News Item, 08/08/2006, Gütersloh: Finnish Reform Program Awarded the 2006 Carl Bertelsmann Prize

The Bertelsmann Stiftung helps find ways to address the plight of older employees in Germany – Model solutions also in Australia, the Netherlands and Great Britain

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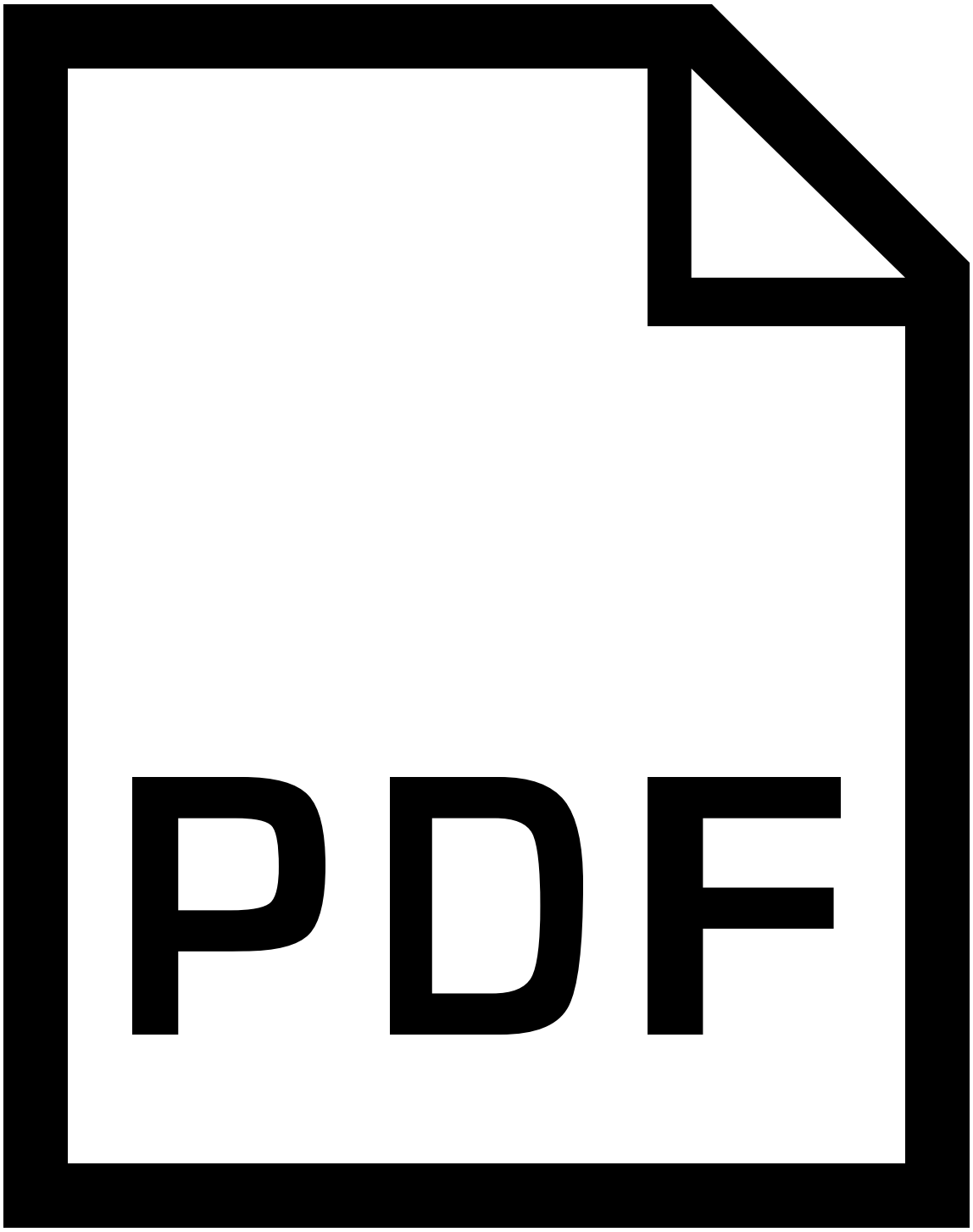

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André Schleiter

The EUR 150,000 Carl Bertelsmann Prize goes to Finland this year. The prize will be awarded to the “Ageing Workers” reform program, an initiative of the Finnish Government in cooperation with social partners, the sciences and associations aimed at improving working conditions among older people. The decision in favor of the Finnish reform program was based on an international study commissioned by the Bertelsmann Stiftung and conducted by Prognos AG. The researchers also highlighted model programs in Australia, the Netherlands and Great Britain, also designed to improve the employment situations of older workers. In these countries, consistent employment policies have succeeded in significantly raising the number of people in the workforce between the ages of 55 and 64.

“By recognizing the Finnish reform program, the Bertelsmann Stiftung wants to help point the way to solutions for overcoming the problem of dramatically low employment among Germany’s older population,” said Executive Board Member Dr. Johannes Meier at the announcement of this year’s prize winner. According to Meier, demographic trends indicate the urgent need for a social paradigm shift towards longer working lives. Finland in this case has proven its ability to adapt successfully to changing conditions and demonstrates that targeted political adjustments can successfully contribute to real solutions, even under difficult employment circumstances. “Particularly commendable in the case of Finland is the consistent national-level strategy and commitment to implementation – both on the part of the government, labor unions and employers and as demonstrated by the level of cooperation among government ministries,” explains Dr. Johannes Meier.

