

FINLAND 2015 - Finnish success factors and challenges for the future 3

The Finland 2015 programme

The purpose of the Finland 2015 programme is to develop the knowledge, skills and networks of senior decision-makers in Finnish society to help them prepare for the challenges of the future. Participants

- are given a wide range of information on current affairs and issues crucial to the future;
- take part in discussions with both Finnish and foreign experts from different sectors and with other decision-makers;
- assess the main challenges facing Finland in the future;
- familiarize themselves with strategic policies at national level; and
- prepare a report for further work on the most important new strategic policies for the future.

The Finland 2015 programme supports SITRA's goal of placing Finland among the three most successful nations in the world by 2010.

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PREFACE

The Finnish National Fund for Research and Development (SITRA) is a creative and flexible spearhead organization charged with ensuring a better quality of life for ordinary Finnish people in the future. SITRA has set itself the goal of placing Finland among the three most successful nations in the world by the year 2010. The resulting strategy emphasizes the following actions and areas of focus:

- There is a need to deepen and clarify our knowledge and understanding of globalization and other national and international trends. SITRA seeks to help decision-makers understand and predict change with greater accuracy.
- SITRA formulates, develops and implements measures to allow the socially and regionally balanced development of a stronger Finnish society based on knowledge and expertise.

- SITRA formulates, develops and tests measures to alleviate or prevent the social exclusion of individuals or entire regions.
- Outside experts assess SITRA's work and its impact, operational procedures and orientation, and the efficiency of SITRA as an organization.

SITRA pursues its mission through research, providing funding for innovations, business finance and training. The Finland 2015 programme is one of the means employed by SITRA in pursuit of its basic objectives. The programme provides an introduction for participating Finnish decision-makers to the most important national and international scenarios on the future. They also discuss strategic approaches and practical measures to meet the challenges of the future.

The present report is the result of the third course in the programme, one of a series of six courses in all. The report on the first course was published in June 2000, and the second one in January 2001.

The programme will continue through until autumn 2003, when the participants on all six courses will come together in a final joint seminar. The idea is for each course to publish a report and for the reports to collectively comprise an overall assessment of Finland's future.

SITRA would like to thank all those who have participated on the third course of the Finland 2015 programme, the partners involved in planning and implementing the course, and the experts from Finland and abroad who contributed to its sessions.

We should also like to express our cordial appreciation to Minister Jaakko Iloniemi for chairing the course. The SITRA training team is responsible for practical arrangements for the programme as a whole.

The present final report is based on work done on the course and discussions between participants, and was put together by Tuovi Allén of SITRA and the writer and editor Matti Karhu.

SITRA hopes this report will generate as much public debate as the last two reports and in this way contribute to achieving the targets we have set for meeting the challenges of the 21st century.

Helsinki, June 2001
Finnish National Fund for Research and Development (SITRA)

FINLAND IN 2015 - THE VISION

The third course in the Finland 2015 programme set out on the basis of the vision of Finland in 2015 developed on the earlier courses. The second course report summed this vision up as follows:

Society

Finland will be a just, pluralist society providing incentive and opportunity and taking good care of its citizens. The Finnish economy will be stable, its system of government fair and flexible.

People

In 2015, Finland will be home to a free, happy, skilful and responsible people. The country will use the efforts of all its citizens to create prosperity for all.

Strengths

Finland's strengths will lie in the fields of education, research and development. Finland will be an active shaper of the international scene and play a leading role in many sectors. The country will have a wealth-generating and competitive economy.

Environment

Finland will be a safe place to live, with a clean natural environment, a strong and distinctive national culture, and a knowledgeable and cultured citizenry.

STRATEGIC AIMS, OPPORTUNITIES AND THREATS

MOTTO:

"Who's responsible for me? Who's responsible for my country? Who's responsible for the world?" The question of a young Finnish citizen to Finland 2015 course participants in Helsinki on May 7, 2001

The first two courses of the Finland 2015 programme began by constructing a vision of Finland. The third course used the vision as a basis for discussion in setting out to define concrete objectives and the strategic paths to their achievement. Thus, the course defined key strategic objectives for the future and assessed the opportunities and potential obstacles on the road to their achievement, plus Finland's strengths, weaknesses and risks in this area. Participants also gave thought to opportunities and risks in the external economic and social environment which could accelerate, slow down or prevent achievement of the objectives in the near future.

The third course identified three strategic objectives which participants saw as crucial to Finland's future:

- Finland needs to strike a balance between human values and the pressures of a competitive society;
- Finland should be a trendsetter in information technology and its dissemination throughout society; and
- Finland should encourage entrepreneurial activity and be an attractive country for people, businesses and investment.

The Finland of the future will be built on the foundations laid by the work of past generations. Modern Finland has been built primarily by the generation born just after the Second World War. But we are not building the future just for ourselves, but above all for our children and grandchildren. The young people of today will be the decision-makers of tomorrow, and the foundations for their lives and the decisions they will have to make are being laid today.

The third course of the Finland 2015 programme provided an opportunity to hear the thoughts of young (17-25-year-old) American, Russian and Finnish students on what the future holds for themselves and their societies. Included here are some thoughts on the aims and expectations young Finns have for the future and on the opportunities and threats pertaining to their realization. They have been entered in summarized form based on the discussions of the youth panel organized in Helsinki during the course.

STRIKING A BALANCE BETWEEN HUMAN VALUES AND COMPETITION

Values shape the aspirations and activities of both individuals and communities. Individuality and alternatives both at work and throughout society are increasing all the time. This is accompanied by the simultaneous stiffening of competition between individuals, businesses, countries and economic blocs. A nation which wants to succeed will have to solve a whole range of questions relating to how to reconcile human values with the pressures of a competitive society.

