

As requested from members of the Enterprise Policy Group, I hereby send you my comments on the proposed EU 2020 strategy. As required from members of the EPG the thoughts outlined below are mine alone. However, for the sake of completeness I should like to mention the different spheres from which I have gathered inputs to these comments.

- board membership in five companies with international operations, three of which are European high tech companies (factory automation, lighting electronics, advanced audio-visual solutions)
- chairmanship of European Family Businesses - GEEF
- associate board membership of Hanken School of Economics in Helsinki (as of 1.1.2010 the only stand-alone business school in Finland)
- membership of the Finnish Government Task Force for Growth 2010-20 as the only representative of business life
- membership of the EU ad hoc Expert Group on Family Business
- membership of the Council of the German evangelical-lutheran Parish in Finland
- participation in the 2009 Budapest Global Roundtable of the European Academy of Sciences and Arts

My comments are of a general nature only.

- the concept of a sustainable social market economy is a great one, as is the point of putting people and responsibility first. A challenging aspect of the concept of sustainability is that sustainability requires a planning horizon that goes way beyond political expedience and instantly visible results. This means that the new commission will need to establish a very strong and broadly supported vision of the kind of Europe it wishes to build, with the council and the parliament, and also policy implementation mechanisms that would require a very broad consensus to be overthrown after a next election. This consultation is likely to help create support for the vision, but attention needs to be paid to how long term initiatives for a sustainable economy can stay on track in an environment of constantly changing decision makers.
- the consultation exudes a degree of disregard of the existing strong basis Europe has in terms of infrastructure, industries and skills base, and a tendency to seek refuge in the realm of the new. Much more attention should be paid to the opportunities available through brave reform and renewal of what exists compared to building completely new things. If you want a good forest with healthy growth and a great abundance of species, there needs to be continuous care of a mix of old, medium-aged and very young trees. For regular income, one cannot put all the effort into planting new trees! Translating this into practice, the European power grid should be upgraded, existing companies with an existing customer base should be focus on corporate renewal, existing technologies should be combined in new ways, universities should pay more attention to the quality of the education they provide and the international experience of their faculty. Building new power stations, funding new companies, developing additional new technologies, establishing new universities can all be good and important initiatives, but they are likely to represent a much worse cost-benefit equation than a strong push for renewal and building on strengths.
- putting people first is a strong message, not least to public sector. It would be useful to develop some language that would translate this message into a thrust to make the public sector more responsive to citizens' requirements and better able to deliver services in effective ways. It may also mean paying more attention to the family and to voluntary organisations as truly important component parts of the social fabric, of social cohesion.
- the paper mentions demographics and transitions. It is important to note that these do not relate to the ageing of the workforce only, but also to the millions of entrepreneurs who employ the majority of people in the private sector in Europe. Paying attention to the willingness and ability of people to hand over and take responsibility for others will be very important in the decade that is about to begin

- a lot of improvements can still be made in the field of opening up single market and strengthening the concept of a level playing field. In the jobs market, a lot could be gained if pensions programmes were able to follow an individual seamlessly across member state borders. As regards companies, more attention should be paid to creating a level playing field for different types of finance (loans - leases - equity), owners of companies (households - institutions - public sector), and legal forms of companies (partnerships - mutual companies - limited companies - listed companies).

- finally, one comment on the concept of a sustainable social market economy and one on the proposed exit from the crisis

1. a sustainable market economy means a willingness to recognise that we live in a world of finite resources. This willingness should be expanded to include the notion of money as a finite resource. If all resources other than financial resources are considered finite there will be an endless amount of money chasing a limited amount of goods and services. That would do little to support stability in the world economy. The concept of a sustainable social market economy should include a notion that there is a limit to indebtedness in the real economy beyond which sustainability (or at least control of our own destiny) is lost.

2. in a world flooded by debt it is sometimes surprising to see the innovativeness with which the EU and other major economies have been able to find ways to secure a further continuous flow of debt into the economy, whilst they at the same time have been unable to do anything much at all about the other side of company finance, i.e. equity. As Europe comes out of the crisis, companies will have made losses and will need finance to fund the growth in working capital that comes with increasing levels of business. The losses will have weakened the balance sheets of these companies and many will be unable to live up to the capital ratios required by banks. This forthcoming problem could easily be avoided if even half of the attention that has been used to securing the flow of debt into the financial economy would be used to pushing for a better flow of equity into companies that develop and deliver goods and services in the real economy..

Wishing the new Commission all the best in its endeavours to build a prosperous European Union with good social cohesion

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