes that the small wage differences and 'cheap' well educated labour could promote investments especially in R&D-intensive activities in Finland.

The relation between foreign direct investment and migration will be analysed more in the next chapter. All in all, it has been remarked that the final employment effects of foreign direct investment largely depend on the functioning of domestic labour market institutes (Haaparanta 1990), but that the flows would affect these institutes as well (Pekkarinen 1990).

4.3 Survey of the discussion on the economic implications of production factor flows

The liberalisation of both labour and capital mobility in the EES environment is making the theoretical discussion on production factor flows of current interest from Finland's point of view, too. In fact the discussion could be distinguished in three parts. The international trade theory includes different views over the relation between foreign trade and production factor flows as well as between labour mobility and capital mobility. There exists also wide discussion about the optimal economic policy in relation to different factor flows.

Foreign trade and production factor flows have been traditionally treated as substitutes (see e.g. Samuelson 1949, Meade 1951, Mundell 1957 and Ohlin 1967). According to the comparative advantage view of foreign trade the exports of goods were seen as indirect exports of abundant production factors and imports as indirect imports of scarce production factors. Large factor flows from where they are abundant to where they are scarce would thus narrow the basis for foreign trade.

If the substitutability argument holds, should not the abolishing of trade barriers in the EES diminish the need for factor flows? One important motivation for foreign direct investments in the EC has been companies' willingness to ensure free entrance to the EC markets. When the entrance is ensured by agreements, motivation for direct investment in that area might diminish.

Subsequently, views emphasizing complementarity between trade and factor flows have been put forth. (See e.g. Schmitz & Helmberger 1970, Chipman 1971, Purvis 1972, Markusen 1983, Markusen & Svensson 1985, Wong 1983 and 1986, Ethier 1985 and Ethier & Svensson 1986.)

According to Markusen (1983) in a case of complementarity the factor movements between two economies lead to an increase in the volume of commodity trade. He shows how complementarity between factor flows and trade can be caused by differences in production technology, external economies of scale, distortions on either product market (production taxes and monopolies) or on factor markets. In each of these situations he presents models where factor movements generated by international factor-price differences lead to an increase in the volume of world trade. His outcome was, that "factors move to make endowments unequal and make each country relatively abundant (scarce) in factors used intensively in the production of domestically advantaged (disadvantaged) goods."

Labour mobility and capital mobility have been traditionally considered symmetric. In practise labour outflow, i.e. emigration, has been considered as a human right whereas regulating labour inflows has been morally more accepted. Capital flows are missing such dimensions and inflows and outflows have been either accepted or regulated from a purely economic basis.

Straubhaar (1988) criticizes the assumption of symmetricity between these flows considering it too simplifying. He remarks that "this limitation is also valid for most of the answers to the question whether international trade and international factor movements are substitutes or complements". The basic difference between these flows is that international labour migration involves the migration of the factor service owner as well as the migration of service itself, whereas capital can be moved abroad without migration of the capital owner.

However, this argument is being seen in a new light, when capital flows especially in a form of foreign direct investment increase rapidly. Internationalization of companies has increased migration of highly educated specialists and directors especially, which means real 'brain drain'. Foreign investment related to services is also generally linked to labour mobilities.

All in all the comparative discussion on the factor flows as themselves has been much more limited than the discussion about the optimal policy choices between these flows. In fact the latter discussion has consisted of completing and correcting of the so-called basic model introduced by Ramaswami in 1968 and first commented upon Webb in 1970. The discussion was activated again in the 1980s. (See Calvo & Wellisz 1983, Bhagwati & Srinivasan 1983, Saavedra-Rivano & Wooton 1983; Jones & Coelho & Easton 1986, Brecher & Choudhri 1987 and Hamilton & Svensson 1983.)

The Ramaswami model is based on two countries, a capital rich one and a labour rich one, which use these two factors to produce the same good with the same technology. The model analyses each country's optimal policy choice in relation to labour mobility and capital mobility, which are considered symmetric. Initially there is no factor mobility at all. Both countries aim to maximize their per capita income. "When national income, inclusive of income earned abroad by factors of domestic origin, is to be maximized, optimal taxation of the import of the scarce factor is preferable to optimal restriction of the export of the abundant factor", he concludes. The country thus gains more by becoming larger than by becoming smaller.

While Ramaswami's analysis was based on comparing the merits of a government acting as a monopolistic sector or as a monopsonistic buyer of factor services, Webb examined how the results differ if governments face each other in a bilateral bargaining situation. Later also Cheng and Wong (1989 and 1990) relaxed the assumption that the rest of the world was completely passive in spite of the fact that it was hurt by policies pursued by the active country. Conflict can arise if each country prefers the inflow of a scarce factor and different countries prefer the movement of different factors. In reality both the source and recipient countries of factor flows tend simultaneously to pursue policies to maximize their respective gains.

Calvo and Wellisz (1983) analysed the results of the 'Ramaswami-policy' by relaxing two of its assumptions: the identical production functions and the discriminatory treatment of foreign labour. They also made an effort to extend the analysis to welfare implications for the policy-passive country. Bhagwati and Srinivasan (1983) were interested in the question which country's welfare ought to be included in the analyses i.e. which national groups do the migrants belong to? (In Ramaswami's model they belong to the country of origin.) They analyse four different policy choices with two different assumptions: immigrants' welfare being part of only foreign welfare and the welfare not necessarily being part of only foreign welfare. The policy choices are: free mobility, quotas on factor mobility, discriminatory taxation of foreign labour and a perfectly discriminating tax policy.

In the first case, a perfectly discriminatory tax on labour inflow is the first-best policy for the capital-rich country, because it enables the country to capture all the world's gains from factor movement. When the welfare of the labour intensive country's emigrants continues to be part of that country's welfare, this policy-ranking would be no longer welfare-comparable.

The model was later enlarged by Jones, Coelho and Easton (1986) allowing joint use of both restricting capital exports and taxing labour inflows. The policy of levying an optimal tax on capital exports when immigration is barred leads to a higher welfare position at home than a policy allowing unrestricted factor flows. Such a policy dominates any policy whereby capital exports are allowed simultaneously with positive levels of labour inflows. In their analyses it is never an optimal home policy to permit two-way flows of factors. They examine two sets of rules: the home country could exercise control over both factor markets or it is compelled to pay foreign immigrants the high wage prevailing at home.

The possibility of unemployment was added to the model by Brecher and Choudhri (1987). When unemployment exists, any inflow of foreign labour would lower the home country's income, no matter what the terms of payment for migrants is. Consequently, the optimal policy towards labour mobility is prohibitive. Quite a surprising result is that free capital mobility would be equivalently detrimental, because it also equalizes factor prices and factor use ratios. Free mobility of any kind would diminish the world income and is therefore uniformly inferior to autarky.

A third, immobile factor like climate, immobile labour or political stability was add to the basic model by Kuhn and Wooton (1987) to help in predicting where the production would occur. The immobile factor can affect the productivity of the two mobile factors. The importance of productivity differences was later discussed by Neven (1990). He shows it as a concrete question determining the factor flows between northern and southern Europe.

This brief glance at features and phases in the theoretical discussion concerning production factor flows is meant to raise more questions than to give any answers. It is presented to give some idea of the complexity and wideness of the relationship between labour and capital flows.

Finland has in earlier decades lost labour and is now losing capital. Up to the 1980s Finland has had restricted capital mobility but free labour mobility with the other Nordic countries. When now entering into a system where both labour and capital flows are free, also the labour mobility must be seen as a part of more fundamental resource reallocation in Europe.

In the 1960s and 1970s Finland was a labour abundant country, whereas Sweden was the capital abundant labour scarce neighbour. The above discussion raises the question why did not the Swedish companies invest more in Finland but instead preferred such widespread immigration from Finland. Although one reason for this is, of course, the regulationing of capital movements, it could be however interpreted as support for the Ramaswami result that a capital rich country prefers to become bigger and the labour rich country considers the increase in emigrants' income as an increase in its own (here Finland's) welfare.

The basic model presented above did strongly simplify the reality. In fact each country can be at the same time both labour abundant and labour scarce in different sectors. Then neither capital or labour is considered homogenous any more. Finland can be relatively abundant in a certain kind of labour (e.g. the highly educated) and relatively scarce in other kinds of labour (e.g. the unskilled). The same diversification is evident in capital as well. Abundancy in a certain kind of capital can mean scarcity in another. Therefore in reality both capital and labour tend to flow in different directions simultaneously.

5. EXPERIENCES ON THE FREE LABOUR MOBILITY IN EUROPE

Labour mobility was quite free in Europe before the First World War. No working permits or residence visas were required. Soon after the Second World War two free labour market areas were formed. These two systems, the free Nordic and the free EC labour markets, would in turn constitute the free EES labour market. Therefore the experiences from them are useful for estimating the future of labour mobility on the EES environment.

EFTA as a whole has never liberalised labour mobility between its members. Switzerland and Austria do not yet belong to any free international labour market system. EFTA countries have, however, agreed in the Stockholm Treaty in 1960 on the treatment of specialists, directors and other company key persons, who should move to work in another EFTA country as a result of their companies establishing subsidiaries or offices there. Foreign companies can bring own personnel with them and the host country is obliged to grant the work permits needed.

5.1 Nordic experiences

The treaty creating a free Nordic labour market went into force in July 1954. The Nordic agreement was the first arrangement of this type in Europe after the Second World War.

No residence visa is required of Nordic citizens wishing to move to another Nordic country. Neither are working permits required of those who want to work temporarily or permanently in another Nordic country. The employment agencies have been given the duty to spread information about employment possibilities in all Nordic countries.

On the other hand, there is no legislation regarding equal treatment of foreign workers or mutual recognization of academic, vocational and professional qualifications. Several public sector jobs are reserved for the respective countries' own citizens only, which limits the free mobility to certain kind of jobs. Restrictions have been common in health care, pharmacy, veterinary medicine, psychology, teaching and libraries. Some of these restrictions have been abolished by special agreements. Free

Nordic labour mobility has been guaranteed for physicians (in the year 1965, renewed 1976), dentists (1966) and nurses (1968).

An important part of the system has been also a common Nordic convention on social security enforced in 1955. In the revised version in 1981 it was agreed that all Nordic citizens should get in each Nordic country the same social rights as the domestic citizens. In that sense the Nordic system has gone further than the EC system is ever planned to go. Any Nordic citizen living in another Nordic country is able to benefit from the host country's social security, whereas in the EC the right is linked to work, not to living in the host country.

Since 1954 Sweden has been the major recipient in the intra-Nordic migration. A main result of the free labour mobility has been widespread emigration from Finland to Sweden. Sweden has received some migration from Norway and Denmark, too, but to a much smaller extent. For instance, the high unemployment of Denmark has not appreciably boosted the Danish migration to Sweden. An exception was the year 1975, when the flow included some 10 000 persons. Normal migration from Denmark to Sweden is around 1200 to 2000 persons annually and the flows from Norway to Sweden are about the same size.

Later in the 1970s and in the 1980s the return migration from Sweden has balanced the flows so that the country shares in both intra-Nordic emigration and immigration have been already more than a decade very much the same (*figure 16*). *Tables 8 and 9* show also the surprisingly small importance of the intra- Nordic flows for Denmark and Norway in relation to their total migration.

Table 8. Intra-Nordic emigration as a percentage share of total emigration of each Nordic country in 1978-1988

From: Reporting country	To: Denmark	Finland	Iceland	Norway	Sweden	Total
Denmark	—	0.9	3.3	13.1	8.4	25.6
Finland	2.0	—	0.1	4.8	68.2	75.0
Iceland	31.3	0.7	—	17.8	20.9	70.7
Norway	15.7	2.4	2.2	—	16.4	36.7
Sweden	9.7	33.2	2.3	10.9	—	56.1

Source: Emigration countries' statistics/Yearbook of Nordic Statistics

Table 9. Intra-Nordic immigration as a percentage share of total immigration

To: Reporting country	From: Denmark	Finland	Iceland	Norway	Sweden	Total
Denmark	—	0.8	2.9	9.3	7.7	20.7
Finland	1.6	—	0.1	3.1	70.5	75.2
Iceland	29.6	0.6	—	14.1	22.3	66.5
Norway	13.4	2.4	2.0	—	12.0	29.7
Sweden	5.4	19.5	1.5	7.2	—	33.5

Source: Immigration countries' statistics/Yearbook of Nordic Statistics.

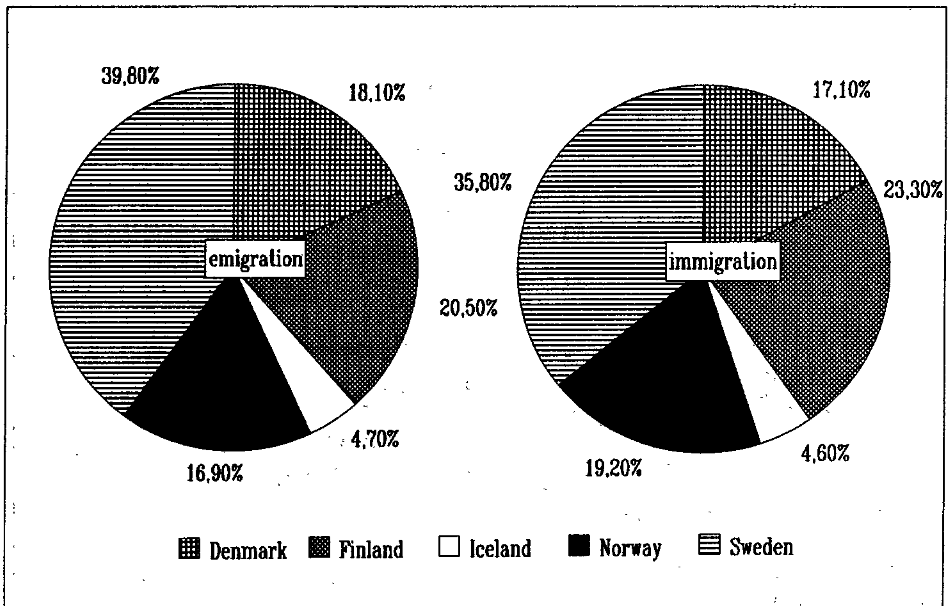
Per Lundborg (1988) has made some estimations (with data based on the years 1968-1985) about the determinants of Nordic immigration to Sweden. He found some inherent deviations in migration behaviour between Finns, Norwegians and Danes. An increase in real wages in Sweden had the strongest pull on the Finns. A fall in the real wage in the country of origin was an important push effect in all three countries (except for the youngest Danes). The labour market situation of both Sweden and country of origin as well as the level of unemployment benefits was of much more importance for the migration from Denmark and Finland to Sweden than the corresponding flow from Norway. The Danes seemed to react the strongest to changes in unemployment at the origin, stronger than the Finns did.