An economic crisis in the early 1990's served as the catalyst for Finland’s successful employment reform efforts. An additional factor was the fundamental shift from a national economy based on the production and processing of raw materials towards one based on technology, which also introduced the need to provide older workers with further training. Between 1998 and 2002, the Finnish government responded to these developments with a concerted effort to improve working conditions among older employees – an initiative called the Finnish National Programme for Ageing Workers (FINPAW). Drawing on programs initiated by individual government ministries, a comprehensive national strategy was developed for improving the chances of older workers on the employment market. With this comprehensive reform package, Finland signaled the end of its “culture of early retirement” and began the move towards a “culture of longer working lives”.

The results have been convincing and serve as an example to other countries. While the mid-1990’s saw unemployment rates of over 20 percent among Finns between the ages of 55 and 59, this figure was reduced to just 7.3 percent by 2004. And the rise in the employment rate among older Finns is today at 55 percent, a good 10 percent above the European average. These positive developments in workforce participation among older Finns are not just the result of cyclical economic factors. Accompanying retirement policy reforms have resulted in an average effective retirement age of 59.1 today – an increase of 1.2 years since 1995.

The goal of the Finnish reform efforts was to extend the working lives of employees. The success of these reforms was made possible by the creation of favorable working conditions for older employees, the focus on professional qualifications for older workers and the appropriate organization of labor. Implementation of the nationwide FINPAW program was a cooperative effort of the Ministry of Social Affairs and Health, the Ministry of Education and the Ministry of Labor.

A central aspect of the subsequent pension reform efforts is the goal to further raise the minimum retirement age. A variable age limit for retirement – between the ages of 63 and 68 – was introduced along with corresponding increases and reductions of pension benefits.

The 2006 Carl Bertelsmann Prize, in recognition of Finland’s success in improving employment conditions among aging workers, will be presented on Thursday, September 14, 2006 in Gütersloh, Germany. The former Finnish Prime Minister Esko Aho (1991-1995) will be on hand at the ceremony to accept the award. German Economics Minister Michael Glos will deliver the keynote address.