But a competitive society also presents opportunities. Competition helps keep nations, businesses, administrative systems and individual people alert, efficient and creative. But at the same time many people experience the competitive society as a pressure and its governance a problem. The question is thus how to reconcile and balance the conflicting demands of a humane quality of life and harsh economic competition.

The basic approach to solving this dilemma is to replace the narrow concept of career with the broader concept of lifecourse. This will allow the different phases of people's lives to be more effectively taken into consideration at work, in society and in political decision-making.

The concept of lifecourse requires all sorts of changes in the way people think, the way organizations work, the direction in which structures are developed and the whole approach society takes to decision-making. It is important to note that this sort of change in the way we think will not require any additional resources. In fact, it could result in considerable cost savings as people become able to manage their lives in a more sensible way. In any case, the basic idea behind lifecourse thinking should be to increase people's sense of motivation at work, in education and in leisure pursuits.

The collective values of Finnish society have gone through a number of changes in recent decades. The family has lost ground, and there has also been an undermining of the relative importance of other communal factors - relatives, neighbours, schools, clubs and hobbies - in shaping people's values. There has been a growth in selfishness, a crumbling of a sense of shared responsibility. Hard values dominate discourse. But at the same time paternalism has taken on new features: society is increasingly called in for things which used to be seen as the responsibility of the individual or the family.

The idea has gained ground that values have 'grey areas', marking a breakdown or blurring in the sense of the boundary between right and wrong. Increasing intolerance in some areas is accompanied by excessive tolerance in others, leading easily to a sense of indifference. The long history of ethnic and cultural homogeneity in Finland makes it hard for Finns to tolerate differences. This has led to the expression of racist attitudes and even violence. The process of accepting genuine multiculturalism still lies ahead.

The undermining of shared values means people care about each other less than they used to. The status and responsibilities of parents and teachers have become blurred. Too much responsibility is being pushed onto the schools. The basic responsibility for children lies with the family, but the neighbour's children, the old, the weak and other people in disadvantaged positions should also be taken care of in ways other than merely pushing them off to the care of the authorities.

Satisfying people's basic biological needs is no longer a problem in Finland today. But the market and the mass media have created a whole range of 'needs' to take their place which often feel every bit as essential as genuine biological needs, but which can never be satisfied. These include excessive consumption, getting rich quick and measuring success in terms of money. Disappointments in satisfying these sorts of artificial needs are one of the causes of frustration and social exclusion.

But Finland also has many strengths. We still have a strong national identity and a solid cultural base. We have made major strides in the area of sexual equality, especially in political rights and education, although a great deal remains to be done in the area of equality in working life. Birth or social background are also no obstacle to success in Finland: viewed internationally, social mobility is an exceptionally widespread phenomenon. The unity of our Christian heritage is also a strength, as Finland lacks the mutual suspicion between religions and denominations which is common in other parts of the world.

The Finnish welfare state also provides a solid foundation for a good life. The Finnish people enjoy constitutional government and the rule of law, and our education system provides a wealth of opportunities for self-development. We have good leisure and cultural facilities and plenty of fresh air in an untrammelled natural environment providing broad scope for the pursuit of outdoor activities.

In the last few years, we Finns have also learned a new form of communality: communications technology has allowed us to talk, network and exchange views as never before. This has given rise to a whole new culture of conversation.

These strengths and weaknesses in the value arena form the substrate on which we will have to build Finland's future amidst the pressures of the competitive society. As competition heats up, the rhythm of work gets faster and the whole pace of life picks up, our biological and social nature comes face to face with alien pressures.

Despite the rapid pace of change in working life, we are hampered by an inheritance from the old structures of the past - our tendency to overvalue a fixed concept of what constitutes a career. This involves progress from comprehensive school to upper secondary, on to higher education and professional qualifications and a career within a single organization with the possibility of promotion through the hierarchy to supervisory and management positions. Other career models have generally been seen as signs of incapacity or failure. The result of all this has been bad career choices, social exclusion, an inadequate management culture and unhealthy pressures to perform. In Finnish society it has also been reflected in an overemphasis on work. Free time and family life have been given less attention.

People's career development is no longer linear, with working life as a whole now much more complicated than it used to be. Many sectors now being have more atypical forms of employment than traditional ones. Working life demands more and more and requires the ability to constantly learn new knowledge and skills, and even to orient oneself for entirely new tasks.

If an individual is unable to cope with these sorts of pressures, the result can be seen in a range of symptoms. Burnout is a real problem, and the many conflicting pressures in the workplace represent a serious threat to organizations' ability to function at all. They lead to sickness, absenteeism, abuse of alcohol and drugs, and social exclusion. The pressures of working life are also an important contributory factor to the average age of retirement being too low. Together with the ageing of the population, this will cause problems in the near future in respect of financing pensions and providing services for the elderly.

Family problems and outright tragedies are on the increase. Family forms are changing and being affected ever more strongly by the outside world. Children are growing up amid an often confusing kaleidoscope of conflicting values and challenges to old, established models and inherited norms. Taking care of human relationships and raising children in new families is a demanding task. Increasing numbers of people are living alone, and this causes problems of its own. People also need time to rest and recharge their batteries.

We must reject narrow views of career and begin to think more broadly of people's whole life as their career. Life involves a natural ebb and flow of different phases such as study, work, childcare and holidays, but it also involves periods of sickness, unemployment and withdrawal.

Taking all this into account will require changes in our education system, social protection and working life. One possibly useful approach to life management would be the introduction of a 'lifecourse account'. This would be personal or family-based and would accumulate during periods of work to provide resources for study, or for periods of sickness or unemployment. One way would be for the account to accumulate funds partly from the account-holder's own salary, partly from employer contributions and partly from specially established public funds.