The Finnish total emigration was greatest in the 1960s and 1970s (*figures 17 and 18*). The peak was reached in 1969 (40 000 emigrants), when the size of the Finnish population even declined slightly (see *figure 2* in chapter 2).

In the background of the rapid increase of emigration to Sweden was the exceptional demographic development after the war. Because of the large age groups born in the late 1940s and the early 1950s there was a very strong increase in the working age population in the 1960s, which caused oversupply of labour in some regions. In spite of this the general unemployment rate was quite low compared to the present level.
In the background there is also the sizable devaluation of Finnish markka in 1967. That changed considerably the relation between Finnish and Swedish nominal wage levels in favour of Sweden causing 'money illusion' among the Finnish emigrants.

The background of the Finnish emigrants to Sweden in the years 1950-

Figure 16. Country shares in intra-Nordic emigration and immigration in 1978-1988



Source: Yearbook of Nordic Statistics

1974 have been analysed by Myrskylä (1978). The migrants were generally much younger than the average population. The typical age of emigrants was around 20 years old and two thirds of the emigrants belonged to the age group of 15-35 years old, which covers only one third of the whole population.

It has to be pointed out that the migrants to Sweden did not generally come from agriculture, but the majority (70 %) came from manufacturing or services, which shows that the migrants did not typically come from the surplus agrarian population.

The propensity to move to other Nordic countries according to Myrskylä's data was, however, greater in manufacturing than in services. The emigration concentrated in some extent to certain branches like the textile and metal industries. Two thirds of the Finnish migrants were employed in industrial jobs in Sweden whereas only 38 per cent of them had worked in manufacturing in Finland.

The labour market position was generally weaker among the emigrants than among the main population. In 1970 the overall unemployment rate in Finland was only 2.5 per cent, but among the migrants it was 9.5 per cent.

Figure 17. Total emigration and immigration of Finland

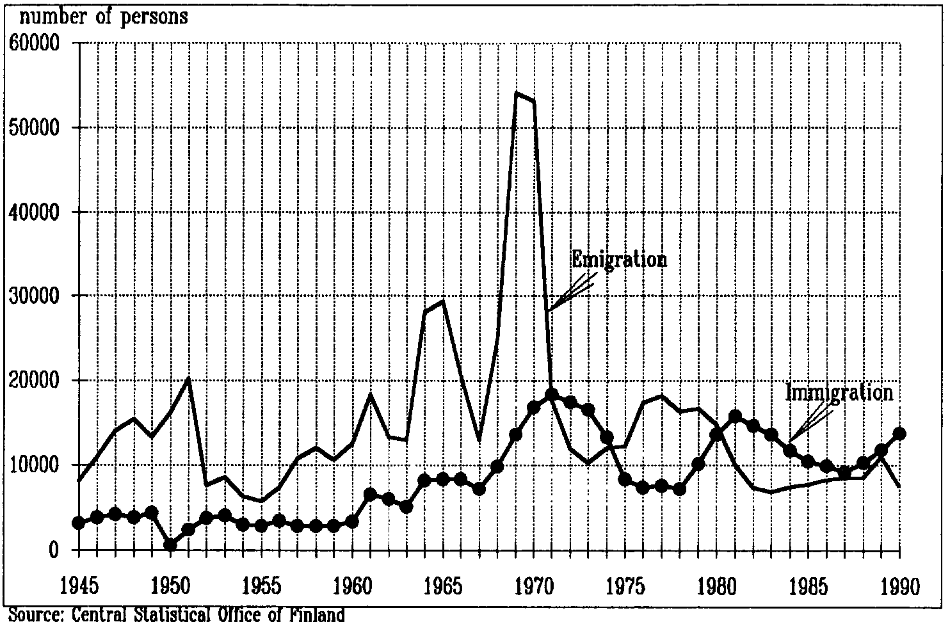


Figure 18. Migration from Finland to Sweden and from Sweden to Finland

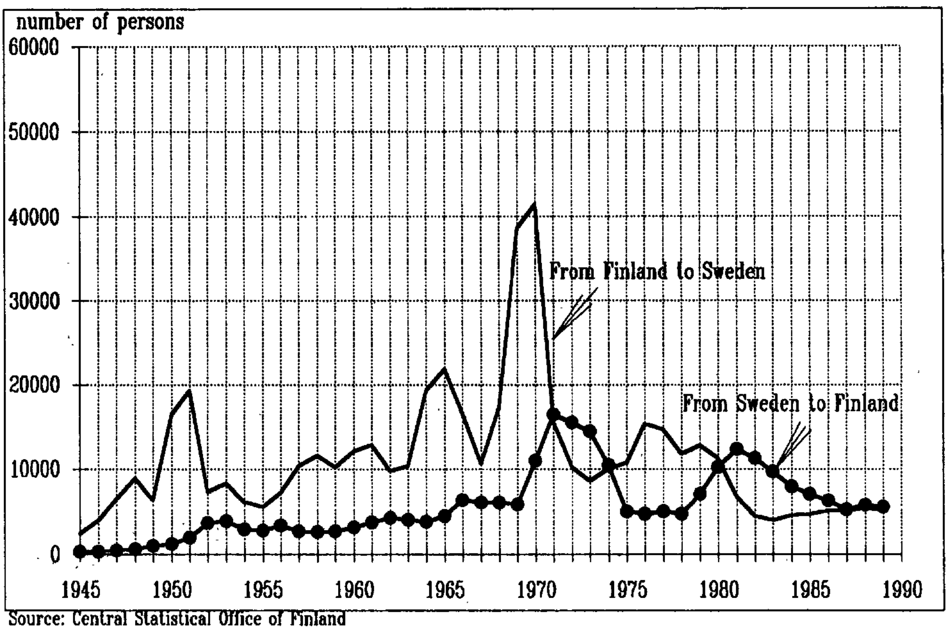
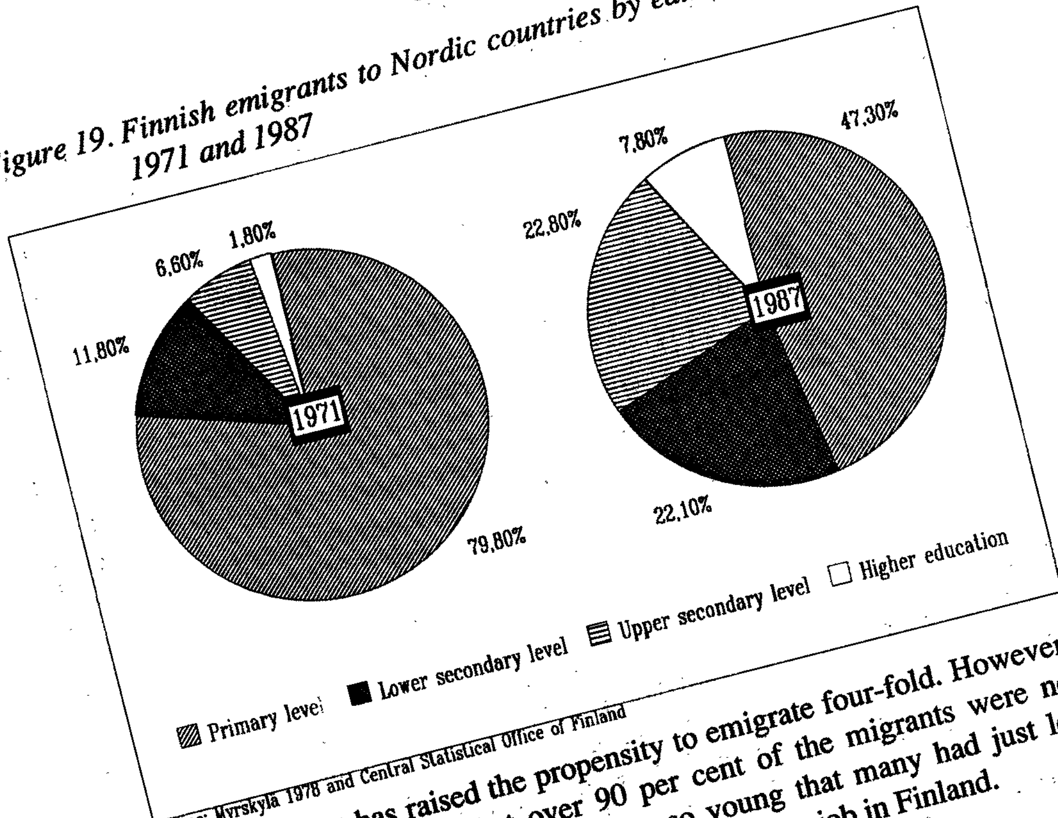


Figure 19. Finnish emigrants to Nordic countries by educational level in 1971 and 1987



Source: Myrskylä 1978 and Central Statistical Office of Finland

Unemployment has raised the propensity to emigrate four-fold. However, it must be emphasized that over 90 per cent of the migrants were not unemployed partly because they were so young that many had just left school and emigrated already before applying for a job in Finland.

As a whole Myrskylä's results suit well to the view given in chapter 4 about factors affecting labour mobility. The Finnish migrants were relatively young and their labour market position was relatively worse than that of the main population.

The educational background of the migrants differed considerably fro that of the population as a whole. The level of education was much low among the migrants than among those who stayed. One reason for this v that the migration has been regionally selective. Most of the flows h come from northern parts of Finland, where the educational level whole has been lower than in the south.

Comparison of the educational background of the emigrants in two 1971 and 1987 shows a clear change (*figure 19*). Although ther essential change in the age structure of the emigrants (despite geing) they are much better educated nowadays than they used to tion years.

At the moment there are still some 130 000 Finnish citizens working in Sweden, but most of them are not planning to return to Finland. The Finnish immigration and emigration with Sweden are more or less in balance today and the annual flows do not any more differ that much from the flows between other Nordic countries.

5.2 Free labour mobility in the EC

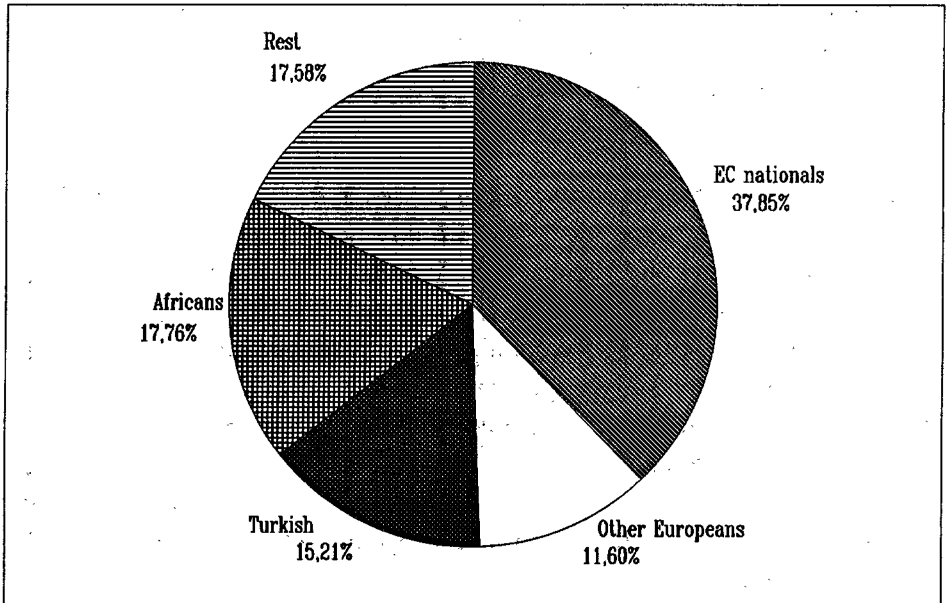
The European Community agreed on the common free labour market already in 1957 in the Treaty of Rome (articles 48-51) which liberalized labour mobility (at least in theory) between the first six EC countries. In practise, however, the free labour mobility between EC countries became a reality no earlier than 1968, when some additional agreements were ammended to the treaty.

The article 48 refers to the nationality of an EC country. The principle of nationality is confirmed by a statute in 1968. This means that any labour coming from a non-EC country do not have these special rights but has to follow the host country's national laws. As concerns EC nationals, article 48 guarantees prohibition of discrimination. That means
- the right to move freely to another EC country to look for work,
- the right to stay three months in another EC country while looking for work,
- the right to make a working agreement in another EC country and
- the right to settle down and work after making the working agreement.

In practise the prohibition of discrimination means national treatment. The host country's national requirements for each job or profession have concerned the foreign workers as well. The White Book of 1985 aims at harmonizing the requirements.

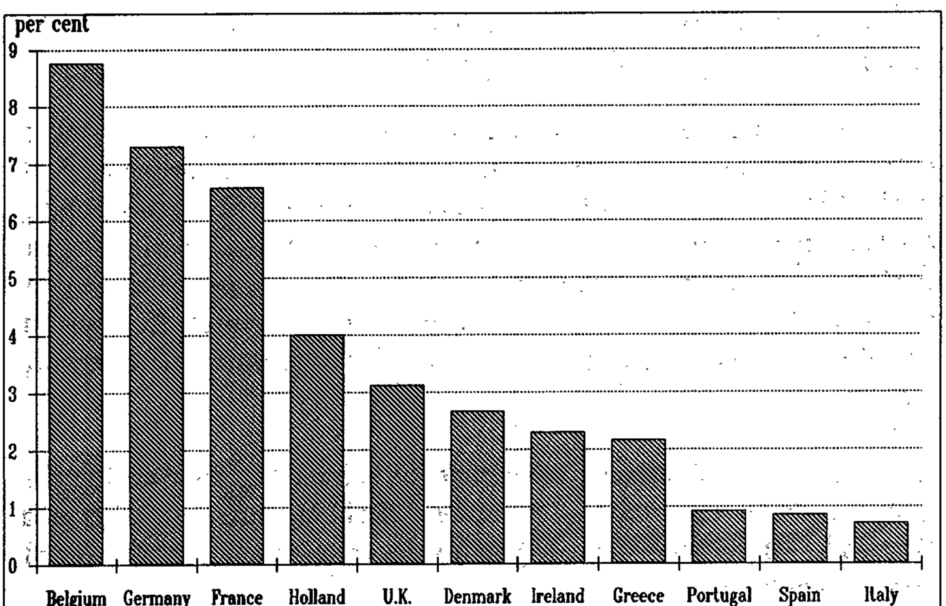
Working permits are not required of EC-citizens and the residence visa is given automatically when the working agreement is made. Contrary to the Nordic arrangement there is no passport union in the EC. It is not actually a question of totally free mobility of people in the EC, but rather of free mobility of labour from one EC country to another. It has been pointed out, however, that on the internal market the free labour mobility means not freedom of mobility itself, but the possibility of free choice of country of residence employment/self-employment (Pintado et al. 1988).

