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### Finland in the OECD – for Better Policy Making at Home and Globally

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Pekka Puustinen

## Finland in the OECD - for Better Policy Making at Home and Globally

### Background

I would like to begin my contribution to this Issue of the Yearbook of the Institute of East-Central Europe (YIESW) by musing briefly about the history of the Organization for Economic Cooperation and Development (OECD). The OECD, born almost 60 years ago from what was a system to coordinate Marshall Aid, is truly a “Zeitzeuge,” a witness of huge political and economic changes sweeping not only across the European continent but also the whole planet. The OECD has shown a remarkable capacity to adapt itself to rapidly changing circumstances, thus maintaining and increasing its global role and importance.

For my country, Finland, membership has been a hard-won and cherished asset since 1969, a year in which no other country joined the OECD. Finland will surely not miss the opportunity to celebrate “half a century” of membership when the time comes. Europe looked very different at that time. Finland, perhaps, too. Finland’s own economic path took it from being first a member of the European Free Trade Area (EFTA) to membership of the European Union in 1995 and adoption of the euro as currency in 1999.

### **1. Finland’s Key Objectives for the OECD**

1. Finland sees the OECD as an international organization with great added value for an open and highly export-driven economy such

as ours. The OECD is unique by its nature. There is no other almost 3,000-strong research organization tasked to help member country governments to tackle the growing number of societal challenges and policies needed to resolve them, be they trade-related, economic, technological, environmental, developmental, migrational or other. Whatever the OECD produces, recommends and researches it does in direct participation of the member states' experts and leaders.

It should also be mentioned that the OECD's role goes far beyond its membership. At its best, it has a remarkable power to get on board practically any country in the world which deems it useful to cooperate with the OECD and put into practice global recommendations for better policies. Avoiding international tax evasion and using best practices for international investments are just two fields in which the OECD has gained remarkable global influence.

Nation states usually establish and support international organizations to tackle issues which cannot be solved alone. Whether acting multilaterally or bilaterally, countries do have their national interests and objectives, which they pursue through international cooperation.

Finland has clearly stated that it wants to be an active, constructive member of the OECD, with the goals of benefiting from the OECD's work and influencing its work. The Finnish government seeks concrete support and advice for decision-making and policy-shaping. The more concrete and feasible the recommendations are, the better.

On the other hand, the Finnish government wants the OECD to look into issues which are of national interest and value for Finland. All member states "order," and finance, specific studies from the OECD Secretariat to look into country-specific issues, but these studies are just part of the whole story. Finland naturally wants to benefit from the OECD's overall work, which is partially financed by the Finnish taxpayers. The added value of OECD membership is evident and widely recognized in Finland.

## **2. Finland's Specific Fields of Interest and Some Success Stories**

Getting the most out of Finland's "investment" in the OECD requires the government's active engagement at all levels and in all areas in which we want to make a difference. Finland, like all member states,

seeks influential positions on different OECD committees, working groups and other institutions. In this, the active participation of experts from the ministries and agencies is critical. During recent times, Finnish representatives have been very active, for example in the fields of trade, investments, taxation, education, development, environment, public governance, anti-corruption, export financing, industrial policy, digitization, local development, SMEs and steel, to name but a few. Finland has been successful in presenting high-level candidates for a large number of important positions. This, in our view, reflects the appreciation of Finland's approach to the OECD's work in general.

Being influential in the OECD means seeking partnerships and mutual interests. Joining the interests of more member states around a specific issue is usually the route to success, as both the budget and plan of work can be influenced and agreed upon. Just to mention one theme out of many, Finland has been very active in promoting further research on circular economy, which raises interest around the globe. Recently, Finland has also been building joint interest in Arctic issues, the importance of which will increase in the years to come. Finland is also an active player in many organizations which are loosely gathered under the OECD umbrella, such as the International Energy Agency and the Nuclear Energy Agency. It is also worth remembering that many OECD flagship products, such as the PISA Study, are managed and financed outside the OECD itself. Finland naturally pays a lot of attention and channels resources to support these undertakings.

As a token of success, it should be mentioned that Finland's co-chairmanship of the Ministerial Meeting in 2016 was widely commended for its professionalism, as was the recent co-chairing of updating the Policy Framework for Investments (PFI). As a devoted OECD member state, Finland will continue to seek such positions, in line with the priorities of the Finnish government. Recently, the Finnish government applied to a great extent the OECD's recommendations on preparing the government program for its current four-year term. This experience is perhaps unique among the member states.

Finland's Permanent Representation ("Embassy" for short) to the OECD in Paris carries out part of the work above. The Embassy, with its cross-sectoral expert staff, is well placed for this task. The Embassy acts as a hub of information and contacts, and advocates Finland's priorities. The Embassy has a two-fold mission as it also takes care

of providing OECD information and contact for Finnish society. The Embassy often raises issues in the Finnish media, proposes ideas for joint seminars and pursues the increased exchange of useful visits in both directions. However, it is worth noticing that the main bulk of the OECD's activity consists of expert work provided by the ministries and agencies of its member states. This interconnectedness of member states' experience is one of the OECD's unique features and strengths.

### **3. The OECD: Fit for the Future**

In Finland's view, the OECD is well equipped to face any future challenges. Personally, it gives great satisfaction to see that the OECD "has a finger on the pulse" in a rapidly-changing environment. For instance, it is investing massively in better understanding the effects of digitization and the profound way in which it will change the nature of work. This theme is on everybody's lips right now, and there are no ready-made answers.

The OECD has also developed a wide range of ways to cooperate with countries that are not members. A common idea within the OECD is that it looks for global relevance, while not becoming a universal intergovernmental organization, as its history and rationale differ from organizations modeled on the United Nations. However, reaching global relevance requires building partnerships and developing joint action. The OECD has done tremendous job in this respect, for example with its global partnership against tax avoidance and fostering the automatic exchange of information. Finland sees this as a very pertinent way of increasing the OECD's global relevance in the future. Finland also supports the OECD's future enlargement, based on an approach mutually agreed by the member states.

In Finland's view, the OECD must and will remain an advanced and modern player in international policy making, constantly developing its cutting edge analytical capability and ensuring that it maintains its global thrust and convening power in the future. Finland is very committed to being an active and dedicated member state for the next half a century as well.