

Families and Values and Social Development: The Need for Social Capital

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My intention is to speak about the role of the family in creating social capital. I'm using Finnish and Scandinavian experiences, mostly Finnish, but they are very close to Scandinavian because family policy issues in these five countries: Finland, Sweden, Norway, Denmark, and Iceland, are very close to each other. It is quite difficult to start to speak about these things because in most cases I'm asked to speak about Finland and Finnish experiences. They asked me to speak about the Finnish miracle as an information technology society and how come a country like Finland has become one of the leading nations in the present information technology revolution. One of our companies—all of you know—is Nokia, which is a worldwide producer of mobile phones. And we have many other companies that are well developed in technology.

By the way, I attempted to explain the facts for an American audience a couple of years ago using normal phrases. I said that we have good education, we have a high percentage of resources to be invested in the research and development, we have good infrastructure, and we were one of the first countries, together with Sweden, to liberalize our telecommunication systems.

No one listened to me until I told them that there was one additional factor—then they became interested. I said that the interest to use and readiness to use modern technology is in the genes of Scandinavians. They asked, "How is that possible?" It is possible because of the fact that we are living in Arctic or sub-Arctic conditions, and we have to take into use all the new applications to be able to survive. We have done this for a long time. It took only one year after its invention for Finland to have the first telephone working in Helsinki, and one of the first European electricity power plants was constructed not in Helsinki, but in Tampere only one year after Edison started his power plant in New York. By the way, it happened one year before London and two years before Berlin. It shows that we have that type of cultural or historic reasons to be interested in new applications and readiness to use them.

Immediately the Americans said to me, "Yes we have also one state that is quite good at that. It is Minnesota. In Minnesota, the people are behaving in the same way. They are eagerly using all the new applications. Incidentally, 50 percent of the people in Minnesota have Scandinavian origins." Of course, that was good information. So we can speak about technological achievements and our Scandinavian genes, and the discussion needs to include the social and cultural aspects of development.

We are now looking into the success factors of different nations. It is very easy to list three of them. You need physical capital, which means that you need good infrastructure. You have to have natural resources. You have to have physical capital, too, to be invested in production and construction of production systems. You need human capital as the second success factor. You need good education. You need high investments in research and development. You need good skills to be competent in today's world. And then today, especially in Europe, we speak about adjustment rate, or the lack of adjustment ability, as a success factor. This is one of the problems in Japan or in Germany and the reason why they have not developed as well as they hoped and expected. By the way, these two countries were the most competitive countries in the world in 1992, when the world economic forum made measurements of competition.

I believe that there is a fourth important, extremely important, element of success factors in the development of nations—the element of social capital. Social capital means that people have a trust on what their social life is based. That trust rests on two essential qualifications. The first is potential readiness for citizens to cooperate with each other, and the second, preparedness to engage in the civic endeavors with other people.

This concept of social capital is very interesting. There are many explanations of what it means. But I believe that this ability to cooperate, the ability to create experts, the ability to take care of other citizens, these are of utmost importance especially for the future of a society. You cannot create knowledge; you cannot create well functioning networks without social capital. It is extremely important that individuals entering the labor market display not only the high technical and scientific skills, but also high social skills and the ability to operate efficiently in teams, and in larger networks.

Compared with the three other factors of success, human capital, physical capital, and adjustment ability, social capital has two special qualifications. The first is that it increases—social capital increases when it is used, and secondly you cannot buy or import social capital. You can import physical capital, you can compensate for the lack of human capital by importing well educated people the way Americans have—hundreds of thousands of well educated people are emigrating to this country every year. You can even develop the adjustment ability by using foreign experts or foreign assistants. But social capital you cannot buy. You cannot import it, you have to create it by yourself,

and in that sense, it is national—purely a national factor. This need of social capital brings us to the question of the family. What is the role of family in the future of society? And what is the goal of politics in creating competitive societies in the future? When we were speaking about social capital to business people and even politicians, they are saying that “okay, that is an important area, but it is an area for those who are interested in social issues and social policies.” That is not the fact. Social capital is an extremely important economic factor also.

I'd like to go back to the history of Finland. Finland is a very good case to study the changes that have happened in the structure and the role of the family. We moved from an agrarian society to an industrial one and even an information-based one faster than maybe any other country. As late as in the 1950s, around half of the Finnish families obtained their living from agriculture. By the way, in the 1950s, Finland was the only OECD country having a higher number of farms. So the number of farms increased because of certain reforms we made. But when the structure changed to industrialization, urbanization accelerated at the beginning of 1960s—the pace of change was extremely fast. And simultaneously the sphere of life and growth in Finnish families and children underwent an enormous change in many areas. First, the nuclear family replaced the extended family of several generations. In agrarian Finland, we had extended families with several generations, which gave a certain basic security for children as they grew up. Secondly, home and work disintegrated. In an agrarian society home and work are deeply interconnected, but in an industrial nation or society these two disintegrate. Both parents began to work outside the home. That is the key factor of today's family policy. Even attitudes toward marriage changed substantially: divorce became acceptable, legislation was changed making divorce easier, public opinion changed, and the size of families also changed simultaneously.