Figure 20. Foreign residents in the EC by origin in 1988



Source: Eurostat

Figure 21. Foreign residents' share of population in the EC in 1988



Source: Eurostat

It is ominous that the free labour market has not increased labour mobility inside the EC. Of the whole labour force of EC (around 150 million people) only around 2 million work in another EC country. Much more important has been the mobility from Jugoslavia, Turkey and North Africa to the EC (*figure 20*). The main host countries have been Germany, France and Belgium (*figure 21*).

Maillot (1987) has brought up four main phases in the European migration. The pattern of immigration has been strongly non-linear, almost cyclical especially in Germany and France. The first wave of immigration in these countries and Switzerland, too, was experienced in 1958. Most of the migrants came from Italy. The second phase took place in the middle of the 1960s when especially emigration from Spain was high. The third phase was in 1970 when immigration peaked in many host countries. However, Switzerland had reached its peak already in 1963 and a restrictive immigration policy "to prevent the economy from overheating and to reduce the political tension brought about by the presence of foreigners" caused a downward trend thereafter.

The first oil shock in the early 1970s caused changes in the immigration policies in Germany and France as well. They then decided to prevent the immigration of any more foreign workers. A forth phase in European immigration started, however, in 1976 and especially in the early 1980s the favourable economic development increased immigration particularly to Germany again. Most of the immigrants now came from non-European countries like Turkey, Marocco and Tunisia.

Köner (1987) remarks that there is also some qualitative development in the flows from a European emigration point of view. In the early phases of intensive migration, in the 1960s especially, it was mainly skilled young and enterprising workers who left. Only during the second phase of mass emigration did a certain normalisation of the migrants' personal profiles occur. Köner considers this phenomenon as a result of natural selectivity of the migratory process itself and the recruitment criterias of the receiving countries.

Pintado et al. (1988) argue further that the labour mobility during the sixties was often combined with moving between different skills and occupations, which was of great importance to the economic growth of Europe at that time.

6. EUROPEAN LABOUR MOBILITY PROSPECTS IN THE 1990s: THE FINNISH ASPECTS

6.1 Mobility in the European Economic Space

The EES agreement would force Finland to open its labour market to the citizens of all EFTA and EC countries. At same time it would improve essentially Finns' possibilities to work elsewhere in the EES. The system as a whole is planned to be based largely on the EC legislation (i.e. the 'acquis communataire' -principle).

In the EES negotiations both Switzerland and Iceland have tried to reserve special rights to restrict foreign labour inflow. Switzerland has done it because it already has a very large foreign population and a continuous oversupply of foreigners wishing to enter the country. Iceland is afraid that even a small number of foreigners could seriously disturb the balance on its exceptionally small labour markets. (The total population of Iceland is only 230 000 persons).

Making reliable estimates on the potential labour mobility is, however, very problematic. As has been noticed by Stark and Bloom (1985), most aspects of human behaviour including migration are both a response to feelings and an excercise of independent wills. Some grasp of this phenomenon can nevertheless be attained from the past experiences as well as from the demographic and economic development of Western Europe.

As was noted in chapter 5, the intra-EC migration has been quite modest during more than 30 years of free labour mobility. The demographic development does not promise any radical change in this. In most Western European countries the population growth has slowed down and will soon turn negative. The average ageing does not generally increase but rather decreases all kinds of labour market flexibility including labour mobility.

The importance of age in migration can however change in future. As the general educational level rises, it is quite possible that the age structure in labour mobility will change. Younger persons with small children, housing loans etc. can be even more bound to their home areas than the middle-aged employees. The motives for migration might change as well.

One interesting factor in the European migration prospects is the already existing large migrant population of both first and second generation, most of them from non-EC countries and even non-European countries. Köner (1987) considers the 'strong growth potential of the foreign population already settled' in Europe a factor which diminishes mobility, because it does not leave jobs for newcomers. On the other hand, for those who are natives of some EC country, mobility will be free. It is plausible that those who have weaker roots in the country are more susceptible to further migration than the natives. In that sense the already existing 'migrant generations' in Europe could form a readily mobile population.

The low intra-EC mobility up to now has been partially due to the fact that Spain and Portugal have not yet even taken part in the free labour mobility in the EC. After 1993 when these populous countries with high unemployment join the free labour market, the situation might change radically.

Whereas the earlier mentioned non-EC migrant population to a large extent dominates the foreigners' markets in Germany and France, the migration from southern Europe could bypass these countries and instead be steered toward the Nordic countries. These are the only parts of the forthcoming EES area from which also Finland could expect large immigration.

Simon (1987) has presented some prognoses about the southern European countries' migration prospects. In contrast with the general view he considers Greece, Spain and Italy as countries with a falling migratory potential, whereas Portugal (together with Jugoslavia and Turkey) is considered a country with high migratory potential. The future geographical composition of the European Economic Space has great importance to the intra-EES migration. Free participation of Jugoslavia and especially Turkey in the free European labour market would essentially change all migratory prospects.

Simon argues, that of all the southern European countries, Greece is the one in which the decline in emigration has been fastest over the last two decades. The emigration from Spain is still relatively more intensive and it has longer traditions than Greece. Italy has experienced the highest emigration of all these three countries to other European countries because of its membership and free labour mobility in the EC. Reasons for categorising these countries as displaying 'falling migratory potential'

Simon gives their favourable economic development and declining demographic pressures.

Portugal is considered to have a high migratory potential because of its relatively high birth rate and "the arrival of ever increasing number of young people on the already saturated labour market". There are also considerable labour reserves still available in the agricultural sector. The general production level is low and the living standard compared to other Western Europe is very modest. Over a third of the Portuguese already live abroad, which in practise means an important channel for further emigration.

In the economic integration itself there are some aspects which might diminish future migration in Western Europe. Straubhaar (1988) argues that the more similar the national economies are in their environmental conditions, production function and labour force productivity, the more the formation of a Common Market and abolishing the migration restrictions is only a necessary condition (but not sufficient in itself) for stimulating intra-area labour migration flows.

As soon as the economies converge toward one another by means of harmonized economic and social policies, there will be no need for large labour mobility any more. If labour migration tends to equalize the wages on the integrated area, one important incentive for further labour migration (the wage differentials) would diminish. Following such logic, he remarks, actual migration would lessen the stimulus for future migration: "In the long term we would expect that migration eliminates its own causes".

One factor which might increase emigration from the southern European countries to the north is the increasing pressure of illegal migration from northern Africa to southern Europe. Increasing competition for domestic jobs can push those having an EC nationality to the countries with a better employment situation.

However, there would not seem to be any rush to Finland on the free European labour market, at least not in the short term. There are several factors in the Finnish economy, society and culture, which will curb foreigners' willingness to immigrate. Differences are quite considerable compared to the southern European EES countries especially.

In many public sector jobs the language requirement of both Finnish and Swedish is an essential barrier for foreigners' entrance to many skilled professions in Finland. In the Finnish legislation concerning foreign ownership there are factors which conflict with the EC principle of equal treatment. Foreigners might even have difficulties in buying a flat or a house in Finland either for living or for working.

On the other hand it has to be pointed out that in the 1990s Finland is joining the European labour market in a very different situation than it joined the Nordic labour market in the 1950s. The living standard in Finland is one of the highest in Europe and instead of high unemployment there has been a shortage of labour in many sectors. In this sense there exist also pull effects in Finland today. The Finnish income tax rate is on about the average OECD level (around 37 %). Therefore taxation should not have any strong effect on the immigration or emigration in Finland.

Up to now the immigrants have typically had some earlier connections to Finland. Either they themselves, their parents or grandparents have earlier migrated from Finland and taken another nationality or their spouses are Finns. The lack of or the very small size of the foreign population might form a 'psychic' barrier for immigration and at least slow the process before Finland will be 'found' among the immigrants.

The behaviour of other Nordic countries is more and more reflected in Finland. Whereas Sweden has strongly restricted its immigration, a part of the flow is searching for new host countries like Finland.

The very small size of Finnish labour markets compared to these southern European countries and especially to the whole present EC may also play a role. The population of Finland is about 5 million, whereas the addition of Eastern Germany raised the population of the EC up to near 340 million. Migration flows which are relatively small on the EES level would mean considerable immigration for Finland.

Emigration from Finland is not expected to reach the level of the 1960s and 1970s. There are no considerable push or pull effects encouraging mass emigration any more. Instead of traditional emigration the new forms of labour mobility may, however, bring especially well educated persons to work elsewhere in Europe.

6.2 Mobility between Finland and Eastern Europe

Most Eastern European socialist countries have started a historical process to change their economic structure from centralised system to market economies. These rapid changes have redirected the attention of the EC from the EES negotiations to wider European perspectives.

As economically Western but geographically in the eastern part of Europe, Finland stays in interesting position between the two important processes. In this sense the changes between East-West relations are especially important for Finland and can not be left aside from the analysis. The Finnish labour market can already for geographical reasons react more strongly to the Eastern European than to the Western European developments.

Eastern trade has covered an important part (in the 1980s in average almost one fifth) of the Finnish exports after the war. The trade with Soviet Union has been based on a clearing system where exports and imports have at least in theory been in balance and currencies have not been used. The system has changed now and Finland has lost its special status compared to most other Western European countries. The tightening competition on the Soviet market as well as the internal difficulties of the Soviet Union have strongly diminished Finnish exports there. That has diminished the temporary working of Finnish specialists and project workers in the Soviet Union.

The very rapid liberalisation of most Eastern European socialist countries has already influenced the labour market in some EES countries, mainly in (the former) West Germany. In future the inflow of Eastern Europeans to the EES will continue. On the other hand, if Western companies increase their investment in Eastern Europe, that might diminish the need for emigration from there.

On the Finnish labour market the changes have been experienced as a rapidly growing number of working permit applications from the neighbouring regions of the Soviet Union. Most applicants come from Inkeri, a former Finnish area, and Estonia.

A brief glance at the history of Inkeri might prove englightening. After Inkeri had been ceded from Russia to Sweden in accordance with the Stolbova peace agreement of 1617, some Finnish immigrants settled down in the area and already in 1640 around one third of the population in Inkeri were Finns. In the 1700s Russia conquered Inkeri back for itself. After the revolution in 1917 Inkeri became a part of the Soviet Union.

In the Second World War the Germans occupied most of the area of Inkeri. More than 63 000 Ingrians were brought to Finland in 1943. Later, as a result of the peace agreement between Finland and the Soviet Union, about 55 000 Ingrians were returned to the Soviet Union (the rest either moved to Sweden or were able to stay in Finland) and they were supposed to be brought back to Inkeri. In reality they were transfered to central parts of the Soviet Union, far away from their home area. They were allowed to move to Soviet Carelia in 1949 and return to Inkeri in 1956.

As a result of these historical developments the Ingrians are still scattered. Around 25 000 Ingrians live today in Inkeri, near Leningrad, 20 000 in Soviet Carelia and some 10 000 elsewhere in the Soviet Union.

Against this background immigrating Ingrians have since 1990 been treated as 'return migrants' in Finland. Getting working and residence permits 'automatically' would require a designation of Finnish ethnicity in their Soviet passports. The flood of applications has, however, jammed the processing by Finnish authorities.

There are around 67 000 officially designated Finns (ethnic Finns who have Soviet citizenship) in the Soviet Union. Estimations about the real amount of Finns there reach even 100 000 persons. In practise there have been difficulties in defining the ethnicity, as many of the 'Finns' there do not speak Finnish even. About 90 per cent of the Soviet Finns are Ingrians. The rest are persons who have moved there voluntarily after the revolution for ideological reasons or they are their children.

In a study ordered by the Ministry of Labour and made by Finnish Society (Häikiö and Aunesluoma, 1990) it is estimated that the number of 'potential migrants' among the Soviet Finns is about 35 000 persons. The number is much smaller than the estimated number of ethnic Finns in the Soviet Union because many of them are married to Russians or have some other reasons discouraging migration. Of the potential migrants only about 5 000 to 10 000 persons are estimated to migrate during the next ten years. So the annual number of immigrants would be only 500-1000.

On the other hand, the information about the status of return migrants has reached only a part of the Finns in the Soviet Union yet. After the information has spread more widely the migration flows will propably increase from the present level. There exist a large variety of different kinds of estimations about the potential migrants. The same study also 'warns' about as many as 10 000 - 20 000 Soviet Finns migrating to Finland during the next 2-3 years.

The research brought up the fact that only 40 per cent of those Ingrians living in Soviet Carelia speak Finnish any more. Of those Ingrians living in Estonia the Finnish speaking ones constitute only 30 per cent and of those living in the city of Leningrad only 2 per cent. Especially the younger generation has a weak knowledge of Finnish. The raising nationalism among Ingrians has, however, increased even the young persons' interest in the language.

Another group in the Soviet Union which has been actively recruited for Finnish jobs are the Estonians. Their language is very near Finnish and many of them have a good knowledge of Finnish already before coming to Finland. Estonians are a bigger ethnic group than the Ingrians as there are about 930 000 Estonians.

At the moment there are around 2000-3000 Soviet citizens working in Finland, most of them Estonians. Ingrians and Estonians were very popular as workers in Finland in summer 1990. As the labour shortage has been a problem for several years especially in semi-skilled jobs in health care, restaurants and agriculture, the demand for Ingrian labour has been actually greater than their supply. However, the active recruiting of Ingrians as well as Estonians has recently diminished because of the rapidly deteriorating employment situation in Finland.

Poland has a much larger population than Inkeri and Estonia. Large migration from Poland to Finland is quite possible in future although no rush has been experienced yet, perhaps partly because of language problems. Some small Polish groups already work temporarily in Finland especially in summers, mostly in agriculture, construction and metal sectors.

Liberalised mobility from the Soviet Union has increased illegal working on the Finnish labour market as well. Estimations about the number of illegal foreign workers in Finland vary around some hundred persons.

Finnish trade unions have also been worried about contracts not following the official labour market norms. Many jobs offered to the foreign workers have been classified as 'traineeships' although the work actually is just normal routine type work which would not require a lengthy training period. Trade unions consider this practise as a way of lowering the wage level.

Remarkable differences in income levels and living standards draw even highly educated people to unskilled jobs in Finland. This is seen as a serious waste of scarce human resources, which the Eastern European areas in this situation would very much need themselves, too.

