

## **THE ROLE OF ECONOMIC ANALYSIS IN PREPARING POLICY**

1. Helps making better (more rational) decisions;
2. Improves the democratic process;
3. Steers research efforts in policy-relevant directions

## **The role of economic analysis is poor in policy planning in Finland**

1. partly a matter of tradition and general decision culture
2. strongly influenced by the corporatist system, coloured by search for compromise and horse trading more than analysis
3. the strong bureaucracy has been self-sufficient
4. the academic community is weak

cf. the case of Sweden (or the Netherlands or the UK)

## What could be done to strengthen the role of economic analysis?

- 1) Improve the production process and infrastructure
  - The resources of the government's research institutions should be reshuffled as challenges and priorities change;
  - Money should be spent on commissioning research through competitive procedures in the "market" (giving value for money, offering flexibility, improving the research infrastructure)
  - The pricing policies of the Central Statistical Office should be reviewed (cf. other countries)

- 2) Strengthen the status of research/analysis in the policy process
  - Use committees and/or expert committees, make sure experts are included in the committees
  - Commission reports with a clearly defined role for policy planning
  - Appoint an "expert council" to evaluate the challenges and policy options in the area of pension policy/long term public finances (with a mandate defined by the parliament)

- 3) Make more use of international experts and experiences