The account would be independent of the employer. The account-holder would accumulate points, which could be used to take a holiday or time to pursue an interest or studies; it would in other words enable a person to purchase quality of life. It would also benefit the economy, because a person who is in charge of his own life and developing himself has better motivation to continue in working life.

This change in the way we think inevitably raises the question of business operating principles and management practices. Ethically sound businesses will be increasingly successful in the world of the future. Basic issues must be addressed through comprehensive minimum security, but in addition to this the machinery of local agreements will need to be developed to meet the new needs of working life. This is the only way to influence the meaningfulness of work and the value people attach to different sorts of job. Raising and sustaining motivation are clearly dependent on how much the employees can influence their own work, its content and the way it is carried out.

Working life will have to be based on a comprehensive system of agreements setting out the basic principles and minimum levels. But centralized corporations cannot resolve all the practical questions and arrangements needed at workplace level; company-specific solutions and local agreements will be the general approach in the business world and working life of the future. We must reject short-sighted clinging to established interests. This will allow us to find ways to implement the insights of lifecourse thinking.

At its best, lifelong learning is capable of raising the quality of our lives, and it should not be thought of just in terms of a narrow career of education and work in which a person has to constantly strive merely to achieve even a minimum standard of living. Lifelong learning must also be extended to touch the lives of everybody, not just well-educated and well-placed professionals. Moreover, it must also involve constant study of general topics of interest and philosophical issues, not just the upgrading of professional skills. Individual initiative and personal responsibility are also extremely important in lifelong learning.

There is still a lot of work to be done in the area of sexual equality in working life and in society in general. For example, the contribution of women to the IT sector will need to be increased, and women must be encouraged to take up jobs in the sector. Skills and training - beginning at school - have an important role to play.

Raising the concept of lifecourse to the pinnacle of our hierarchy of objectives for Finnish society means above all taking account of the needs of families. We must encourage people to take responsibility for their own lives. There is a need to reduce paternalism in all its forms and to strengthen our sense of mutual responsibility and community values.

Support for families is extremely important in this respect, but raising the status of educators and teachers can also strengthen values at the level of the school. In our thinking on the family and family policy, there can be no return to the old model of the family. When we support families, this must mean all types of family if we are to give the new generation a good start in life. As the concept of the family changes, the importance of the local community increases. This includes friends and acquaintances, neighbours, leisure contacts and NGOs.

Taking responsibility is an integral part of being an adult, caring and raising children. If social values become blurred, the results can be seen in problems of drugs, crime and racism. Responsibility therefore involves intervening in problems immediately they arise.

Regional and local social exclusion is a general problem of modern society, and there is no easy or simple answer. Population drift from peripheral areas is partly the result of an irresistible social dynamic which cannot be artificially constrained. But unequal regional development is not a problem restricted to outlying rural areas. It affects urban areas just as much. This is a problem which requires serious attention everywhere, and the third sector could have an important role to play.

Preventing social exclusion presents one of the greatest challenges in reconciling a recognizably human life with the demands of a society increasingly geared to economic competition. This touches on regional inequalities, poverty, the provision of adequate and appropriate education, and finding a solution to the problems of social protection. As well as economic and regional exclusion, the general feeling of marginalization is a widespread social problem which must be addressed.

There are several ways to approach the reconciliation of human values with our contemporary competitive society. These include:

- introducing a 'lifecourse account' as a tool for raising quality of life
- moving the focus of decision-making in working life to local level
- developing flexibility in working life in cooperation between the various parties
- dismantling rigid organizational structures in society and at work
- improving leadership skills and workplace atmosphere
- extending lifelong learning to reach everybody
- prioritizing and developing family policy
- intervening in problems immediately they arise
- launching a broad debate on values in the media, NGOs and public life

Finnish values are also affected by many outside factors which we cannot influence and to which there are not yet even any answers. All we can do is prepare ourselves, and where necessary adapt.

Finland's fate is strongly tied up with the European Union. If the process of European integration were to run into difficulties or even fail entirely, the impact on Finland would be both immediate and severe. Common European values are as yet largely unclear, but the role of the nation state is clearly on the wane at the same time as the importance of national identity is growing. The Union has been a strongly market-driven community whose hard values have taken precedence over traditional community values. Can we afford to be humane in the midst of competition?

Globalization is forcing all of Europe to compete, and Finland is no exception. One effect of this is the undermining of public finances by tax competition and the possible knock-on effects on the structures of the welfare state. But at the same time, responding to tax competition secures growth, and in this way underpins the public finances. How can the EU and Finland adapt to global competition while simultaneously continuing to care about looking after our fellow man.

We Finns easily tend to make concessions and adapt to pressures for harmonization. But we must continue to believe in our own strengths in the changing European environment. Are we a piece of driftwood or can we actively influence the direction of development?

Technology also provides opportunities: it can set people free. It brings more leisure time, and also a broader range of opportunities for how to use it. We must have the desire and the ability to make good and enlightened choices, and this is where education holds the key. Are we able to grow?

The process of specialization in working life is continuing and skills demands are increasing. The gulf between the skilled and the unskilled is getting out of hand. Lifecourse thinking can soften these negative effects. But is lifecourse thinking in conflict with global development?

We cannot know for sure where this is all leading until we get there. By 2015 the capacity of computers could be a million times greater than it is today, but our human brain capacity and other biological properties will be the same as they have been for centuries. What will this mean for society? Does technological development represent a threat to humankind? Will the different pace of biological and technological change lead to frustration, exclusion and distress?

The global economy will in any case require international networks. Can this be the solution for rebuilding our sense of community? Or must we still build community on the basis of living contacts and the family, despite the fact that the concept of the family has changed so fundamentally?

A HEALTHY ENVIRONMENT IS A COMPETITIVE ASSET

Finland is a safe place to live. It has a clean natural environment, a strong and distinctive national culture, and a knowledgeable and well-educated people. An organized society, good governance and the rule of law are also key components of the equation. Our success in the future will also depend to a great extent on how strong a bridge we maintain between the economy and society. In a successful society which cares about its people, strong local connections and a healthy and happy family create a sense of security.