6.3 New forms of European labour mobility

The European labour mobility has changed its patterns all along its history. Migration, temporary 'guest-working' and cross-border working have been the traditional forms. Some new features are now arising as a result of certain (more or less) integration-related phenomena. The fast internationalization of companies and new activities of already existing multinationals, increasing foreign trade in services, techological changes, demographic development and many European countries' tightened immigration policies have generated new patterns in the European labour mobility.
Long-distance emigration from Europe to North America and Australia was typically family migration whereas intra-European mobility concerned more typically only the head of the family and was intended to be temporary. Nevertheless, it has often turned into permanent settlement in the host country. As a result reunification of families has become an important phenomenon and although many European countries started regulating labour inflow in early 1970s, the immigration of family members has kept the migration flows high. Maillat (1987) notes that nearly all European countries have this experience, the only differences being in the scale and in the time between the various stages in the process.

In countries with long immigration traditions the second generation immigrants are generally in a different position than their parents on the labour market. They do not accept automatically the low paid and unpleasant jobs which the natives do not want to have. Instead they compete more equally for the same jobs with the nationals.

As overdemand for unskilled labour nevertheless still exists in most Western European countries and the official immigration has become restricted, the situation has generated markets for illegal immigration. Illegal labour typically fills jobs which neither the local nor the second generation immigrants want to have.

A totally different kind of temporary labour mobility is generated by internationalization of companies. Foreign direct investment and expansion of international subcontracting increases international mobility of the well educated, professional 'key persons'. The phenomenon is linked to the growth in average company size and strengthening of intra-firm labour markets. International mobility is then easy and often necessary within the same corporation.

Liberalising of international trade in services and public procurements generates increasing need for labour mobility. Moreover, the development promotes mobility from developed to less developed areas, contrary to the traditional direction of labour flows. At same time the roles of surrenderers and receivers are changing in Europe so that most countries nowadays play both roles.

When the mobility patterns are changing, also the determinants concerning labour mobility can take on new forms. As international mobility becomes easier and easier, the importance of geographical locations in job selection might decrease. This means that especially among highly educated specialists the labour market at home can be narrow and they can apply for a job abroad not to get abroad but to get that certain job, no matter where it is. This is evident on intra-firm labour markets particularly, where the company itself can be a more essential determinant of the extent of job mobility than national or other geographical borders.

The Finnish labour market is just in its earliest stage of internationalization. It seems evident, however, that Finland will not necessarily go through all the phases described above but the internationalization takes place more with the new forms. Especially in relation to Western European labour markets any considerable increase in the traditional forms of labour migration seems unlikely. The European integration process instead rather seems to promote the new mobility forms, especially intra-firm temporary mobility. Although the traditional forms are at least in near future dominating in labour mobility with Eastern Europe. For geographical reasons cross-border working is relevant for Finland in relation to the Soviet Union. It could be possible, for instance, between Helsinki and Tallinna, Estonia. (Cross-border working has already traditions in Lapland between the Nordic countries.)

7. STRUCTURAL CHANGES IN THE LABOUR MARKET

The increase and new forms of labour mobility, changes in international trade and internationalization of companies can affect the segmentation, regional and occupational matches as well as flexibility on the labour market. Wage formation and incomes policy are also sensitive to changes in this process.

The labour market will be easily segregated in accordance with an employee's proneness to mobility. In addition to the division to mobile and non-mobile labour, further segregation can appear according to voluntary vs. compulsory mobility. Some are forced to work abroad although they would prefer staying home. For some others free international mobility means positive developments in the career. There are differences of course in the personal possibilities to utilize the freedom of voluntary labour mobility. Family ties still restrict international mobility, especially of women.

A segmented labour market is one that has become separated into several parts between which the labour mobility is not general and where also the supply and demand factors are different. Such segmentation is typical of countries having a foreign labour force. Usually foreigners and nationals are not interchangeable and are rarely in direct competition with each other. Foreigners' occupational mobility is often limited by legislation, which strengthens and maintains such divisions in the labour market.

International mobility tends to increase differentiation into two or more socioeconomic levels on the basis of social status, employment conditions, work habits and the degree of stability of employment. Abandan-Unat (1987) argues that within this type of 'dual economy' the foreign labour force tends to be marginalised and more open to exploitation than the better organized professional and unionised segments of the labour markets. Illegal labour has become in many European countries the third dimension in the segmentation. The rights for occupational mobility will be largely guaranteed for nationals of the countries participating in the European integration process. For outsiders, who are typically non-Europeans, such rights will not exist. The illegal migrants are typically on the bottom of the labour market hierarchy.

Along with the increasing labour market participation of women, labour mobility nowadays requires two new jobs, which decreases sensitity to pull effects of foreign labour markets. It has also a greater impact on the host country's total demand. More services are bought from outside the family, as for example children's daycare. As foreigners typically need also many special (social and other) services and therefore create employment, their net effect on labour supply can in the end be minor. Sweden is a good example of a country where large immigration of foreign labour has not solved the problem of a labour shortage.

Maillat (1987) has found also another aspect in the interdepence of a foreign labour force and domestic labour market structure. As foreigners are typically in the first phase directed to certain industies, gradually the need for foreign manpower becomes apparent in all branches of the economy. This eventually leads to a permanent (structural) need for immigrant flows. Ultimately even the employment of the domestic labour force can become dependent on the foreign labour. The abolition of the foreigners' jobs would lead to the disappearance of the jobs of nationals.

The European integration can both open some previously closed labour market segments and form some new segments which will be closed for certain groups. First of all the development seems to change the traditional division in the labour market between closed and open sectors. The liberalisation of trade in services is occuring at the same time as when some privatisation is taking place in the Finnish public sector because of the shortage of labour force, especially in health care.

As was noted earlier, the Finnish labour market is strongly segregated into jobs of men and women. Especially in service sector jobs such segregation differs in Finland compared to many central and southern European countries. The immigrants from those countries may tend to become employed to such low paid service sector jobs which have traditionally been occupied by Finnish women. Competition with foreign labour could lead to unfavourable wage development in the short term among the Finnish women and encourage them to stay home. One possible scenario is that the segmentation according to gender will be displaced by segmentation of natives' and foreigners' labour markets.

As was noted earlier, internationalization of companies and the growing average size of them tends to strengthen the intra-firm labour markets. In such labour markets the firms and the workers make such 'investments' on firm-specific skills, which are not transferable across firms. That causes immobility between companies. Firm-specific training makes the workers more productive with their current firm than with alternative firms (Wachter and Wright 1990).

An important question is whether integration increases the flexibility itself or the need for flexibility on the labour market. Accordig to an OECD study (1987) flexibility refers to the ability of individuals in the economy, and notably in the labour market, to abandon established ways and adapt to new circumstances. Another question is how does the integration influence the flexibility from the employees' and, on the other hand, from the employers' point of view. Lack of flexibility has been considered as one of the reasons for high unemployment in Europe. The internal market has been therefore largely aimed to increase overall flexibility in the economy, including the labour market.

In theory at least, the increasing mobility of production factors should improve the match of the labour supply and demand. However, that assumes that everybody has full information on the market situation, on free jobs or on persons looking for work. The planned new European employment exchange system using computer technology would essentially improve information. That would diminish search unemployment, which might otherwise become a problem when people would move abroad using the possibility to search freely for a new job during the first three months in another EC (or EES) coutry. Harmonising of professional and occupational degrees will enable persons to take advantage of this possibility in reality.

8. CONCLUSIONS

The small size of the Finnish labour market makes it sensitive to external influences caused by the European integration. However, the high educational level, high productivity, good infrastructure as well as the advanced negotiation system are all factors which offer a sound basis for meeting the forthcoming changes and challenges. In addition, experiences from the free Nordic labour market offer valuable information when meeting the free labour mobility in the EES.

Demographic developments and, in practise, a young retirement age are limiting the labour supply in Finland. Although the rising unemployment can temporarily hide this problem, the labour shortage is becoming a persistent phenomenon in the long term. Unfavourable demographic developments including a declining birth rate and ageing population are common to most Western European countries. In Finland, however, the domestic labour reserves are small, because women are already actively involved on the labour market. It is not possible to appreciably boost the domestic labour supply. In this sense the long-term alternatives for Finland seem to be either importing foreign labour, intensifying productivity development or accepting the outflow of labour-intensive production.

Most studies made about the economic influence of internal market programme for the EC countries promise positive growth and employment effects in medium term. In a favourable situation Finland receives its share of the growth via increasing exports demand and lowering costs. This requires, however, that discrimination on the EC market will be avoided either by the EES agreement or EC membership. It also requires that Finland manages to attract both Finnish and foreign companies to invest in the country. Estimations concerning the integration effects for both the EC and Finland generally ignore the influence of resource reallocation.

All in all, the tightening competition leads to structural rearrangements in the Finnish economy as the employment effects will differ sectorally. Employment transfers will take place mostly between different industrial and service branches whereas the development rather strengthens than changes the already ongoing shift from agriculture and manufacturing to services. This may lead to increasing regional mismatchs in the labour market and sets new requirements for both domestic regional and occupational labour mobility.

The relationship between labour market structure and industrial structure is twofold. Escape of high technology firms and other know-how based companies from the country will sooner or later lead to emigration of high educated employees and specialists, too. Likewise, the inflow of research and development intensive investments pulls also human capital to the country. In this sense the industrial policies and attitudes toward inward foreign direct investments have important influence on the structural development of Finnish labour market in the 1990s.

At the moment the inward and outward flows of both labour and capital are treated differently in Finland. Both labour and capital inflows are regulated whereas the outflows are free. In practise, however, labour inflows to the EC labour market has been restricted, which has effectively regulated Finnish emigration to that area and so in practise only capital mobility has been really free.

It is the interaction between labour mobility and capital mobility which strongly determines the impact of integration as a whole on the Finnish labour market. The increase in foreign direct investment to the EC may have an even stronger effect on both the labour market balance and structure in Finland than the increase in labour mobility with that area will ever have. Problems might arise from the fact that Finland has strong traditions on emigration but very little experience with immigration. The same is true with the inward foreign direct investment. Utilization of foreign production factors might require rearrangements in the economy and on labour market especially.

If the EES agreement including liberalisation of labour mobility is obtained, both inflows and outflows in relation to other Western European countries are expected to increase from the present level although no dramatic change seems evident. Compared to most other EFTA countries Finland is, however, in a somewhat different situation. Political and economic changes in Eastern Europe have considerably increased migration pressures especially from Soviet Carelia (Inkeri) and Estonia to Finland. It is evident, however, that these flows will stay strongly regulated by Finnish authorities still for a long time.

In this twofold situation the regulated flows easily take on a balancing role if the free mobility on the other direction increases variation on labour supply. Although such conditions could quantitatively balance supply in the short and medium term, it might be impossible to avoid the qualitative changes. Those coming from Eastern Europe are generally placed on the unskilled jobs or they need re-education to meet the requirements of the Finnish employers. On the other hand, they tend to be the well-educated Finns who will utilize the opening possibilities on Western European labour market. In this sense Finland will be qualitatively a net loser in the medium term.

Free labour mobility can be seen as a human right or as a labour market instrument to balance supply and demand. The welfare effects can be different for individuals and for society as a whole. Immigrants influence immediately labour supply but also its demand as they are naturally consumers as well who, on their own behalf, raise the total demand. The net effect depends on their age structure as well as on the labour market participation rate. In the longer term they can influence the labour supply also through different birth rates than the natives. They can also bring changes to the average working hours and labour productivity.

The decision concerning Finland's membership in the European Monetary System has an important influence on the independency of Finnish economic policy and its employment aims. Further, integration with the EC would bring several limitations to the traditional employment policy measures. If exchange rate policy changes are no longer possible, there could be pressures to adapt the domestic inflation to the competitors' level. In such conditions the employment aims could be passed by inflationary aims.

Many other limitations arise as well. Harmonization of taxation could further restrict the fiscal policy measures. Employment aims have been largely promoted by regional and industrial policies, too, mainly through government aids in Finland. However, the integration process forces countries to abolish largely such government aid. All these changes will leave little room for traditional active employment policy.

The final employment effect of 1992 on Finland depends largely on the role Finland assumes in the international division of labour. All in all, the EES agreement as a whole seems to have more importance for the demand side, whereas the supply side on the labour market will be affected strongly by the Eastern European developments. Such a situation sets requirements especially for labour market flexibility on both the micro and macro levels.

FINNISH SUMMARY / SUOMENKIELINEN TIIVISTELMÄ

Seija Parviainen

EUROOPAN INTEGRAATIO JA SUOMEN TYÖMARKKINAT

Euroopan integraatiolla tarkoitettiin vielä 1980-luvun puolivälissä ainoastaan Euroopan yhteisön sisämarkkinoihin johtavaa prosessia. EFTA-maiden mukaantulo laajensi keskustelun Euroopan talousalueeseen (ETA). Vuosikymmenen vaihteessa Itä-Euroopassa tapahtuvat taloudelliset ja poliittiset muutokset palauttivat Eurooppa-sanan alkuperäiseen sisältöönsä ja Euroopan integraatiolla alettiin yhä yleisemmin tarkoittaa koko Euroopan, sekä itä- että länsiosan, taloudellisten suhteiden järjestelmää.

Euroopan integraatiosta on tunnistettavissa joukko tekijöitä, jotka suoraan tai välillisesti vaikuttavat työllisyyteen, työllisyyspolitiikan mahdollisuuksiin ja työmarkkinoiden rakenteisiin. Näitä ovat erityisesti kansainvälisessä taloudessa tapahtuvat rakennemuutokset, tuotannontekijöiden lisääntyvä liikkumisvapaus ja talouspolitiikan harmonisointi.

Työvoiman kansainvälinen liikkuvuus on hallinnut Suomessa keskustelua integraation työmarkkinavaikutuksista ehkä enemmän kuin odotettavissa olevat työvoimavirrat antaisivat aihetta. Työmarkkinoiden rakenteiden ja työllisyyden muutokset tai työllisyyspolitiikan uudet rajoitukset ja mahdollisuudet eivät ole saaneet osakseen juurikaan huomiota. Ongelmana onkin erottaa integraation aiheuttama muutos muilta tahoilta alkunsa saaneesta kehityksestä.

Tämän tutkimuksen tarkoituksena on ollut jäsentää integraatiovaikutusten kysymyksenasettelua ja tuoda esille mahdollisia kehityskulkuja. Tarkastelu perustuu oletuksille että Suomi on mukana integraatioprosessissa joko ETA-sopimuksen tai EY-jäsenyyden kautta ja että kehitys Itä-Euroopassa jatkuu nykyiseen suuntaan liikkuvuuden helpottuessa Itä- ja Länsi-Euroopan välillä.

