

Realism and pragmatism: a road to competitiveness and innovation in Finland

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Social partners (SP) role

- Long history of co-operation
- Supplementary institution to representative democracy
 - Typical in the Nordic countries
- Not a pressure group in the Anglo-American tradition
- Part of a tripartite decision-making model
 - Labour – capital - state



Social partners and HRD / some examples

- SP co-operate with the government organisations
 - represented in all working groups
 - for example youth education issues
 - targets and visions of future education and training needs
 - legislation work
- New technology and skills updating
 - adult training
 - on-the-work training



Realism and pragmatism – national projects

- Long history in national projects
- Meagre resources, remote location, difficult position in the international arena
- Major issues of great national importance dominate
 - National Projects
 - Finnish foreign policy and the Soviet Union
 - Stimulation and revitalisation program
 - EU membership
 - ideological manifestations and conflicts have been played down
- Governed the whole decision making system of a given time period
- Firm foundation between politics, administration and the market



Revitalisation of the economy and competitiveness

- Background
 - oil crisis, economic slump in the 1970's, dismal export prospects, inflation, unemployment
- Action
 - a wide front government
 - the cabinet program initiated in the Ministry of Finance
 - two high profile meetings
 - all the principal partners were tied to the programme
- Policy measures
 - inflation adjustment of the income tax scales
 - temporary lowering of corporate taxes and social security payments
 - reduction in sales taxes
 - provision of public subsidies for export markets



Political and administrative preconditions

- New broad consensus
 - must subdue specific group interests
- Policy leadership in the hands of political decision-makers
- Need of an intellectual core that:
 - provides information to the political leadership
 - legitimates the program and the means
 - has been the higher civil servants of the Ministry of Finance



Realism and pragmatism in the 2000's

- Economic policy instruments are fewer
 - a clear reason for co-ordinated action?
- Finland in the Global Economy –programme
 - clear national interest and goal
 - Preconditions
 - 1 broad preliminary consensus
 - lack of common understanding
 - politics overtook pragmatism
 - 2 policy leadership in the hands of political leadership
 - implementation left for the next government
 - programme has slipped out of hands of political leadership
 - 3 information and legitimation from an 'intellectual core'
 - Led by PM's political staff
 - The role of the traditional civil service not so salient