How can we secure our good living environment into the future? How can we ensure that all Finns will be able to contribute to building our society and participate in decision-making? Will our present forms of participation be adequate in the increasingly pluralized Finland of the future?

The characteristic features of a good living environment are housing which is both safe and of a good standard, the opportunity to participate in decision-making which affects both yourself and your environment, free and unhampered mobility, cultural continuity and tolerance. An unpolluted natural environment and healthy food will in the future be increasingly important basic components of a good life.

The ageing of the population and the growing multiculturalism of Finnish society are altering our concepts of what constitutes a good living environment. The good features of Finland in past decades do not necessarily correspond to the needs and aspirations of an ageing and increasingly multicultural society. The changing age structure and ethnic make-up of the Finnish population pose new demands for development of the living environment - for housing solutions, urban planning, service provision, traffic solutions and the juxtaposition of work and leisure.

Urbanization is unrelentingly changing Finnish society. Urban growth and internal migration into growth centres is a global phenomenon. It cannot be prevented, but the consequences and adverse effects can be alleviated. How should we respond? Will population concentration and ageing lead to more tightly knit communities? How can a rapidly urbanizing society meet the challenge of community?

The milieu in which we live exerts a daily influence on all our lives. Our house or flat, the immediate environment, the locality as a whole, recreation areas and public buildings make a fundamental contribution to our sense of society. Other important factors are good public and private services, safety and convenience. Our opportunities and need for mobility change in the different phases of our lives. A flexible range of comprehensive, barrier-free transport services are an important feature of a good living environment. We should try to solve the problems sparsely populated areas face in maintaining their services with a mixture of new technology, a sense of community and the application of reasonable incentives. This will all require social and cultural tolerance and innovation.

Finnish planners have pursued the ideal of compact building and effective use of space. The Finnish dream of a red-painted cottage and a potato patch is a reality only for the few. Finnish reality is most often a two-room apartment in a block of flats or a small terraced house in a suburban growth centre. Most people have too little space for a happy life. The

quality of the living environment has not always matched our ideas of humane living. Environmental health and nature conservation are only just emerging as values of humane living.

Communal bonds have crumbled and our opportunities to influence our own living environment have become constricted. We must develop an interactive approach to planning the living environment capable of meeting our different and changing needs. An ageing population imposes its own special requirements on social planners, architects and engineers. We must secure barrier-free mobility and the ability to make independent choices at all stages of life and for all members of society. Entirely new types of phenomena will also emerge to affect developments in the future. What sort of things will attract immigrants to Finland? What will constitute a good urban milieu? How can we invest in a balanced way in both regional development and improving the living conditions in growth centres?

AN ENCOURAGING CLIMATE FOR ENTREPRENEURS

Economic globalization and increased competition are changing the operating environment of Finnish businesses. In the near future all sizes of company will be competing in a global marketplace. Small domestic markets will no longer be an obstacle to the accumulation of wealth. Opening up to global competition will bring new interaction which we can take advantage of through rounded expertise, new technology and networking.

This all poses considerable challenges for our business skills, innovation and ways of working. If we are to secure the bases for growth and wellbeing in the years ahead, the structures of our society will need to be in harmony with the rapidly changing economic environment.

Finland in 2015 will be a society of opportunity and encouragement with an economy which is competitive, expanding and prosperous. Everyone will have the opportunity to contribute to the creation of wealth. How can we reach this goal? What risks does it involve? Are we facing increasingly harsh competition for labour and inward investment? How will we manage in all this competition? Is there a danger of Finland becoming an economy of subsidiaries whose output and business life are controlled by outside interests?

Finland must provide an encouraging climate for entrepreneurs which can attract both people, companies and investment. We must take care to ensure that Finland can generate new businesses and new skills, and that those businesses already here stay here and grow. We must attract new companies into Finland if we are to ensure continued growth in prosperity and its equitable distribution throughout society.

New businesses will only emerge if society can create the space for entrepreneurship in both old and new sectors. The key factors will be sound infrastructure, a high level of

expertise, an ability to combine the skills of the public and private sectors, and an encouraging attitude towards innovation. One aspect of encouraging entrepreneurship is not to penalise success.

There are obstacles in the way of new businesses, and these will have to be removed. Development of entrepreneurship will require a change of attitude all round - from businessmen themselves, from the old engines of the economy, from decision-makers and from the public as a whole. New entrepreneurs cannot expect to have everything provided on a plate, but we must make it easier to start up a business. We must not penalise success, but we must also accept that there will inevitably be failures. Starting up a business should not be unreasonably expensive; apart from already successful and established sectors, we must also find sources of finance for risk-carrying business ventures off the beaten track.

We must provide space for the budding service sector by allowing traditional and new sectors to interweave with each other to generate entirely new business models. We must accept vocational entrepreneurship, but we must clearly understand how it differs from business aimed at the international market.

Since the recession, the motors of Finland's economic prosperity have been the IT sector and major established corporations. The future hangs to a large extent on their remaining in Finland. It remains true that "capital has no home country", but today this means that over two-thirds of the shares of Finnish listed companies are in foreign ownership.

Retaining the parent companies and head offices of successful corporations in Finland is not simply a matter of national identity. Corporate culture and business practices are largely shaped by the home country of senior management and the head office and the social values of that country. Keeping these old economic engines in Finland is therefore a vital part of supporting the foundations of Finnish society. The home nest must be kept strong.

Keeping businesses in the country and bedding them down even more deeply in Finnish society will require extensive deployment and development of skills and effective networking and exploitation of synergic benefits by businesses both new and old, large and small. A competent workforce, a safe and secure business and living environment, a flexible labour market, a competitive tax system and a wide variety of excellent sources of finance will be the key factors in keeping businesses in Finland and allowing them to grow.

Certain risks attach to the birth and growth of businesses and their retention in Finland. If business skills are inadequate and labour - especially skilled labour - hard to get, this will undermine our position in tax competition and increase insecurity, leading companies to consider a move elsewhere. The resulting change in social values could in a worst-case scenario lead to a turning inwards and a growth in intolerance. We currently have a number of generally accepted success stories, but what about the future? What would happen if one of the traditionally strong engines of the Finnish economy were to pack up and leave?

Finland must face these future challenges now, because the next 5-6 years are going to be strategically vital. We must take determined steps to identify and combat the risks and threats. Concrete actions which can encourage entrepreneurship, keep the old engines of the economy within Finland, and make the country more attractive to business include the following measures:

- using training to develop skills by increasing education in entrepreneurship across all sectors and levels of education
- developing attitudes by increasing our tolerance of uncertainty, willingness and capacity to take risks, and initiative
- supplementing teacher training with sections on entrepreneurship and business life
- providing support for the birth and growth of new businesses by effective networking of public business and other services and by developing a comprehensive system of electronic communication between businesses and the public authorities
- using taxation, finance, training and social protection to ease the transfer of business interests between generations
- developing innovation clusters as a component of balanced regional development, the role of the public sector being to create a conducive business environment by means of regional policy, taxation, environment policy and infrastructure investments
- stepping up investment in research and development and increasing the proportion of public investment in innovation and development.

OLD STRENGTHS AND NEW SKILLS SHOW THE WAY

Among the conclusions reached on the earlier courses on the Finland 2015 programme was that knowledge and expertise will be the foundation of our success as a nation. Technology and innovations will be the motors of the new economy. This new, emerging economy will require the development of interaction, adaptive ability and readiness for change. The old economy must begin to apply the innovations and technologies of the new. The economy as such will be transformed into a real-time network based on knowledge and expertise. But how can we reach this goal? What sort of risks and threats are lurking on the horizon? What strengths should we strengthen still further to achieve our goal?

One of the strategic objectives decided on the third course on the Finland 2015 programme was for Finland to be a pioneer in information technology. The future will be based on the dissemination of information technology and the spread of related expertise across all sectors, including the public sector. New and traditional sectors and companies will have to network with each other. In a network, even a small firm can be a large operator.

Information technology opens up endless new opportunities. As well as new products and services, it will also raise productivity and improve quality in both the business world and public services. In the society of the future businesses will compete on line, public administration will operate on line, and civil society will also draw on the opportunities of

the Internet in a variety of ways, such as on-line elections. Handling our day-to-day business electronically will be a basic right for all people. Our children will play on line. At the present moment, we are really rushing headlong towards this brave new world of the new economy.

Information technology will be the key sector of the new economy. The economic growth and rapid rise in productivity which Finland has experienced in recent years have been largely due to the IT sector. One major threat is that Finnish society will become content to rest on the success achieved to date. This could mean Finland rapidly losing its position as a pioneer, which could in turn lead to a mass brain drain of experts abroad. In order to counter this threat and continue the success experienced so far, we must develop education and training in the sector and increase public investment in research and development. Research which looks sufficiently far ahead is essential if we are to carry on our success into the technological revolutions of the future.

The information and communications technology markets of the future will continue to offer enormous opportunities for Finnish companies. But information technology knowhow will also bring opportunities for companies in other sectors, and we must therefore spread IT skills throughout Finnish society. The development of IT products for everyday use by consumers will secure the continuation of this Finnish success story into the future.

Finland should also be a pioneer in the application of information technology by the public sector and in the provision of services. This can help us raise the level of public wellbeing and satisfy the needs of public service clients throughout society. By exploiting our IT skills, strong education system, the advantages of a small country and a national culture open to change, we can advance the development of new products and services for the everyday needs of our people.

There could, however, be some resistance to the spread of the innovations of the new economy throughout society. Excessive focus on short-term needs, administrative rigidity and the inflexible sectoral boundaries within the Finnish economy and Finnish society give cause for concern. We must maintain the dynamism of Finnish society and take care to ensure that the benefits of the new economy reach the everyday lives of our people. Much of the responsibility for this lies with the public sector. Information technology and the new economy must not be allowed to lead merely to an increase in traditional social exclusion and the emergence of a new form of exclusion.

No less than now, success and quality of life in the future cannot be allowed to become a privilege of the Internet literate and those working in the heart of the information society. New innovations must be used to improve all services and service access, and to provide new forms of communication for normal human intercourse.

The spread of the new economy and information technology throughout society will also require first-rate business skills. New management practices and workplace development are key issues.

The challenges of the new economy and information technology must be met today if we are to secure continued growth in prosperity far into the future. Practical steps to facilitate the spread of information technology and related knowhow throughout society include:

- increasing investment in research and development by the public sector and also increasing cooperation with established engines of the economy
- continuous quantitative and qualitative development of education and training, for example through mixed degrees with a strong IT component
- selling high-quality educational products to attract foreign expertise into Finland
- drawing up sectoral programmes and visions to focus the direction of development
- publicizing interesting and encouraging success stories
- developing the public sector into an international pioneer in the drafting of European legislation for the sector and in the use of electronic ways of working
- developing science parks in cooperation between the universities and the business community
- guaranteeing the availability of venture capital and other finance for sectors which draw on the new technology but grow slowly in the short term to produce a long-term return (for example the commercialization of biotechnology innovations)
- drawing up a programme for developing business skills as part of university research and training projects and public development work
- encouraging businesses to network across traditional sectoral boundaries

IDEAS AND SUGGESTIONS FOR FURTHER WORK

The third course of the Finland 2015 programme generated ideas and suggestions which will be passed on for further development to the relevant responsible authorities and special workshops. SITRA will arrange these special working groups above all for those questions for which there is no clearly responsible authority or where responsibility is divided between several different parties.

The aim of the workshops will be to use flexible working methods to find solutions to strategic challenges at national level. Leading experts, decision-makers and actors will be invited to participate, the precise participants depending on the nature of the topic.

In response to an initiative by the second course, SITRA will be organizing a workshop in autumn 2001 on the theme of 'The labour market revolution and educational reform'.

Participants on the third course have proposed that SITRA organize similar workshops on the following themes:

- the position of the family and children
- a good living environment
- replacing the concept of career with the broader concept of lifecourse
- spreading information technology through all business sectors and also the public sector

The fourth course in the Finland 2015 programme will begin in September 2001 in San Francisco and Silicon Valley and continue its work in Moscow and Berlin and, in the manner of the earlier courses, also in Finland. The vision developed on the first two courses and the strategic objectives and suggestions for development put forward in the present report will provide the context for the work of the fourth course.

The present report concentrates above all on the question of exploiting the achievements of information technology, the challenges of knowhow and training, how to achieve a balance between human values and competition, encouraging entrepreneurship and the importance of a good living environment. These key ideas of the third course had already begun to take shape to some extent in discussions during the earlier courses.

The fourth course may continue consideration of these same themes, although participants could also decide to set off along entirely new paths of exploration. We shall be able to assess its achievements in January 2002. The pace of change is rapid, and January of next year is in effect the distant future.

EXPERTS AND THEMES

The seminars in the Finland 2015 programme provide an opportunity to listen to Finnish and international experts in different environments and different languages. The working language on the third course was primarily English, and in Moscow to some extent Russian. In those sessions where all the participants were Finnish, the working language was Finnish. This was also the case in the seminars actually held in Finland, which concentrated primarily on work group.

All the experts who contributed to the course and the topics of their papers are listed below by seminar in chronological order.

3.3.2001 Helsinki Airport Congress Center

Finland 2015 - opening speech on the programme and the course
Minister Jaakko Iloniemi and Aatto Prihti, President of SITRA

The lessons from the previous courses and the context for the fourth course
Juhani Turunen, Permanent Under-Secretary, Ministry of Finance
Tellervo Kylä-Harakka-Ruonala, Director, Confederation of Finnish Industry and Employers

4.- 7.3.2001 Washington DC

US energy and environmental policy
Paul Joskow, Professor, Massachusetts Institute of Technology MIT, Cambridge, USA

The USA in 2015 - student panel

Chair: James Bailey, Professor, George Washington University, Washington DC

Students of George Washington University:

Technology and the social world - Brandon Wishnow and Lauren Mongeon

The stubbornness of American ethnocentrism - James Capo and Kelly Vanderzell

Extending the franchise: immigrants and women in the US

- Wei-Jung Chiang and Tal Viskin

The long-term: health care and the environment - Tara O'Hare and Kay Bish

Education and the arts - Dan Moss and Alyssa Spitulnik

Threats of the information society

James Adams, CEO, Infrastructure Defence Inc., Washington DC

European security policy issues facing the 21st century

Ivo Daalder, Senior Fellow, Brookings Institution, Washington DC

Social and political challenges facing the US in the next 15 years

E.J. Dionne, Senior Fellow, Brookings Institution, Washington DC

Future trends of e-business

Michael R. Nelson, Director, IBM Internet Technology and Strategy, Washington DC

An insider's view on the US congress

William Frenzel, Guest Scholar, Brookings Institution, Washington DC

The USA, EU and Finland

Jaakko Laajava, Finnish Ambassador in Washington DC

The art of lobbying

William Plummer, Vice President of Government and Industry Affairs, Nokia Inc.,
Washington DC

Understanding the USA - a personal perspective

Bengt Holmström, Professor, Massachusetts Institute of Technology MIT, Cambridge USA

The information society

Manuel Castells, Professor, University of California, Berkeley

Introduction to the International Monetary Fund

Olli-Pekka Lehmussaari, Executive Director, IMF, Washington DC

The future of China in the world economy

Wanda Tseng, Deputy Director of Asian and Pacific Department, IMF, Washington DC

The role of the World Bank in the future

Mats Karlsson, Vice President, Finn Jonck, Executive Director and Sven Sandström, Managing Director, The World Bank, Washington DC

1.4.2001 Helsinki Airport Congress Center

Social and security threats from North-West Russia

Christer Pursiainen, Director of the Alexander Institute, University of Helsinki

Russian economy in transition

Pekka Sutela, Head of the Institute of Economies in Transition, Bank of Finland, Helsinki

2.-3.4.2001 Moscow

The political picture of Russia

René Nyberg, Finnish Ambassador in Moscow

Future challenges in Russian foreign policy

Dimitri Trenin, Vice Director, Carnegie Institute, Moscow

Strategy for economic and social development in Russia

Dimitri Mezentsev, Head of the Centre for Strategic Research, Moscow

Future scenarios for Russia

Seppo Remes, Chairman of the Board, European Business Club in the RF and Corporate Vice President, Fortum, Moscow

The future perspectives of financial markets in Russia

Ilkka Salonen, President, International Moscow Bank, Moscow

Introduction to the MGIMO University

A.V. Torgunov, Rector of the MGIMO University, Moscow

Student panel on the future of Russia

Chair: G.I. Gladkov, Professor, the MGIMO University, Moscow

Students of MGIMO University, Moscow:

Ivetta Gerasimchuk, Marina Zhilina, Alexei Dobrinsky, Maxim Mikhailov and Mikhail Mamonov

3.-5.4.2001 Berlin

Immigration, pensions and demographic crisis of Germany

Hans-Werner Sinn, Professor, University of Munich and Director of Ifo Institute, Munich