Suomalaiset työmarkkinat eurooppalaisessa vertailussa

Luvussa 2 on tarkasteltu suomalaisia työmarkkinoita (lähinnä niitä tuntemattoman lukijan) yleiseurooppalaisesta näkökulmasta. Tarkastelu toimii perustana myöhemmille integraatiovaikutusten arvioille. Vaikutukset voivat poiketa eri maissa työmarkkinoiden rakenteista ja sopeutumiskyvystä riippuen. Myös demografinen kehitys sekä työllisyystavoitteet talouspoliittisessa traditiossa luovat perustan integraatiovaikutusten kanavoitumiselle.

Suomalaisia työmarkkinoita ovat viime vuosikymmeninä koetelleet nopea teollistuminen, sittemmin palveluvaltaistuminen sekä viimeksi työelämää uudistanut nopea teknologinen muutos. Suomessa kehitys on ollut eurooppalaisittain nopeaa ja tuonut suomalaista taloutta ja työllisyyden rakennetta lähemmäksi useimpien EFTA- ja EY-maiden vastaavaa tasoa. Tosin maatalouden osuus työllisyydestä on Suomessa edelleen eurooppalaisittain suhteellisen korkea ja palveluiden osuus alhainen. Sen sijaan julkisen sektorin osuus kokonaistyöllisyydestä vastaa Suomessa Euroopan yhteisön keskitasoa ja on siten huomattavasti pienempi kun muissa Pohjoismaissa (*taulukko 1*).

Suomessa naisten työhönosallistumisaste on kansainvälisesti erittäin korkea. Lisäksi suomalaiset naiset työskentelevät enimmäkseen kokopäivätyössä, kun muissa Pohjoismaissa osapäivätyö on naisten keskuudessa huomattavan yleistä. Sen sijaan yli 50-vuotiaiden miesten työhönosallistuminen on Suomessa vähäisempää kuin muissa Länsi-Euroopan maissa. Huomattava osa heistä on siirtynyt työvoiman ulkopuolelle varhaiseläkejärjestelmän kautta (*kuvio 4*).

Rakennemuutos on toteutunut suomalaisilla työmarkkinoilla paljolti siten, että taantuvilta aloilta iäkkäät työntekijät ovat siirtyneet eläkejärjestelyjen avulla pois työmarkkinoilta samaan aikaan kun kasvavat alat ovat saaneet lisätyövoimaa suoraan työmarkkinoille valmistuvista nuorista ja kotitaloustyöstä siirtyneistä naisista. Sektoreiden tai toimialojen välinen liikkuvuus on ollut vähemmän keskeinen sopeutumisen muoto.

Suomalaisten työmarkkinoiden sopeutumista muutoksiin voivat helpottaa työvoiman hyvä koulutustaso, toistaiseksi edullinen ikärakenne, nopea tuottavuuden kasvu sekä kehittynyt infrastruktuuri ja työmarkkinoiden neuvottelujärjestelmä. Myös kokemukset yhteispohjoismaisilta työmarkkinoilta antavat valmiuksia sopeutua Euroopan talousalueen vapaille työmarkkinoille. Tosin Suomelle on viime vuosikymmeninä kertynyt kokemusta yksipuolisesti maastamuutosta. Maahanmuuttokin on ollut enimmäkseen suomalaisten siirtolaisten paluumuuttoa.

Kokemattomuus ulkomaalaisten maahanmuutossa ja ulkomaisen työvoiman käytössä saattaa aiheuttaa sopeutumisongelmia vielä 1990-luvulla. Kokemukset ulkomaisista yrityksistä työnantajina ovat niin ikään suomalaisilla työmarkkinoilla vähäiset. Herkkyyttä ulkoisille häiriöille lisäävät myös suurten ikäluokkien ja niitä seuraavien pienten ikäluokkien aiheuttamat työvoiman tarjonnan ja ikärakenteen suuret pitkän aikavälin vaihtelut sekä kotimaisten työvoimareservien vähäisyys.

Työmarkkinoita jäykistävä alueellinen ja ammatillinen segmentoituminen voi myös vaikeuttaa sopeutumista. Työmarkkinat ovat selvästi jakautuneet miesten ja naisten töihin. Suomessa miesten ja naisten ammatit ovat erityisesti palvelualoilla jakautuneet toisin kuin useissa EY-maissa, missä miehiä työskentelee runsaasti tehtävissä, jotka meillä ovat naisvaltaisia. Onkin todennäköistä, että näistä maista Suomeen mahdollisesti saapuva työvoima sijoittuisi enimmäkseen palvelualoille kilpaillen ensisijaisesti suomalaisen naistyövoiman kanssa. Lyhyen aikavälin seurauksena olisi naisten kannalta epäedullinen palkkakilpailu, mikä voisi rohkaista yhä useampia naisia jäämään kotiin lasten kotihoidontuen yms. uusien tukimuotojen turvin. Pidemmällä aikavälillä seurauksena voi olla työmarkkinasegmentaation muuttuminen. Sukupuolen mukainen eriytyminen korvautunee työmarkkinoiden jakautumisella kotimaisen ja ulkomaisen työvoiman osatyömarkkinoihin. Vastaava jako on pitkälti jo tapahtunut mm. Saksassa ja Ruotsissa.

Osaa työttömyydestä pidetään Suomessa rakenteellisena. Tätä osoittavat mm. suuret alueelliset erot työttömyysasteissa sekä työttömyyden ja työvoimapulan esiintyminen samanaikaisesti. Eräissä tutkimuksissa on myös todettu hysteresis-hypoteesin pätevän hyvin suomalaisella aineistolla. Tämä viittaa siihen, että tilapäinenkin työttömyyden kasvu on omiaan nostamaan nk. luonnollista työttömyysastetta. Taloudellisen kasvun hidastumisella olisi siten työttömyyttä pysyvästi kasvattava vaikutus, sillä osa työttömiksi joutuneista syrjäytyy työmarkkinoilta eikä enää työllisty yleisen työllisyystilanteen kohentuessa. Työmarkkinoilla näyttäisi sen mukaan olevan kysynnän ja tarjonnan kohtaamista ja sopeutumista estäviä jäykkyyksiä.

Suomalaiset työmarkkinat ovat kuitenkin menestyneet eurooppalaisessa työllisyysvertailussa varsin hyvin. Erityisesti nuorison työllisyys on Suomessa ollut merkittävästi parempi kuin useimmissa EY-maissa. 15-24-vuotiaiden työttömyysaste on ollut 1980-luvulla Suomessa keskimäärin alle 10 prosenttia, kun se on Etelä-Euroopan maissa kivunnut jopa yli 40 prosenttiin. Suomessa nuorten työttömyyslukuja on pitänyt alhaalla paitsi hyvä yleinen työllisyystilanne, myös huomattavan pitkät koulutusajat, jotka vähentävät voimakkaasti nuoren työvoiman tarjontaa. Pitkäaikaistyöttömyyttä ovat Suomessa tilastollisesti kaunistaneet eurooppalaisittain siedettäväksi sekä varhaiseläkejärjestelmä että työllisyyslaki.

Vaikka alhainen syntyvyys ja siitä seuraava väestön keskimääräinen ikääntyminen ovat ongelmia useille muillekin Länsi-Euroopan maille, Suomessa ongelmaa kärjistävät vähäiset kotimaiset työvoimareservit. Koska suomalaiset naiset osallistuvat jo aktiivisesti työmarkkinoille, nimenomaan kokopäivätyöhön, ei ongelma ole ratkaistavissa naisten avulla (*taulukko 2*). Sen sijaan monissa muissa uhkaavan työvoimapulan maissa kotimaisia naistyövoimareserveja on vielä runsaasti aktivoitavissa työmarkkinoille. Pitkällä aikavälillä työvoiman maahanmuutto on edellytys Suomen työmarkkinoiden laajenemiselle.

Eräs suomalaisille työmarkkinoille tyypillinen piirre on ulkomaisen työvoiman vähäinen osuus (noin 0,5 prosenttia) koko työvoimasta. Valtaosa maassa asuvista ulkomaalaisista on lähtöisin naapurimaista ja useimmilla heistä on suomalaistausta. EY-kansalaisten osuus on huomattavan pieni (vain noin 20 % koko ulkomaalaisväestöstä). Parin viime vuoden aikana Suomessa on kasvanut erityisesti neuvostoliittolaisten määrä. Valtaosa heistä on työskennellyt tilapäisissä työsuhteissa hotelleissa, ravintoloissa, sairaaloissa, rakennuksilla tai maataloudessa.

Suomessa on viime aikoina laadittu arvioita ulkomaisen työvoiman tarpeesta kahden eri työryhmän toimesta. Siirtolaisasiain neuvottelukunta arvioi, että työvoimapula kasvaisi Suomessa vuosina 1991-2000 noin 21 000 henkilöllä. Tämän kattamiseksi tarvittaisiin noin 3200 ulkomaisen nettomaahanmuutto vuodessa. Työvoima 2000 -työryhmän laskelmien mukaan Suomessa syntyisi ulkomaisen lisätyövoiman tarvetta varsinaisesti vasta vuosituhannen vaihteen jälkeen. Vuosina 2000-10 tarve olisi noin 10 000 ja vuosina 2010-2030 noin 20 000 (netto) ulkomaista työntekijää vuodessa. Arvio perustuu oletukseen 2,5 prosentin taloudellisesta kasvusta vuoden 2000 jälkeen.

Integraatioprosessin työllisyysvaikutuksia

Vaikka suomalainen työllisyyskehitys ei ole tähän mennessä seurannut EY-maiden kehitystä, saattaa yhteys taloudellisen integroitumisen tiivistyessä kasvaa. Siksi yhteismarkkinoiden työllisyysvaikutuksista luvussa 3 esitetyillä arvioilla on mielenkiintoa myös suomalaisten työmarkkinoiden kannalta.

Ensimmäinen, sittemmin kriittisesti arvioitu yhteismarkkinoiden työllisyysvaikutuksista laadittu ennuste oli Euroopan yhteisön komission vuonna 1988 teettämä nk. Cecchini- raportti. Sen keskeinen sanoma oli, että vaikutukset ovat erilaiset, jopa eri suuntaiset, lyhyellä ja keskipitkällä aikavälillä. Sopeutumisvaiheessa työpaikkoja menetettäisiin varsinkin rajakontrollissa, rahoitussektorilla ja maataloudessa. Noin 5-6 vuodessa menetykset kuitenkin saataisiin moninkertaisesti takaisin muilla toimialoilla (*taulukko 5*).

Kaikkiaan uusia työpaikkoja arvioitiin syntyvän keskipitkällä aikavälillä lähes kaksi miljoonaa. Jos kehitystä vielä tuettaisiin aktiivisella talouspolitiikalla, voisi uusien työpaikkojen määrä nousta jopa viiteen miljoonaan. Noin puolet työllisyyden kasvusta olisi seurausta tarjontavaikutuksista eli yritysstrategioiden reaktioista uuteen kilpailuympäristöön.

Hollantilaisen Central Planning Bureu'n arvion mukaan sisämarkkinat aiheuttaisivat keskipitkällä aikavälillä korkeintaan 2,3 prosenttiyksikön suuruisen tuotannon kasvuvaikutuksen. Toisaalta Baldwin (1989) arvioi integraation kasvuvaikutuksen kaksi kertaa suuremmaksi kuin komission raportti. Hän korostaa erityisesti dynaamisia pitkän aikavälin kasvuvaikutuksia erottelematta kuitenkaan niiden jakautumista tuottavuuden ja työllisyyden kasvuun.

Kasvuvaikutusten alueellisesta jakaumasta on myös esitetty hyvin erilaisia arvioita. Krugman (1988) ja Norman (1989) uskovat, että yhteismarkkinat tuovat EFTA-maille jopa suurempia hyötyjä kuin itse EY-maille. Perusteluna on, että pieninä maina ne pystyvät hyötymään suuria maita enemmän parantuvista skaalaeduista. Heidän näkemyksensä eroavat kuitenkin sen suhteen, miten integraation ulkopuolelle jääminen vaikuttaisi EFTA-maiden asemaan. Krugman varoittaa, että yhteisön sisäinen kauppa syrjäyttäisi vähitellen EFTA-maiden vientiä EY-maihin. Sen sijaan Norman ei katso EY-integraation ulkopuolelle jäämisen aiheuttavan EFTA-maille suuria menetyksiä.

Cecchini-raportin mallia on testannut suomalaisella aineistolla Lahti (1989). Tulosten mukaan työllisyys laskisi Suomessa keskipitkällä aikavälillä 0,1 prosenttia vaikka teollisuustuotanto kasvaisi 3,2 prosenttia. Suomen ei laskelmissa kuitenkaan oletettu osallistuvan julkisten hankintojen vapautumiseen, jonka on toisaalla (ks. Valtioneuvoston selonteko eduskunnalle) arvioitu olevan Suomen viennille ja työllisyydelle myönteinen uudistus.

Työllisyyden rakenne

Integraatio tuskin tuo muutoksia maatalouden, teollisuuden ja palvelualojen väliseen työllisyyskehitykseen vaan pikemminkin voimistaa jo meneillään olevaa kehitystä: maatalouden työllisyyden supistumista ja palvelualojen työllisyyden kasvua. Sen sijaan teollisuuden ja palvelusektorin sisällä sillä on vaikutusta. Esimerkiksi Kajasteen (1990) tutkimus osoittaa, että eri toimialat ovat hyvin heterogeenisia integraatiovaikutusten suhteen. *Kuviossa 10* on esitetty työllisyyden jakautuminen suomalaisessa teollisuudessa integraatioherkille ja muille toimialoille Kajasteen aineiston perusteella. Tulokset vaihtelevat voimakkaasti sen mukaan, minkä kriteerin mukaan eri toimialoja tarkastellaan (dynaaminen kilpailukyky, potentiaaliset skaalaedut, hintakilpailukyky ja kysynnän muutos).

Keskimäärin vahvat alat kattavat teollisuuden työllisyydestä lähes 11 %, mutta heikot alat lähes 15 %. Huomattavan suuri osa työllisyydestä on siten aloilla, joita ei ole luokiteltu integraatioherkiksi. Tällä perusteella näyttäisi todennäköiseltä, että mitään radikaalia muutosta teollisuuden työllisyyteen integraatiokehitys sinänsä ei aiheuttaisi.

Keskustelua ovat värittäneet erilaiset arviot siitä, ohjaako erikoistumista tulevaisuuden eurooppalaisilla markkinoilla ensisijaisesti suhteellisen edun periaate vai skaalatuotannon edut. Erikoistuminen suhteellisen edun mukaan vahvistaisi Suomessa metsä- ja paperiteollisuuden asemaa. Kasvavat skaalaedut puolestaan hyödyttäisivät muita toimialoja, mm. eräitä metalliteollisuuden osia.

