Preface

This book studies the deep crisis that hit Finland and Sweden in the early 1990s, a crisis with devastating effects. The Finnish and Swedish experience of boom, bust and crisis is compared across time and across countries. The first part of the volume contrasts the experience of Finland and Sweden. The second part brings in an international perspective. The third part presents the lessons from the crisis of the 1990s.

This volume is the outcome of a joint Finnish–Swedish project, ‘Crises, macroeconomic performance and economic policies in Finland and Sweden in the 1990s: a comparative approach’, headed by Lars Jonung on the Swedish side and by Pentti Vartia on the Finnish side. The project was one of many within a wide-ranging Finnish–Swedish research program entitled Kahden puolen Pohjanlahtea (in Finnish) and Svenskt i Finland – Finskt i Sverige (in Swedish) – translated officially as ