

### SPRING 2014 REFORM BAROMETER - FINLAND

		Q1: the recommendation is:	Q2: implementation effort is:	Detailed comments
CSR 1	Pursue a growth-friendly fiscal policy and preserve a sound fiscal position as envisaged, ensuring compliance with the MTO over the programme horizon. Continue to carry out annual assessments of the size of the ageing-related sustainability gap and adjust public revenue and expenditure in accordance with long-term objectives and needs. Ensure the cost-effectiveness and sustainability of long-term care and put a stronger focus on prevention, rehabilitation and independent living.	Extremely important	Mixed	In autumn 2013 the Finnish Government presented an outline for a broad structural policy reform programme to bridge the sustainability gap. Mainly due to an ageing population the size of the gap in Finland is 5-6 % of GDP. The programme aims to reduce municipalities' tasks, increase the productivity of social services and health care, extend working careers, decrease structural unemployment and increase the output potential of the economy. If the programme can be executed thoroughly, it will shrink the sustainability gap considerably. Unfortunately the government has so far taken very little detailed policy actions to implement it.
CSR 2	Ensure effective implementation of the on-going administrative reforms concerning the municipal structure, in order to deliver productivity gains and cost savings in the provision of public services, including social and healthcare services	Extremely important	Unsatisfactory	The government has been able to provide only limited action to decrease the number of municipalities, since the municipalities are very independent by Finnish constitution. Also the government has <b>not</b> been successful in improving the productivity of healthcare and social services.
CSR 3	Take further steps to increase the employment rate of older workers, including by improving their employability and reducing early exit pathways, increasing the effective retirement age by aligning retirement age or pension benefits to changes in life expectancy. Implement and monitor closely the impact of on-going measures to improve the labour-market position of young people and the long-term unemployed, with a particular focus on the development of job-relevant skills.	Important	Mixed	The Ministry of Finance published in autumn 2013 a report on pension policy. The actions regarding old age retirement age will be taken in 2017 by the next government. A possible alignment of retirement age with changes in life expectancy will then be decided. In 2013 Finnish government and labour market organizations negotiated minor changes to reduce early exit pathways.
CSR 4	Continue efforts to enhance competition in product and service markets, especially in the retail sector, by implementing the new programme on promoting healthy competition.	important	Mixed	Our government has been active in enhancing competitive neutrality between public and private entities, which is very important. On the contrary, the government has made a lot of questionable and disadvantageous new regulation on private sector.
CSR 5	Boost Finland's capacity to deliver innovative products, services and high-growth companies in a rapidly changing environment, and continue diversification of the industry; continue to improve the overall energy efficiency in the economy. In the current low-growth environment, support the alignment of real wage and productivity developments whilst fully respecting the role of social partners and in line with national practices.	Helpful	Mixed	Finland's expenditure, both publicly and privately funded, on research and development (R&D) has been declining recently. Finland has a large energy-intensive industry but when economic and geographical conditions are taken into account, the Finnish economy is already very energy efficient.