Palvelujen kaupan vapauttaminen on keskeinen osa niin yhteismarkkinakuin ETA-hankettakin. Suuri osa palveluista on Suomessa ollut tähän saakka ulkomaiselta kilpailulta suojattuja. Rakennemuutoksia on siten odotettavissa mm. liikenteen, rahoituksen sekä tukku- ja vähittäiskaupan aloille.

Palvelujen kaupan perusero teollisuustuotteiden kauppaan verrattuna on, että palvelut on tyypillisesti tuotettava siellä, missä niiden kuluttajatkin ovat. Siksi tuotannontekijöiden vapaa liikkuvuus on palvelualoilla erityisen tärkeää. Toisaalta kotimaisille markkinoille tarkoitettujen palvelujen tuotantoa ei voida siirtää ulkomaille, minkä vuoksi omistusjärjestelyillä (mahdollisella ulkomaalaisomistuksella) ei ole erityistä merkitystä palvelualojen työllisyydelle.

André Sapir (1990) erottelee palvelujen kaupassa kolme erilaista ulottuvuutta:
- ostajat siirtyvät ostettavien palvelujen luo (esimerkiksi turismi),
- palveluja tarjoavat myyjät siirtyvät asiakkaiden luo (esimerkiksi insinööripalvelut) tai
- palveluja tarjoavat yritykset etabloituvat markkina-alueelle voidakseen myydä tuotettaan (esimerkiksi pankkipalvelut).

Sapir näkeekin palvelualoilla kansainvälisen kaupan ja suorien sijoitusten välillä tiiviin yhteyden.

Toisaalta monissa palveluammateissa työskentely perustuu vahvasti paikallisen kielen hallintaan. Tämä antaa kotimaiselle työvoimalle tietyn 'monopoliaseman' työmarkkinoilla. Tässä mielessä ainakaan integraation suorat työllisyysvaikutukset eivät muodostune kovin dramaattisiksi palvelualoillakaan.

Niin teollisuuden kuin palvelujenkin sisällä toiset alat hyötyvät kaupanesteiden poistamisesta, kun taas toiset alat eivät kestä kasvavaa ulkomaista kilpailua. Sektoreiden sisäiset työllisyyden siirtymät edellyttävät työmarkkinoilta erityistä sopeutumiskykyä: niin alueellisen, toimialoittaisen kuin ammatillisenkin liikkuvuuden kasvua.

Työllisyystavoitteet talouspolitiikassa

Työllisyyspolitiikan mahdollisuudet ja instrumentit joutuvat integraatiokehityksen myötä uuteen asemaan. Suomi on viime vuosikymmeninä pitkälti noudattanut muiden Pohjoismaiden tavoin nk. Rehn-Meidner-mallia harjoittaen aktiivista työllisyyspolitiikkaa. Käytännössä se on tarkoittanut työllisyyden sekä työvoiman kysynnän ja tarjonnan kohtaannon tukemista mm. työnvälityspalveluilla sekä edistämällä ammatillista ja alueellista liikkuvuutta. Täystyöllisyys on ollut keskeinen tavoite niin finanssi- ja rahapolitiikassa kuin ajoittain myös valuuttakurssipolitiikassa. Teollisuus- ja aluepolitiikkaa ovat niin ikään osittain ohjanneet työllisyystavoitteet.

Uhkana itsenäisen työllisyyspolitiikan harjoittamiselle on nähty integraatioprosessiin oleellisena liittyvä talouspoliittinen harmonisointi, erityisesti Suomen mahdollinen EMS-jäsenyys. Markan ulkoisen arvon sitominen EMS-valuuttoihin pakottaisi vapaiden pääomaliikkeiden oloissa noudattamaan samanlaista inflaatiopolitiikkaa kuin johtavat EMS-maat, erityisesti Saksa. On esitetty varoituksia siitä, että työllisyystavoitteet jäisivät toissijaisiksi, sillä Saksan talouspolitiikka on ainakin 1980-luvulla ollut voimakkaasti deflatorista.

Suomen markka on jo pitkälti sidottu EMS-valuuttoihin valuuttakorin välityksellä (*taulukko 6*). Suurin muutos EMS-jäsenyyden myötä olisikin markan arvon vaihteluiden kasvu suhteessa USA:n dollariin. Tällä saattaisi olla merkitystä erityisesti metsäteollisuudelle, jonka ulkomaankaupasta yhä suuri osa käydään dollareissa.

EMS:n valuuttakurssiyhteistyö on vain yksi askel kohti yhä integroituneempaa talouspolitiikkaa, Euroopan Rahaunionia (EMU). Sen lopullisena tavoitteena on yhteinen valuutta, ECU, joka korvaisi kokonaan kansalliset valuutat. Rahapolitiikkaa koordinoisi Euroopan ylikansallinen keskuspankki, mikä jättäisi vähän liikkumavaraa kansalliselle finanssipolitiikalle eikä kansallista raha- ja valuuttapolitiikkaa enää ylipäätään olisi olemassa.

Kuviot 11 ja 12 osoittavat, että Suomen inflaatiovauhti on ollut 1980-luvun jälkipuolella selvästi EMS-keskiarvon yläpuolella kun taas työttömyysaste on Suomessa pysytellyt lähes koko 1980-luvun alempana kuin EMS-maissa. Tästä saattaisi olla vedettävissä se karkea johtopäätös, että talouspolitiikan harmonisoituminen EMS:n suuntaan alentaisi pysyvämmin Suomen suhteellista inflaatiovauhtia. Sen sijaan työllisyyden kehityksestä ei ole tehtävissä yhtä selviä johtopäätöksiä. *Kuvio 12* osoittaa työttömyysasteiden erojen kasvaneen EMS-maiden välillä samalla kun inflaatioerot ovat kaventuneet.

Raha- ja valuuttapolitiikan liikkumisvapaus on viime vuosina kaventunut ilman EMS-jäsenyyttäkin pääomaliikkeiden vapautumisen seurauksena. Epäluottamus taloudellista kehitystä ja markan arvoa kohtaan voi saada aikaan ulkoista tasapainoa järkyttäviä pääomaliikkeitä. Sijoittajien odotukset ja mahdolliset reaktiot on otettava huomioon kaikessa talouspolitiikassa, mikä rajoittaa myös vero- ja budjettipolitiikan itsenäisyyttä. Korkman (1990) huomauttaa lisäksi, että kaupan vapautuessa on yhä suurempi vaara, että kotimaisen kysynnän lisäämiseen ja työllisyyden edistämiseen tähtäävät toimet kasvattavatkin tuontia ja heikentävät ulkoista tasapainoa.

Kun sekä raha- ja valuutta- että finanssipolitiikan aktiivinen käyttäminen työllisyystavoitteisiin vaikeutuu, jää yhä suurempi vastuu työllisyydestä tulopolitiikalle (ks. Pekkarinen 1990 ja Sauramo 1990). Suomalaisten palkansaajien korkea järjestäytymisaste, kehittynyt neuvottelumekanismi sekä tulopolitiikan vahvat perinteet tarjoavat Suomessa kohtuulliset mahdollisuudet työllisyystavoitteiden hoitamiseen tulopolitiikan avulla. Toisaalta tuotannontekijöiden liikkumisvapaus voi muuttaa perinteisen tulopolitiikan mahdollisuuksia sikäli, että niin yrityksillä kuin työntekijöilläkin on mahdollisuus siirtyä ulkomaille, ellei harjoitettu politiikka miellytä.

Tuotannontekijöiden kansainvälinen liikkuvuus ja työmarkkinat

Luvussa 4.1 on tarkasteltu työvoiman liikkuvuuteen vaikuttavia tekijöitä. Useimmat teoriat ja empiiriset tutkimukset eivät tee eroa maan sisäisen ja kansainvälisen liikkuvuuden välillä. Kummassakin liikkuvuuden muodossa voidaankin olettaa vaikuttavan pitkälle samojen tekijöiden.

Straubhaar (1990) jakaa liikkuvuustarkastelun kahteen eri lähestymistapaan. Toinen keskittyy työmarkkinoiden työntö- ja vetotekijöiden arviointiin toisen perustuessa inhimillisen pääoman teoriaan. Elementtejä molemmista yhdistivät Stark ja Bloom (1985), jotka myös nostivat perheen yksilöä keskeisemmäksi päätöksentekijäksi liikkuvuudessa. He kiinnittivät erityistä huomiota liikkuvuuden todennäköisyyksiin, riskeihin ja viiveisiin. Viiveiden huomioonottaminen suhteessa aiempiin kokemuksiin johtaa työvoiman liikkuvuuden tarkasteluun dynaamisena prosessina.

Yleensä työvoiman kansainväliselle liikkumiselle välttämättöminä ehtoina pidetään kotimaisten työmarkkinoiden työntötekijöiden (esimerkiksi työttömyys) ja ulkomaisten työmarkkinoiden vetotekijöiden (esimerkiksi korkea reaalipalkka) esiintymistä samanaikaisesti. Toisaalta esimerkiksi puutteellinen informaatio tai työttömyysriski ulkomailla vähentävät korkeamman ulkomaisen palkkatason vaikutusta. Muutokset työntö- ja vetotekijöiden suhteellisessa voimakkuudessa voivat muuttaa lähtö- ja tulomaiden rooleja mahdollisen paluumuuton toteutuessa.

Työttömyyskokemukset lisäävät yleensä todennäköisyyttä siirtyä ulkomaisille työmarkkinoille. Vaikutusta on erityisesti sillä, että työttömyys on sattunut omalle kohdalle. Korkea yleinen työttömyysaste sinänsä ei riitä motivoimaan liikkuvuutta vaan on pikemminkin omiaan heikentämään reaktioita taloudellisille insentiiveille.Toisaalta työttömien liikkuvuutta edesauttaa myös heidän mahdollisuutensa omistautua kokopäiväiseen työnetsimiseen. Holmlund (1984) huomauttaa, että ne työttömät, jotka muuttavat, ovat tyypillisesti tavoitteellisempia kuin toiset.

Holmlund (1984) huomauttaa, että ne työttömät, jotka muuttavat, ovat tyypillisesti tavoitteellisempia kuin toiset.Työvoiman liikkuvuus perustuu pitkälti odotettujen kustannusten ja hyötyjen vertaamiseen. Tulojen odotettu kasvu on siksi muuttopäätökseen oleellisesti vaikuttava tekijä. Schlottmann ja Herzog (1981) huomauttavat, että merkitystä ei ole ainoastaan absoluuttisella vaan myös suhteellisella tulojen tasolla. Yhden poismuutto muuttaa jäljelle jäävien suhteellista asemaa. Muuttoalttiimpia ovat ne, joiden suhteellinen asema heikkeni eli joista vuorostaan tuli heikoimmin palkattuja vaikka heidän absoluuttinen tulotasonsa ei olisi heikentynyt. Tämä selittää osaltaan maastamuuton alueellista keskittymistä.

Holmlund (1984) huomauttaa, että ne työttömät, jotka muuttavat, ovat tyypillisesti tavoitteellisempia kuin toiset.Myös iällä on työvoiman liikkuvuudessa suuri merkitys. Elinkaarihypoteesin mukaisesti vanhimmilla työntekijöillä on jäljellä lyhyempi aika hyötyä liikkuvuuden tuomasta tulojen lisäyksestä ja saada korvausta muutosta aiheutuneille kustannuksille. Liikkuvuudesta työntekijöille tuleva taloudellinen nettohyöty vähenee siten yli elinkaaren. Tämä selittää osaltaan sitä, miksi nuoret ovat alttiimpia muuttajia kuin iäkkäät henkilöt.

Perheellisten muuttohalukkuuteen vaikuttavat koko perheen tuloissa ja kustannuksissa tapahtuvat muutokset. Perheet ovat vähemmän muuttoalttiita kuin yksinäiset henkilöt, koska muutto kasvattaa usein enemmän perheen kuluja kuin tuloja. Tämä pätee yleensä sitä paremmin mitä suuremmasta perheestä on kyse. Yleensä myös naisten työhönosallistuminen alentaa perheiden muuttoalttiutta, erityisesti milloin naisilla on korkea koulutus (Mincer 1978).

Yksilötasolla korkeasti koulutetut ovat sen sijaan yleensä liikkuvampia kuin heikommin koulutetut. Kansainvälisessä liikkuvuudessa mm. kielitaidon merkitys tukee tätä väittämää. Tutkintojen vastaavuus ja ammatinharjoittamisen vapautuminen ETAssa olisivat yhä omiaan korostamaan koulutuksen merkitystä. Tähän saakka korkeasti koulutettujen kansainvälistä liikkuvuutta on jonkin verran rajoittanut se, että useimmat julkiset virat ovat olleet ulkomaalaisilta suljettuja.

Myös aiemmilla kokemuksilla on merkitystä muuttopäätöstä tehtäessä. Muuttoa harkitseva tekee ratkaisunsa enemmän tai vähemmän epätäydellisen informaation perusteella. Lopullinen päätös uudessa työpaikassa (ja uudessa maassa) pysymisestä tehdään vasta jonkin ajan kuluttua. Tämä selittää, miksi viimeksi tulleet ovat alttiimpia muuttamaan edelleen, elleivät olosuhteet vastaa odotuksia.

Merkitystä ei ole ainoastaan yksilötason aiemmilla kokemuksilla vaan myös lähtömaan muuttotraditioilla. Jos oman maan kansalaisia on aiemmin muuttanut runsaasti tiettyyn maahan, alentaa siellä jo olevien maanmiesten yhteisö muuttoon liittyviä 'psyykkisiä kustannuksia' myöhemmin tulevilla. Siksi työvoiman kansainvälinen liikkuvuus pyrkii keskittymään niin lähtöalueen kuin päämääränkin osalta tietyille alueille. Liitteen kuvio A3 osoittaa, kuinka esimerkiksi turkkilaiset ovat tyypillisesti hakeutuneet Länsi-Saksaan ja pohjoisafrikkalaiset Ranskaan. Suomen kannalta tämä on mielenkiintoista sen vuoksi, että meillä ei ole vielä juuri minkään kansallisuuden merkittävää vähemmistöä, mikä saattaa olla maahanmuuttoa hillitsevä tekijä.

Suorat sijoitukset

Suomen kaltaisen pienen maan työmarkkinoille vaikuttaa vientimenestyksen lisäksi yhä enemmän myös se, miten niin suomalaiset kuin ulkomaisetkin yritykset alueellisesti sijoittavat toimintojaan. Monilla teollisuuden toimialoilla tuotannollista toimintaa on siirretty suuressa määrin ulkomaille halvan työvoiman, korkean teknologian, markkinoiden läheisyyden tai jonkin muun syyn perusteella. Vastaavia investointeja Suomeen on saatu hyvin vähän (*kuvio 13*).

