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FINNISH CENTRE FOR PENSIONS, STUDIES

SUMMARY

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Pension reform 2017: The voice of the young a whisper only?

This report is an abbreviated version of a master's thesis accepted by the Faculty of Management and Business at the University of Tampere in the spring of 2019. The thesis with the same title won the 2019 Pro Gradu Award for master's thesis granted by the Finnish Centre for Pensions in the spring of 2020.

In his thesis, Karhunen examined how youth interest organisations affected the 2017 pension reform and related legislation. Before the reform in 2017, the young age groups were not very interested in amendments made to the pension system in Finland. This changed in connection with the 2017 reform.

The data of the thesis consisted of official legislative data relating to the pension reform and theme interviews with eight of the most central negotiators participating in the pension negotiations. The data also included the report of an expert group that formed the basis of the negotiations: Suomen eläkejärjestelmän sopeutuminen eliniän pitenemiseen (Finnish pension system adjusting to extended life expectancy). Based on the data, the thesis presents an overview of at what point the content of the pension reform was decided and who were in key positions when the decision was made. The thesis represents research in legal and social sciences.

According to the study, the aims set by youth interest organisations on the pension reform were well met. However, the issues that the young were pushing were not totally new or surprising. The goals of the young were picked from the agenda for

the pension discussion defined by the negotiating parties and pension experts. The issues the young were aiming at in the pension reform were not radical. For example, they did not suggest that pensions in payment be touched.

The youth interest organisations engaged in weekly discussions mainly with the employee representatives before and during the pension negotiations. The contact was most frequent with The Central Organisation of Finnish Trade Unions (SAK). In practice, there was no contact with the employer representatives. The interactions of the young interest organisations were not in vain: the visible and energetic stand in favour of raising the retirement age and its link to life expectancy helped the negotiators reach a solution and promoted the employee representatives' willingness to accept both elements incorporated into the final pension agreement.

The State was also involved in the reform. It had already beforehand tied the labour market organisations to its will by setting strict preconditions for the forthcoming pension reform. The labour market organisations agreed with the Government's goal for the reform, which was to reduce the sustainability gap by an ample one per cent and raise the effective retirement age to 62.4 years by 2025. Reaching these goals turned out to be difficult; success was finally achieved after the Confederation of Finnish Industries (EK) and the Ministry of Finances adopted a firm policy in the negotiations. Meeting the largest requirements of the young interest organisations was due to the cooperation between EK and the Ministry of Finance.

When the labour market organisations had agreed on the pension reform that met the government's strict goal, the reform proceeded for processing to the Ministry of Social Affairs and Health and from there to Parliament. No changes to the central content of the reform were made during its reading in Parliament. Parliament approved the well-prepared and ready-to-go reform presented to it.

The interest organisations of the young were able to get their voices heard in the reform. In the future, the feeling of participation and level of legitimation would improve and the preparation of pension acts would become more open if the State were to obligate labour market organisations to hear different interest groups before the actual pension negotiations. Currently, labour market organisations are not obligated to hear in the same way as authorities are.

KEYWORDS: pension system, pension legislation, pension reform, influencing legislation, youth interest organisations, labour market organisations

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