

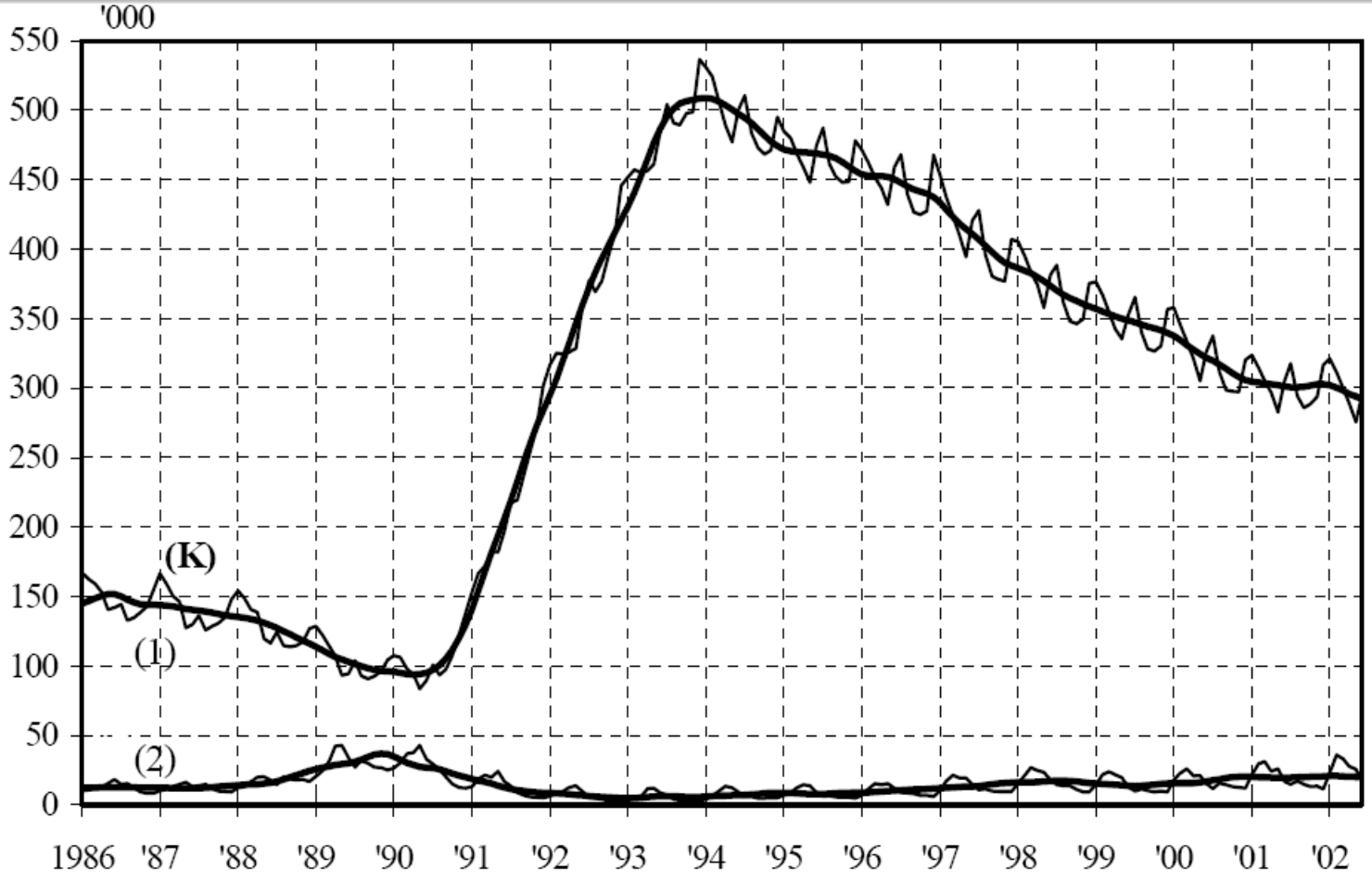


VÄNSTERSOCIALISTISKA GRÖNA GRUPPEN i NORDISKA RÅDET (VSG)

Nordic Conference: The global financial crisis – and the answers from the left-wing

Turo Bergman, Left Alliance

Finnish experiences on economic stagnation in the 90's



Kuvio 11. Työttömät työnhakijat (1) ja avoimet paikat(2) työnvälityksessä kuukausittain ja kausitasoitettuina (K)

Chart 11. Unemployed persons seeking work (1) and unfilled vacancies (2) at the Employment Service, original monthly figures and seasonally adjusted figures (K)

The unemployment catastrophe

- In 1990: the unemployment rate was 3½ %
- In 1994: the unemployment rate was 18½ %
- The direct and indirect costs of the unemployment are very high
- Consequences of unemployment crisis:
 - long time unemployment and marginalisation of unemployed persons is a very serious problem
 - it takes a long time to get the unemployment figures down again

The reasons for Finnish economic stagnation

- **Bad Luck**
 - the collapse of the Soviet Union; the share of Finnish trade with the SU was around 20 % in the 80's
 - **Bad Banking**
 - very rapid opening of Finnish closed financial markets without sufficient control and regulation
 - failure in currency policy; defeating the value of Finnish mark by superhigh interest rates and finally devaluation
 - **Bad Policy**
 - the wrong reactions of the government: no econ stimulus
 - subsidies to privat banks without any compensation
- => downward spiral of economy

Difficult way up from the bottom

- Bankrupt of the center-right government policy and entering into the "rainbow government" on a very large basis
- Government program
 - Need to pay back huge public debt which came from subsidies to the banking sector
 - Using cheese cutter in all public spending to get the money for it
 - => Consequence: the level of social security is still very poor
 - High unemployment remained and the "brigade" of long time unemployed started to grow
 - => many of them marginalised and never went back to work again

Finnish way to survive

- The large political coalition and common will:
 - 8 years political stability given by the "rainbow government"
- The co-operation between political forces and labour market parties
 - income policy with moderate wages rises
 - flexible solutions in production
- The opportunity to compensate the loss of Soviet trade by increasing trade to other markets
 - joining to the EU in 1995
 - benefitting globalization
 - joining the Emu 1999 stabilized the rate of currency
- New industrial innovations: the role of NOKIA

Lessons to be learnt

- **Behind of every serious economic crises are too free financial markets**
 - no regulation, no control
 - income accumulation => huge sums of money in the hands of speculators => ”casino economy”
- **There is a need of strong political co-operation and will to overcome the crises**
- **It is wrong to put the burden of economic recovery only on shoulders of ordinary people and those losing their jobs**
 - responsibility of the big enterprises and financial institutions

LEFT WING ANSWERS

The days of the neoliberalism are over

We – the left – has to take the initiative

It is time for a new socialist policy