European security

Christoph Bertram, Director of Stiftung Wissenschaft und Politik, Berlin
Vice Admiral Juhani Kaskeala, Military Representative of Finland to EU and NATO,
Brussels

Enlargement of European Union, labour market pressures and labour mobility
Michael Burda, Professor, Humboldt University, Berlin

European economic architecture in 2015
Charles Wyplosz, Professor and Director of Graduate Institute of International Studies,
Geneva

New economy from the Nordic perspective
Carl Bildt, Member of Swedish Parliament and UN Secretary-General's Special Envoy for
the Balkans

Future of Germany - social, economic and political trends until 2015
Arto Mansala, Finnish Ambassador in Berlin

Highlights and turning-points of Berlin in the 20th century
Hannes Saarinen, Professor and Director of the Finland Institute in Berlin

New sciences and business - biotech as the future driving force of the new economy
Sir Christopher Evans, Professor and Director of Merlin-Biosciences Ltd, London

Exploring transitions to a new world - technology, economy and society in the 21st century
Barrie Stevens, Deputy Director, OECD, Paris

7.-8.5.2001 Adams Room, Helsinki

The new economy and Finland
Matti Pohjola, Professor, Helsinki School of Economics and Business Management, and
Principal Academic Officer, WIDER, Helsinki

Finland - the most competitive, and by what yardsticks?
Petri Rouvinen, researcher, Etlatieto Oy, Helsinki

Presentations by course participants:
Finnish competitiveness and the new economy, Tarmo Korpela
Business in the new economy, Kirsti Pionius
Working life and the new economy, Kari Uotila

Presentations on risks:
Regional exclusion, Esa Härmälä
Human exclusion, Ulla Anttila
The crisis of democracy and crippled decision-making, Ilkka Kanerva
The risk of Finland turning into a subsidiary economy, Kari Jordan

Finnish young people's expectations of the future - youth panel
Suvi Hyppönen ja Janne Lunden, Helsinki Technical Institute
Sari Klinga ja Petri Valkama, Jyväskylän Lyceum
Marja Leena Moilanen ja Ville Keränen, Paltamo upper-secondary school

4.-5.6.2001 Sannäs, Porvoo rural district

The challenge of regional development and alternative scenarios
Aatto Prihti, senior officer (?), Sitra

Expert presentations in working groups:

Tuomas Sukselainen, Financial Counsellor, Ministry of Finance

Markku Jalkanen, Managing Director, BioTie Therapies Corporation, Turku

Rauno Sairinen, head of research, Center for Urban Regional Studies (YTK), University of Technology, Espoo

The welfare state in 2015

Osmo Soininvaara, Minister, Ministry of Social Affairs and Health

Nokia's corporate culture

Matti Alahuhta, President, Nokia Mobile Phones

THE FINLAND 2015 PROGRAMME

SITRA has been training Finnish decision-makers for over twenty years now, providing Economic Policy Management Courses for decision-makers and experts since 1977. During the 1990s, SITRA also cooperated with other organizations in preparing the National Strategy Development Programme. The Finland 2015 programme is SITRA's latest training and development programme for Finnish decision-makers. The first two courses under the programme were held in spring and autumn 2000. All told, the Finland 2015 programme will encompass six courses over the years 2000-2002 plus a joint seminar for all six courses to be held in 2003.

Objectives

The objective of the Finland 2015 programme is to develop the knowledge, skills, resources and networks of senior Finnish decision-makers in issues concerning the future of Finnish society. The programme is basically national in scope, but approaches its subject from a strongly international perspective. The structure, methods and content of the programme are multidisciplinary and take account of all layers of society. In pursuit of the programme objective, participants

- are given a wide range of information on current affairs and issues crucial to the future;

- take part in discussions with both Finnish and foreign experts from different sectors and with other decision-makers;
- assess the main challenges facing Finland in the future;
- familiarize themselves with strategic policies at national level;
- use the information they gain from the programme in their own daily work; and
- prepare a report for further work on the most important new strategic policies for the future.

The Finland 2015 programme is a contribution to SITRA's goal of making Finland one of the three most successful nations in the world by 2010.

Participants

The programme was launched by a committee representing different elements and schools of thought in Finnish society and chaired by Aatto Prihti, President of SITRA.

Leaders from all sectors of Finnish society are invited to take part. Prospective participants come from leading positions in politics, public administration, business and industry, various types of representative body, the third sector, the media, research and education. A wide spectrum of views and opinions are represented. Both men and women are invited to take part in the courses, and efforts are made to ensure the representation of different age groups.

About 25 participants are invited to each course. The invitation is officially sent by the Prime Minister, although in practice SITRA is responsible for recruitment.

Detailed planning and implementation of the programme has been handled by the SITRA training team under Tapio Anttila. SITRA is responsible for funding. The programme is not a commercial training product and is not intended to compete with any management training programmes. Course participants are responsible for their own travel and accommodation expenses for the seminars.

Content and structure

The Finland 2015 programme will take three years to complete and will include six separate courses involving participation from around 150 of Finland's top decision-makers from different fields of human endeavour. A final joint seminar for all six courses will be held in 2003.

The results of the third course are presented here. The course consisted of four separate seminars. In the intervals between seminars, participants worked at home and continued their discussions over the Internet.

The course began with a seminar in Washington DC. Subjects covered included US environment and energy policy, the outlook for the world economy, security policy and information wars, the future of the information society and new business sectors, and the differences between societies in Europe and North America.

The second seminar was held jointly in Moscow and Berlin. In Moscow, the focus was on Russia's economic and political outlook, banking and finance, foreign and security policy and young Russians' expectations for the future. The subjects covered in Berlin included European security, economic policy in the euro area, European Union enlargement and the mobility of labour, the new economy and the commercialization of scientific innovations.

