

Stimulus package starts to take effect

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The first effects of the Government's stimulus package are starting to make their presence felt in the Finnish economy. For example, investment in the infrastructure and training are strengthening its base.

In January the Government agreed on a stimulus with an overall effect of two billion euros. The aim is to minimize the number of those suffering from cyclical unemployment as a result of the recession and to help them over the slump. The emphasis is on measures that directly promote employment, such as investment in transport facilities and construction. The other area of emphasis is training and research.

The effects of the package on employment will be at least 25,000 man years. A comparison by the European Commission shows that the stimulatory effect of the budget for 2009 and the supplementary budget will be the third-biggest of the EU Member States: 1.70 per cent of GDP i.e. about three billion euros.

Small positive signs

The Confederation of Finnish Industries (EK) thinks that the Government's stimulus package is well prepared. "As central government finances are in reasonable shape, Finland is in a position to construct solutions to mitigate the dip in the economy," states Senior Economist **Penna Urrila**.

"The domestic stimulus measures will make it possible to ease the downturn in the economy considerably and reduce the long-term effects of the recession. For a small and open economy such as Finland's, it is also important that countries have started coordinating their support for economic development."

Urrila goes on to say that the first effects of the stimulus package are gradually starting to make their presence felt. The most effective support measures have been drawn up for the construction sector.

"For example, some building projects that were decided on in the winter have already started. And there are more to come in the next few months. At the same time housing companies are very active in doing renovations and repairing flats."

Urrila points out that in a worldwide recession an economic upturn is ultimately dependent on international developments. "Some small positive signs have also been received from the rest of the world as well, even if prospects for the near future are still uncertain."



"Although a slump in the world economy cannot possibly be prevented by steps taken at the national level, domestic stimulus measures can ease the downturn in the economy," says Senior Economist Penna Urrila.

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