Vaikka yritysten kansainvälistyminen on integraatioprosessista suoraan riippumaton ilmiö, on Euroopan integraatio osaltaan kasvattanut investointien kokonaisvirtoja ja suunnannut niitä alueellisesti Euroopan yhteisöön yritysten varmistaessa asemiaan yhteismarkkinoilla. Yritysten kansainvälistyminen voidaan siksi hyvällä syyllä lukea eräänksi integraatiotekijäksi.

Suomalaisten yritysten suorista sijoituksista ulkomaille lähes puolet on suuntautunut EY-maihin ja yli neljännes EFTA-maihin. Yksittäisistä vastaanottajamaista tärkeimmät ovat olleet Ruotsi ja USA. Teollisuuden suorista sijoituksista lähes puolet kattaa metalliteollisuus ja yli neljänneksen kemianteollisuus metsäteollisuuden osuuden ollessa vain vajaa viidennes.

Ulkomailta Suomeen tehdyistä suorista sijoituksista lähes 60 % tuli 1980-luvulla Ruotsista. Noin 40 % niistä kohdistui teollisuuteen, enimmäkseen metalliteollisuuteen, noin viidennes tukku- ja vähittäiskauppaan ja 12 % rahoitussektorille.

Suomalaisomisteiset yritykset työllistävät ulkomailla jo noin 130 000 henkilöä. Suhteessa kotimaisen henkilökunnan määrään luku on kasvanut voimakkaasti 1980-luvun loppupuolella. Kun lisäksi Suomesta ulkomaille ja ulkomailta Suomeen tehtyjen investointivirtojen välillä vallitsee huomattava epätasapaino, kehitys on aiheuttanut huolta työpaikkojen siirtymisestä ulkomaille ja työttömyyden kasvusta Suomessa.

Suorilla sijoituksilla on periaatteessa kolmenlaisia työllisyysvaikutuksia: suorien ja epäsuorien työllisyysvaikutusten lisäksi ne voivat vaikuttaa työvoiman liikkuvuuteen sekä erityisesti pitkällä aikavälillä myös työmarkkinoiden rakenteeseen. Todellisuudessa suorien sijoitusten työmarkkinavaikutuksia, edes niiden suuntaa, on vaikea arvioida. Erityisen vaikeaa se on Suomessa, missä yritysten kansainvälistyminen on vielä varsin uutta laajassa mitassa.

ILO (1981) on koonnut kansallisten tutkimusten pohjalta raportin suorien sijoitusten työmarkkinavaikutuksista. Vaikka aineisto on jo kymmenisen vuotta vanhaa, ovat sen välittämät kokemukset Suomen kannalta hyvinkin relevantteja. ILO:n tarkastelussa tuodaan esille viisi eri vaikutuskanavaa. Nämä ovat työpaikkojen korvaaminen, viennin edistäminen, vaikutukset kotimaan toimintojen työllisyyteen, yritystä tukevien toimintojen työllisyyteen sekä ulkomailla läsnäolon vaikutus maan kokonaisvientiin.

Pelko työllisyyden puolesta perustuu yleensä oletukseen, että ulkomainen tuotanto olisi voitu korvata kotimaan viennillä ao. maahan. Suuri osa ulkomaisista investoinneista on kuitenkin luonteeltaan defensiivisiä, eikä vientimarkkinoita pystyttäisi kaikissa tapauksissa säilyttämään ilman suoria sijoituksia markkina-alueelle.

Positiiviset työllisyysvaikutukset kotimaantoiminnoissa ovat tyypillisesti seurausta siitä, että laajenevien ulkomaantoimintojen tukemiseen tarvitaan yhä enemmän henkilökuntaa ohjaus- ja johtotehtäviin, jotka tyypillisesti säilyvät pääkonttorissa. Positiiviset työllisyysvaikutukset tietenkin edellyttävät, että pääkonttori pysyy kotimaassa.

Yritystä tukevien toimintojen työllisyys viittaa sellaisten yritysten ja instituutioiden työllisyyteen, joiden toiminta on tiiviisti riippuvaista kansainvälistyvien yritysten alihankinnoista yms. Nämä yritykset hyötyvät asiakasyrityksensä kasvusta ja vientimenestyksestä. Jos ne joutuvat seuraamaan tätä ulkomaille, voi työllisyysvaikutus kotimaassa olla kuitenkin negatiivinen.

ILO:n raportti viittasi myös tuloksiin, joiden mukaan kansainvälistyneet yritykset ovat tyypillisesti myös kotimaassa keskimääräistä parempia työllistäjiä. Eräänä syynä nähdään se, että integroituminen monikansalliseen ryhmään voi auttaa kestämään paremmin tilapäisiä ongelmia kotimaassa ilman lomautuksia ja irtisanomisia.

ILO:n raportti tulee siihen lopputulokseen, että yritysten kansainvälistymisellä ei ole merkittäviä työllisyysvaikutuksia kumpaankaan suuntaan. Tosin merkittävä epätasapaino sisään ja ulos virtaavissa suorissa sijoituksissa on omiaan vaikuttamaan negatiivisesti kotimaan työllisyyteen pitkällä aikavälillä.

Myöskään viimeaikaiset suomalaiset tutkimukset eivät tue hypoteesia työpaikkojen 'viennistä' ulkomaille kansainvälistymisen seurauksena. Sekä Haaparanta (1990) että Kinnunen (1990 ja 1991) katsovat, että suorat ulkomaiset investoinnit ovat pikemminkin tukeneet kuin syrjäyttäneet kotimaisen emoyrityksen vientiä ja kansainvälistyjät ovat lisänneet investointejaan ja työpaikkojaan myös Suomessa.

Luvussa 4.3 on luotu katsaus teoreettisessa keskustelussa esille tulleisiin kysymyksenasetteluihin ja tarkastelutapoihin. Erään keskustelun avasi vuonna 1968 Ramaswami Economicassa esittämällä yksinkertaistetun kahden maan (pääoma- ja työvoimavaltaisen), kahden tuotannontekijän (työn ja pääoman) sekä yhden hyödykkeen mallin. Sen avulla hän tarkasteli tuotannontekijöiden liikkuvuuden suhteen optimaalista politiikkaa erikseen kummankin maan tapauksessa ja päätyi siihen, että kunkin maan kannattaa tukea niukan tuotannontekijän sisäänvirtaamista ja rajoittaa runsaan tuotannontekijän ulosvirtaamista eli kasvattaa talouden kokoa.

Myöhemmät keskustelijat ovat muuttaneet Ramaswamin mallin oletuksia monilta osin ja päätyneet myös päinvastaisiin tuloksiin. Mallia on laajennettu ottamaan huomioon mm. työttömyys, liikkumattomat tuotannontekijät sekä erot tuotantoteknologiassa. Keskustelun taustalla on ollut mm. erilaisia näkemyksiä toisaalta tuotannontekijöiden liikkuvuuden ja kansainvälisen kaupan välisestä suhteesta sekä toisaalta työn ja pääoman liikkuvuuden suhteesta.

Suomen kaltaisen pienen maan kannalta erityisen mielenkiintoista onkin tuotannontekijöiden liikkuvuuden vapautuessa se, minkälaiseksi työvoiman ja pääoman liikkuvuus muodostuvat suhteessa toisiinsa. Erityisesti suorien sijoitusten virtojen kasvu Suomesta EY-alueelle voi muodostua suomalaisten työmarkkinoiden tasapainon ja rakenteen kannalta vaikutuksiltaan merkittävämmäksi kuin työvoiman liikkuvuus konsanaan.

Kokemuksia vapaasta työvoiman liikkuvuudesta Euroopassa

Euroopassa on viime vuosikymmeninä kokemuksia kaksilta vapailta työmarkkinoilta, Pohjoismaisilta vuodesta 1954 ja Euroopan yhteisön työmarkkinoilta vuodesta 1957 lähtien. Näitä kokemuksia on tarkasteltu luvussa 5. Merkillepantavaa on, että EFTA-maat eivät ole luoneet koko EFTAn kattavia yhteistyömarkkinoita. Ainoastaan työlupien myöntämisestä yritysten avainhenkilöille on sovittu Tukholman sopimuksessa vuonna 1960.

Pohjoismainen työmarkkinayhteistyö on edennyt mm. sosiaaliturvan osalta pidemmälle kuin Euroopan yhteisön käytäntö. Toisaalta Pohjoismaiseen järjestelmään ei ole liittynyt diskriminointikieltoa tai tutkintojen vastavuoroista tunnustamista, jotka ovat oleellinen osa Euroopan yhteisön työmarkkinajärjestelyjä.

Tyypillistä pohjoismaiselle järjestelmälle on ollut Ruotsin keskeinen osuus muuttovirtojen vastaanottajana. Pohjoismaista liikkuvuutta on hallinnut suomalaisten muutto Ruotsiin varsinkin 1960- ja 1970-luvuilla. Myös Norjasta ja Tanskasta on ollut jonkin verran muuttoliikettä Ruotsiin, tosin merkittävästi vähemmän kuin Suomesta. Poikkeuksen muodosti vuosi 1975, jolloin noin 10 000 tanskalaista muutti Ruotsiin. Vuosittainen normaalivirta on ollut 1200-2000 henkeä eli saman verran kuin Norjasta.

Taulukoissa 8 ja 9 on tarkasteltu Pohjoismaiden välistä muuttoliikettä vuosina 1978-1988. Luvut osoittavat, että Tanskan ja Norjan muuttoliikkeessä Pohjoismailla on ollut suhteellisen pieni osuus verrattuna Ruotsin ja Suomen tapauksiin. Lisäksi *kuvio 16* osoittaa, että maiden osuudet ovat hyvin samanlaiset sekä lähtö- että kohdemaissa, mikä kertonee runsaasta paluumuutosta.

Lundborg (1988) on tarkastellut Ruosiin suuntautuneeseen pohjoismaiseen muuttoliikkeeseen vaikuttavia tekijöitä (vuosina 1968-1985). Reaalipalkkojen kasvu Ruotsissa vetää eniten puoleensa suomalaista työvoimaa. Sen sijaan reaalipalkkojen aleneminen kotimaassa oli tärkeä työntötekijä niin Suomessa, Norjassa kuin Tanskassakin. Niin lähtömaan kuin Ruotsinkin työllisyystilanne samoin kuin työttömyyskorvausten taso vaikutti huomattavasti voimakkaammin Suomesta ja Tanskasta kuin Norjasta Ruotsiin kohdistuvaan muuttovirtaan.

Suomen muuttoliike Ruotsiin oli huipussaan vuonna 1969 (noin 40 000 henkeä), jolloin Suomen väkiluku jopa hieman laski maastamuuton seurauksena (*kuviot 17 ja 18*). Kasvaneen muuttoliikkeen taustalla oli monia erilaisia syitä, joskaan työttömyys vastoin yleistä käsitystä ei ollut erityisen merkittävä tekijä. Tosin muuttajien työttömyysaste (9,5 %) oli toki huomattavasti korkeampi kuin koko väestön (2,5 %), mutta yli 90 % maastamuuttaneista työikäisistä ei ollut työttömiä! Demografisella kehityksellä oli sen sijaan suurempi merkitys. Sotien jälkeen syntyneet suuret ikäluokat astuivat juuri tuolloin työmarkkinoille. Lisäksi vuoden 1967 devalvaatio muutti nimellispalkkaeroja Ruotsin hyväksi.

Vuosina 1950-1974 Suomesta Ruotsiin muuttaneet olivat tyypillisesti nuoria teollisuuden tai palvelualojen työntekijöitä tai suoraan koulusta valmistuneita, joiden koulutustaso oli keskimäärin alhaisempi kuin valtaväestön (Myrskylä 1978). Suomesta Pohjoismaihin suuntautuva muuttoliike on sittemmin paitsi tasapainottunut määrällisesti myös muuttunut rakenteeltaan siten että valtaosalla muuttajista on nykyisin varsin hyvä koulutus.

Euroopan yhteisön sisällä työvoiman liikkuvuus on ollut vähäistä. Vilkkaampaa on ollut siirtotyövoiman muutto EY-alueen ulkopuolelta: Turkista, Jugoslaviasta ja myöhemmin varsinkin Pohjois-Afrikasta erityisesti Saksaan, Ranskaan ja Belgiaan (*kuviot 20 ja 21*).

Maillot (1987) erottaa eurooppalaisessa sotien jälkeisessä muuttoliikkeessä neljä eri vaihetta. Ensimmäisessä vaiheessa 1950-luvun lopulla italialaiset käyttivät hyväkseen EY:n vapaita työmarkkinoita työskentelemällä suurin joukoin varsinkin Länsi-Saksan teollisuudessa. Toisessa vaiheessa 1960-luvun puolivälissä kasvoi muutto Espanjasta Keski-Eurooppaan. Monet vastaanottajamaat kokivat maahanmuuttohistoriansa huipun vuonna 1970. Öljykriisi ja sitä seurannut taloudellinen lamaannus muuttivat kuitenkin pian näiden maiden maahanmuuttopolitiikkaa rajoittavampaan suuntaan. 1980-luvun alussa suotuisa taloudellinen kehitys lisäsi jälleen maahanmuuttoa. Muuttajat tulivat nyt tyypillisesti EY-maiden ja jopa Euroopan ulkopuolelta.

Köner (1987) huomauttaa, että Länsi-Euroopan sisäisessä muuttoliikkeessä on tapahtunut myös laadullisia muutoksia. Sen aikaisemmissa vaiheissa muuttajiksi valikoituivat ammattitaitoiset, ja yritteliäät nuoret. Sen sijaan myöhemmin massamuuton myötä muuttovirrat ovat 'normalisoituneet'.

Suomi ja työvoiman liikkuvuus tulevaisuuden Euroopassa

ETA-sopimus velvoittaisi myös Suomen avaamaan työmarkkinansa Länsi-Eurooppaan. Samalla se parantaisi oleellisesti suomalaisten mahdollisuuksia hakea työtä EFTA- ja EY-maista. Järjestelmä perustuisi Euroopan yhteisön lainsäädäntöön nk. 'acquis communataure' -periaatteen mukaisesti.

Demografinen kehitys ja taloudellinen koheesio eivät kuitenkaan enteile muuttoliikkeen vilkastumista oleellisesti nykyisestään Euroopan vapailla työmarkkinoilla. Väestön ikääntyminen yleiseurooppalaisena ilmiönä jäykistää työmarkkinoita, ellei liikkuvuuden ikärakenteessa tapahdu oleellisia muutoksia.