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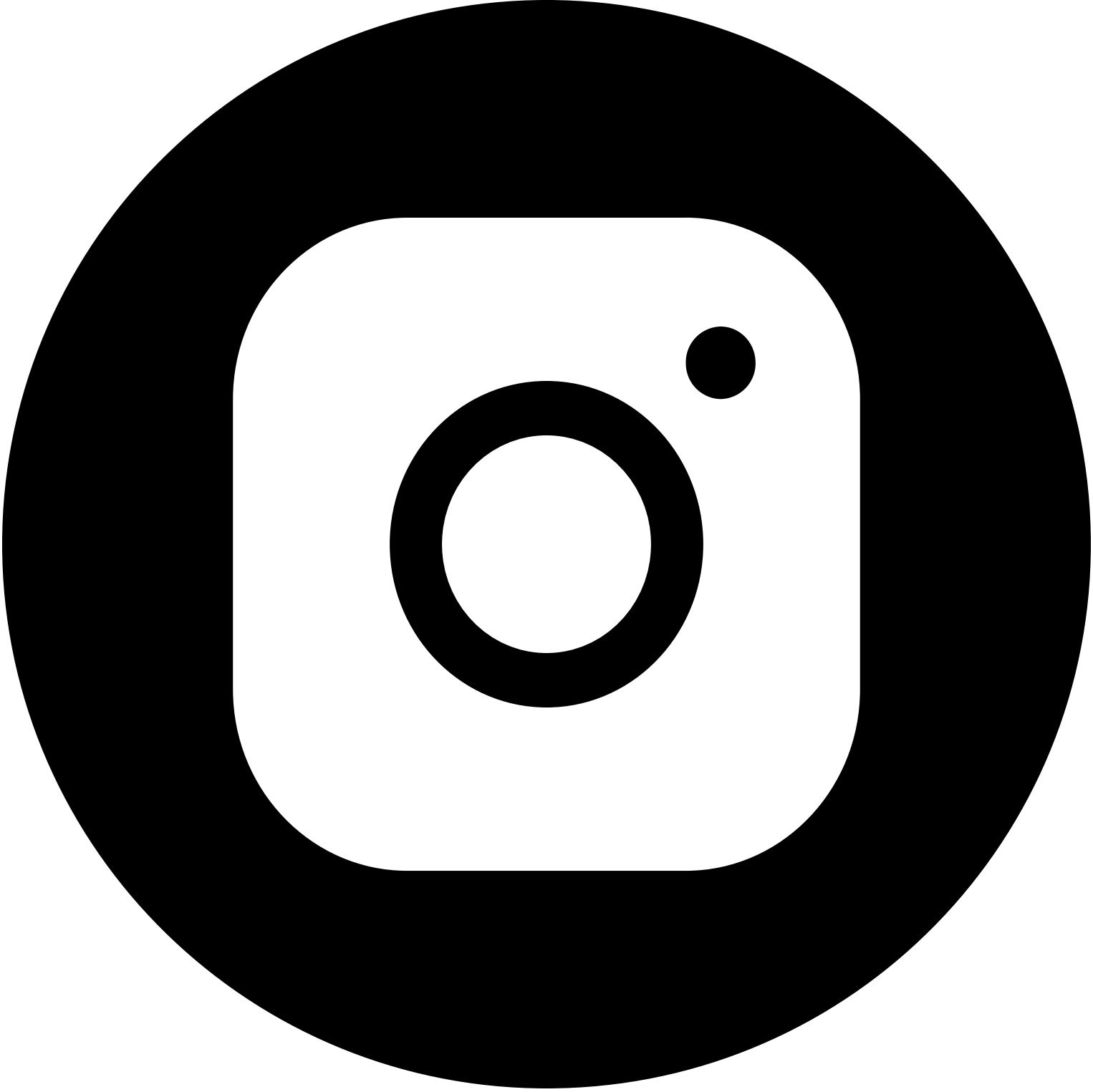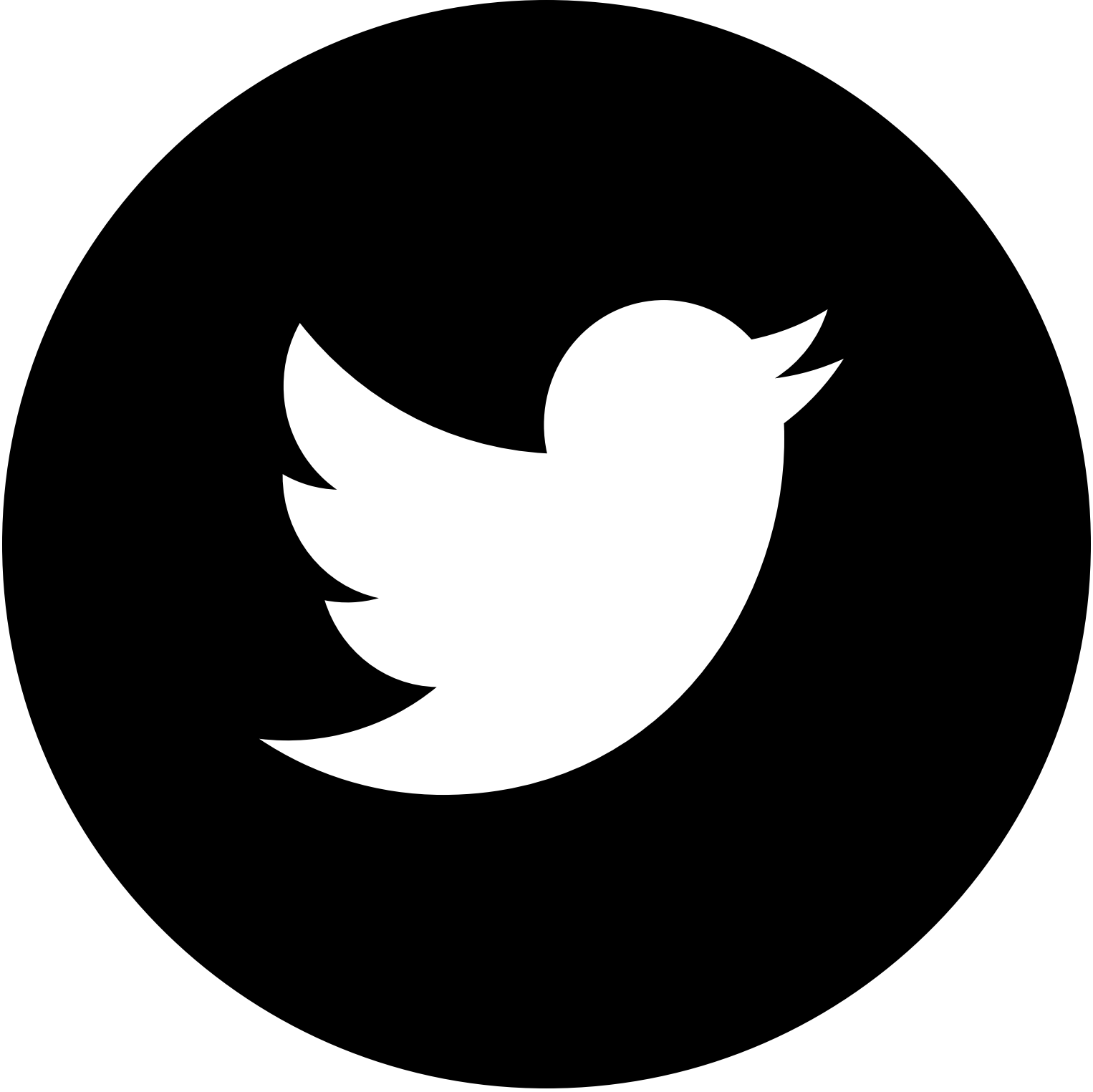
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