The last two seminars were held in Finland. The first of these addressed the issue of the new economy and information technology from a global perspective and also discussed the factors which contribute to competitiveness and how this can be measured. Participants on the second seminar worked together in small groups to prepare the final report and also listened to experts on the welfare state, biotechnology, planning of the living environment and economic policy.

SITRA's partners in organizing the seminars included the Brookings Institute and the International Monetary Fund in Washington DC, and the Centre for Strategic Studies and the International Moscow Bank in Moscow. The Finnish embassies in Washington, Moscow and Berlin also made a valuable contribution to course preparation and practical arrangements, while a number of experts from Finland and abroad gave valuable assistance in implementing the course. The course also involved input from numerous Finnish and foreign experts and cooperating partners.

Methods

Each course of the Finland 2015 programme consists of seminar work and use of a virtual learning environment. Participants contribute their own expertise to the progress and content of the work, but also learn new things and pick up new ideas and influences from each other and from the experts invited to contribute to the course.

The seminars are held in Finland and abroad in cooperation with experts from different fields. They involve the presentation of papers by the participating experts and discussion of various topics. The seminars are closed to outsiders.

An Internet-based learning environment has been constructed for the programme, and this serves as a channel for supplying course participants with background material both before and after the seminars. Brief portraits of the experts contributing to the seminars, usually with a summary of their papers, are distributed to participants beforehand over this network. It also enables participants to discuss the topics amongst themselves during the course.

The virtual learning environment serves as a support network for the Finland 2015 programme between seminars and also in preparation of the final reports. It will be used in all the courses under the programme and also in other SITRA training programmes in the future. A new learning environment will be introduced in autumn 2001.

This final report on the third course in the Finland 2015 programme is also available in unabridged form on the SITRA website at www.sitra.fi/suomi2015. We welcome feedback and discussion on the views expressed in the report. Please send any comments you may have by e-mail to suomi2015@sitra.fi.

PARTICIPANTS ON THE THIRD COURSE

The invited participants on the second course in the Finland 2015 programme were:

- * Matti Alahuhta, President, Nokia Mobile Phones
- * Ulla Anttila, Member of Parliament, Green League
- * Kaarina Buure-Hägglund, Chief Legal Adviser, Defence Staff
- * Esa Härmälä, President, Central Union of Agricultural Producers and Forest Owners
- * Kari Jordan, President, Merita Bank
- * Ilkka Kanerva, Member of Parliament, National Coalition Party
- * Admiral Juhani Kaskeala, Commander-in-Chief of the Finnish Defence Forces
- * Pekka Kilpi, Director-General, Ministry of the Interior
- * Tarmo Korpela, Deputy Director General, Confederation of Finnish Industry and Employers
- * Vesa Lehtomäki, Director, Sitra
- * Markku Linna, Permanent Secretary, Ministry of Education
- * Mikko Mäenpää, President, Finnish Confederation of Social Employees (STTK)
- * Archbishop Jukka Parma, Evangelical Lutheran Church of Finland
- * Kirsti Piponius, Managing Director, Sodexo Oy
- * Kari Raivio, Rector, University of Helsinki
- * Kirsti Rissanen, Permanent Secretary, Ministry of Justice
- * Aino Sallinen, Rector, University of Jyväskylä
- * Marianne Stenius, Rector, Swedish School of Economics and Business Administration
- * Astrid Thors, Member of the European Parliament, European Parliament
- * Kari Uotila, Member of Parliament, Left Alliance
- * Matti Vanhanen, Member of Parliament, Centre Party
- * Ritva Viljanen, Director General, Population Register Centre
- * Janne Virkkunen, Editor-in-Chief, Helsingin Sanomat

The third course in the Finland 2015 programme was once again chaired by Minister Jaakko Iloniemi and practical arrangements taken care of by the SITRA training team (Tapio Anttila, Tuovi Allén, Pekko Kohonen, Kari Tolvanen, Anu Löfhjelm and Anne Törnroos). Matti Karhu also helped with the practical arrangements for the seminars held in Finland and in preparation of the final report. Assistance with course organization was provided students Susanna Ekola and Suvi Savola.

FINNISH NATIONAL FUND FOR RESEARCH AND DEVELOPMENT (SITRA)

SITRA seeks to further economic prosperity

- by developing new and successful business operations
- by financing the commercial exploitation of expertise
- by promoting international competitiveness

SITRA is an autonomous pioneer

- enjoying economic independence
- with courage and initiative
- initiating operations designed to break new ground

SITRA is an impartial opinion-shaper

- providing new research information
- anticipating and identifying future challenges
- developing new solutions

SITRA is an independent public foundation under the supervision of the Finnish Parliament. The Fund aims to promote Finland's economic prosperity by encouraging research, backing innovative projects, organising training programmes and providing venture capital. SITRA's activities are financed by the return on the Fund's original capital and corporate funding.

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Appendix:

HEARD AT THE YOUTH PANEL IN HELSINKI

"Will the Finland of the future be divided along the line of the [1323] Peace of Pähkinäsaari? Will that mean I'm on the wrong side?"

"Racism is a problem in Finland. But it's mostly quiet racism, not skinhead bluster. We need more intercultural interaction."

"Finland at its best could be one of the model countries of Europe whose expertise is needed in lots of areas."

"Crime, social exclusion and poverty are problems which also affect the young. Young people's conditions are getting worse; our parents have no time for us. We're also being put under increasing pressure."

"Parents should give more time to their children, because children need security."

"The compulsion to succeed is a negative feature of modern society. In an atmosphere like this, if you fall behind in your first years at school, it'll often be your first step towards social exclusion."

"Finland's problems come from disputes and arguments. There are more and more unresolved issues, and nobody's doing anything about them. The government should stop all the arguing and put things in order."