Erään liikkuvan ryhmän voivat kuitenkin muodostaa EY-kansalaisuuden saaneet toisen polven siirtolaiset, jotka eivät ole ehtineet juurtua nykyiseen asuinmaahansa alkuväestön tavoin. Liikkuvuutta heidän keskuudessaan voi myös aiheuttaa se, että he eivät enää hyväksy heikoimmin palkattuja töitä, joita heidän vanhempansa ovat siirtolaisina joutuneet vastaanottamaan. Tämä luo markkinoita myös laittomalle työvoiman liikkuvuudelle, erityisesti kehitysmaista Euroopan maihin, mikä puolestaan on omiaan työntämään tieltään toisen polven siirtolaisia toisaalle parempien työmahdollisuuksien pariin.

On myös otettava huomioon se, että Espanja ja Portugali eivät ole vielä mukana Euroopan yhteisön vapailla työmarkkinoilla. Koska perinteisten maahanmuuttomaiden ulkomaalaistyömarkkinoita hallitsevat suuressa määrin Euroopan ulkopuoliset siirtotyöläiset, on mahdollista että näistä uusista EY-maista tulevat työvoimavirrat ohittavat perinteiset kohteensa ja suuntautuvat pohjoisemmaksi.

Toisaalta on myös esitetty arvioita, että erityisesti Espanjan ja Kreikan maastamuutto olisi pikemminkin hiipumassa mm. demografisen ja taloudellisen kehityksen vuoksi. Sen sijaan Portugalia pidetään maana, jolla on edelleen suuri maastamuuttoalttius korkean syntyvyyden ja maataloudesta vapautuvien työvoimareservien aiheuttaessa liikatarjontaa työmarkkinoilla. Myös Portugalin alhainen elintaso suhteessa muuhun Eurooppaan sekä Portugalista jo EY-maihin muuttaneiden suuri määrä ovat omiaan kannustamaan muuttoliikettä.

Varsin suuri merkitys työvoiman liikkuvuudelle tulee olemaan taloudellisella harmonisoitumisella, mm. työttömyysasteiden ja elintasojen yhtenäistymisellä. Sekä pääomien että työvoiman liikkuvuus on omiaan kaventamaan reaalipalkkaeroja sitä mukaa kuin tuottavuuserot pienenevät.

Suomalaisyritysten laajamittainen kansainvälistyminen on omiaan edistämään aluksi erityisesti korkeasti koulutetun työvoiman maastamuuttoa. Pidemmällä aikavälillä, jos suorien sijoitusten virrat ulos ja sisään pysyvät epätasapainossa, voi tuotanto- ja työllisyyspohjan kapeneminen johtaa myös muun työvoiman maastamuuttoon. Vaikka 1960- ja 1970-lukujen kaltaiselle maastamuutolle ei periaatteessa ole esteitä, ei tuolloisen kehityksen toistuminen tunnu todennäköiseltä. Suomen maastamuutossa on joka tapauksessa havaittavissa uudenlainen alueellinen suuntaus: jo nyt yli puolet siitä suuntautuu muualle kuin Ruotsiin.

Itä-Euroopasta, erityisesti Neuvostoliiton läntisistä osista, Suomeen suuntautuva liikkuvuus on vaikeasti arvioitavissa oleva, mutta kasvava ilmiö. Luvussa 6.2 on tarkasteltu erityisesti etnisesti suomalaisen väestön potentiaalista liikkuvuutta Neuvostoliitosta Suomeen. Työministeriön teettämän selvityksen mukaan etnisesti suomalaisia asuu Neuvostoliitossa noin 67 000 - 80 000 henkeä. Näistä potentiaalisia muuttajia arvioidaan olevan tällä hetkellä noin 35 000 henkeä, joista kuitenkin lopulta Suomeen muuttanee vain 500 - 1000 henkeä vuodessa. Suomen heikentynyt työllisyystilanne heikentää lähitulevaisuudessa heidän mahdollisuuksiaan sijoittua suomalaisille työmarkkinoille.

Suomalaiset työmarkkinat sijaitsevat mielenkiintoisessa asemassa idän ja lännen välissä. Itä-Euroopasta Suomeenkin suuntautuvat työvoimavirrat voivat muodostua tasapainottavaksi elementiksi työvoiman kysynnän ja työllisyyden kasvun vaihteluille. Todennäköinen kehityssuunta on se, että työvoiman tarjontapuolelle vaikutukset tulevat ensisijaisesti idästä, kysyntäpuolelle lännestä.

Vaikka työvoiman liikkuvuuden ei kokonaisuudessaan odoteta merkittävästi vilkastuvan sen perinteisissä muodoissaan, integraatio on omiaan edistämään uudenlaisia liikkuvuuden muotoja. Perinteinen siirtolaisuus korvautuu osaksi määräaikaisilla ulkomailla oleskeluilla ja rajanylityössäkäynnillä.

Muuttuvat rakenteet

Luvussa 7 on vielä arvioitu suomalaisten työmarkkinoiden rakenteessa odotettavissa olevia muutoksia integraatokehityksen seurauksena. Näistä eräs on perinteisen työmarkkinasegmentaation muuttuminen. Kuten jo aiemmin viitattiin, jako miesten ja naisten työmarkkinoihin voi osittain korvautua jaolla suomalaisten ja ulkomaalaisten työmarkkinoihin. Mm. ETA-sopimuksen mahdollinen voimaantulo murtaisi myös perinteistä jakoa avoimen ja suljetun sektorin työmarkkinoihin. Toisaalta perinteisesti suljetut sektorit sinänsä avautuvat kansainväliselle kilpailulle, toisaalta mm. julkisen sektorin virat avautuvat myös ulkomaalaisille hakijoille. Työmarkkinat segmentoituvat lisäksi liikkuvuuden mukaan mobiiliin ja stabiiliin osaan. Myös liikkujat jakautuvat 'tavoiteliikkujiin ' ja 'pakkoliikkujiin'.

Keskimääräisen yrityskoon kasvu ja yritysten kansainvälistyminen ovat myös omiaan kasvattamaan yritysten sisäisten työmarkkinoiden merkitystä. Erityisesti korkeasti koulutetuilla ne voivat jopa korvata perinteiset kansalliset työmarkkinat.

Suomalaiset työmarkkinat ovat vielä kansainvälistymisensä alkuvaiheessa. Suomi ei kuitenkaan välttämättä käy lävitse kaikkia niitä kansainvälistymisen kehitysvaiheita, joita mm. Ruotsi, Saksa ja muut merkittävät maahanmuuttomaat ovat Euroopassa kokeneet. Koska Suomen työmarkkinat ovat avautumassa hyvin erilaisessa vaiheessa, ei muiden maiden kokemuksista voi vetää pitkälle meneviä johtopäätöksiä suomalaisten työmarkkinoiden odotettavissa olevasta kehityksestä. Integraation työmarkkinavaikutukset Suomessa riippuvat lopulta ratkaisevasti siitä, minkälaisen roolin Suomi saa kansainvälisessä työnjaossa ja kuinka uuteen rooliin onnistutaan sopeutumaan.

ANNEX

Figure A1. Net migration from Finland to Sweden compared to the ratio of Swedish nominal wages to Finnish nominal wages

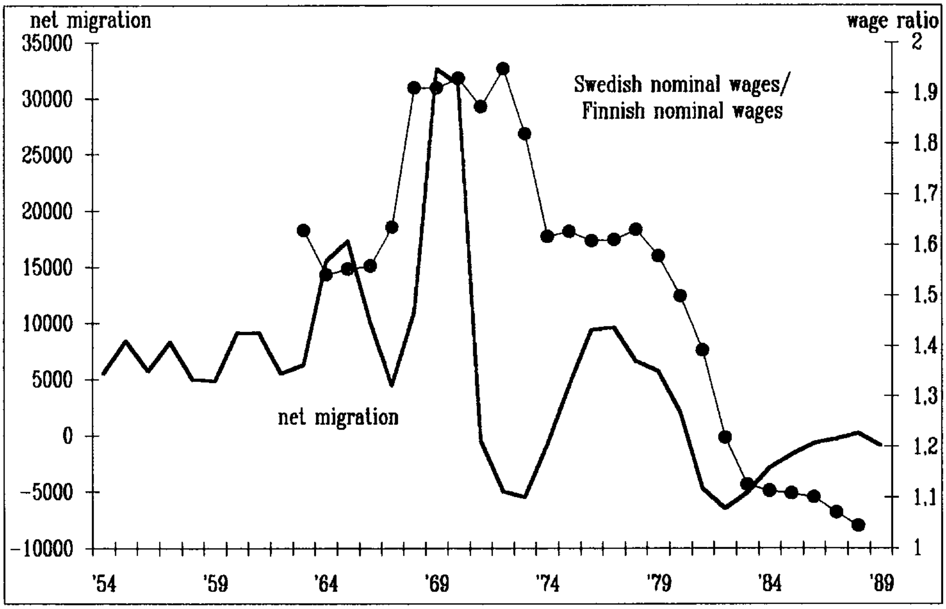


Figure A2. Net migration from Finland to Sweden compared to the ratio of Finnish unemployment rate to Swedish unemployment rate

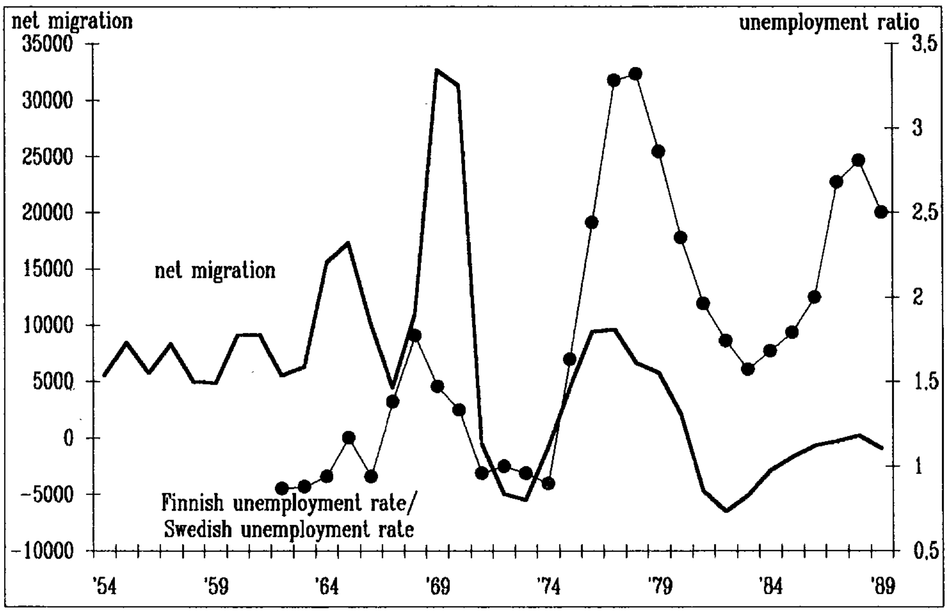
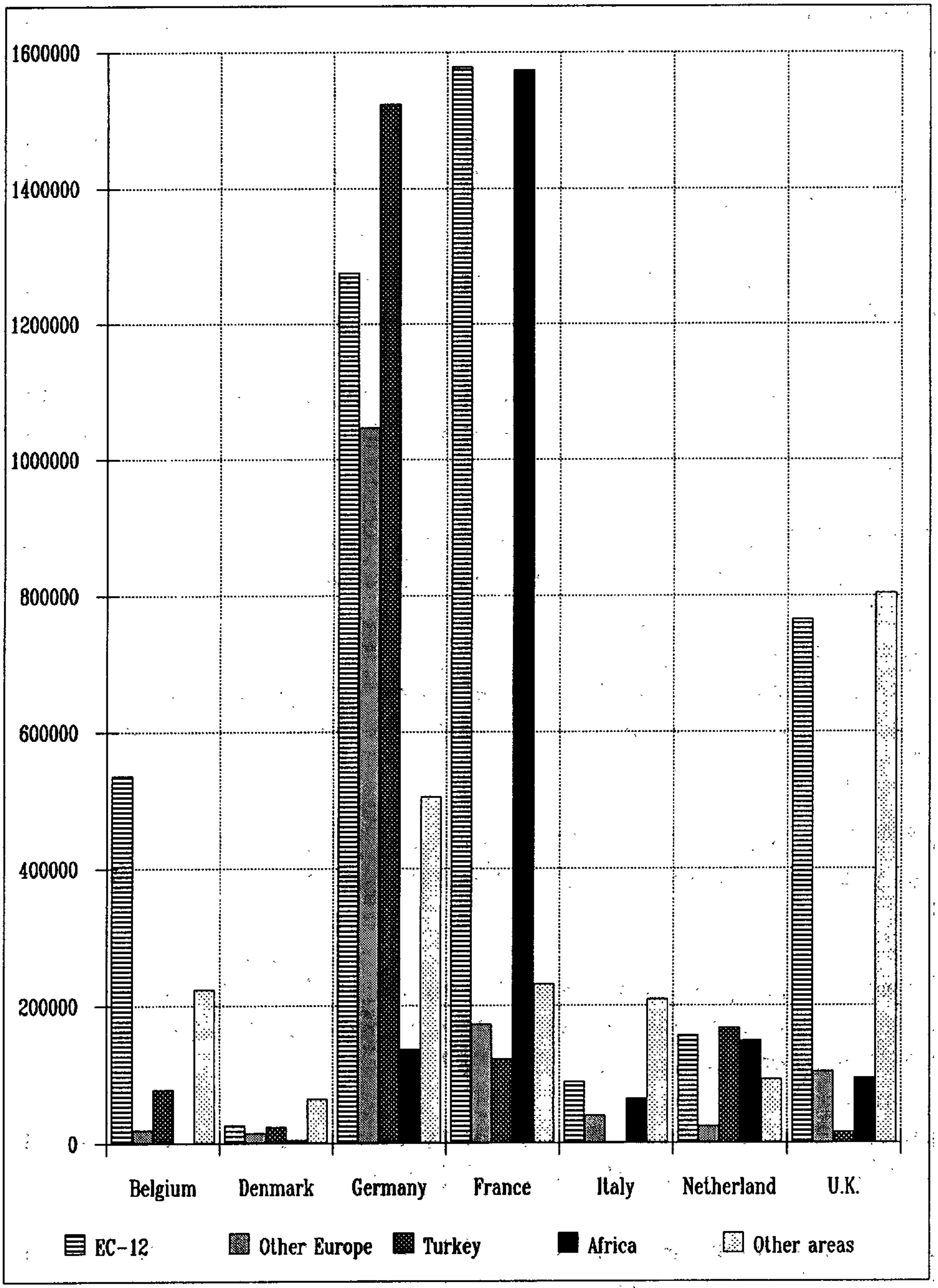


Figure A3. Foreign residents in some EC countries in 1988



Source: Eurostat

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