These are not the most important changes. The most important change we faced in the 1960s and 1970s concerned the role of the family. The farmer in the agrarian society had much responsibility not only for his own family members but as well the families of his workers. We can say that the agrarian family was the key producer of social security in the old society. But the modern industrial family is not the producer of social security but the consumer. And on the basis of that requirement, you have to start to construct or to speed up the construction of a welfare society.

We created a system of modern maternal and child health clinics that is an extremely well functioning system in Finland. We created a child allowance system, we organized free school meals, we organized a daycare system, and together with that, we also supported home-care by giving allowances for families taking care of their own small children. And we also allowed long parental leaves to

enhance families working in the industrial life to take care of their children. The positive trait of the welfare state is that it has assisted the growth of children in a material sense, but in any other sense we can be very worried about the future because of the fact that many social problems relating to the families are increasing at a rapid pace, not only in Finland but in all the Scandinavian countries.

Then we have also a demographic problem—a decline of population is very close to being a fact in Finland. I'm going to be sixty-five-years-old in 2019. In the year 2000, we had in Finland 750,000 people, who were age sixty-five-plus. In 2019, those who will be sixty-five-plus will amount to 1.2 million, a 45 percent increase in twenty years. It means that we are facing huge economic and social problems that cannot be solved by those things I just mentioned. We have to take care of families and to invest in families. That doesn't help 2020, but that helps after 2020.

Olovar Mundahl, a Swedish academic researcher, illuminated the factors behind the demographic challenges between the two world wars. By the way, the rest of Europe was faced with the same kinds of problems. Mundahl came to the conclusion that the expected crisis is a crisis of the family. So already fifty years ago, she came to the conclusion that demographic problems can be solved only by concentrating resources and investing in families. Mundahl wrote in 1944, “The great challenge of our generation is to put the family issues into the broader social context. This will lead to reforms which will reform the society the way that it again meets the requirements of the family.” I think that is still current today.

We have to create a society that will meet the requirements of families in the proper way. And it is not a question of investing money for purposes of social programs, which are not paying back very soon. Just the opposite, I believe that if you want to increase our ability to create social capital, we have to invest in families, because social capital is capital in the real sense. It means that you need basic capital, the initial capital first, to increase taxes. And that initial capital is created in the family. There is no alternative. If the families do not meet that requirement, society cannot solve the problem it created. So in that sense, all the investments made in families are going to assist us in this major problem.

What are the main challenges in the Nordic and Scandinavian countries? The first challenge is to improve or to facilitate reconciliation of work and family. We have been quite successful with young children. But teenagers, children of school age, are not getting that much interest, and in the future we have to develop programs that support the balance with work and family as well as in other phases of family life. That is a question of flexibility, and I think companies have an interest to be flexible. However, their interest quite often is concentrated in flexibility which

makes the production system work in a more efficient way. Now, clever business people understand that it is in their interest also to increase flexibility, which serves the interests of families, because it pays back in productivity. The second factor is that we have to understand the importance of limits and positive control for the development of the child. The basic problem in the Nordic countries is that we believe in the same values that are the basis of societies—justice and equality—are the basic elements of families, too, but in education this is clearly not the case for young children.

I know from my own experience that education cannot be based on democracy. There must be certain limitations, certain rules, and the parents have the responsibility to see that the rules are followed. Concerning parents' responsibility, we have today a political debate going on.

A third element, which I learned here in the United States when I spent a year with my family in the Boston area, concerns cooperation between the school and the family. I have to say that at least some American schools are much better at creating cooperation between education and families than we are in Scandinavian countries. We, in Scandinavia, are eager on both sides to avoid our responsibilities. Families are not involved in school affairs, and conversely, schools do not consider the families. They want to keep separation between the homes and schools. And I believe personally that those problems that we have now with teenagers and their lives, can be solved only with good cooperation between schools and families.

In my opinion, there is competition going on in the Scandinavian countries between two future prospective policies. There is a progressive family model based on the idea that the parent should not even try to transfer their own norms and values on to their children. According to this approach, as I mentioned, justice and equality are the basic values in the model family. And their idea is that the progression from agrarian to industrial families is going to be continued as such, and that more individualism will be needed as a future trait. I fully agree with those who say that the role of the family is deeply interlinked with the production system. An agrarian family was different than an industrial family because the production system required different types of family structures and family values. But I'm fully convinced that the information technology family is not the same type of family we had with the industrial family.

The information technology family is much more dependent on social capital than the industrial family was. The skills needed in their future working lives are to cooperate, to create networks, and to trust each other. Those skills are dependent on families more than the skills we used in the industrial age.

I think we have to remind those who say that the modernization of families is a trend which is going to continue

that that is not the fact. The fact is that we have to create a new model family for the information society. I say this because of my own conviction, my own political values—I believe that the values needed for the new family may be closer to those values we had in the agrarian society than those values that we applied during the industrialization, at least as far as the question is one of the moral values of the family and the basic elements of rearing children.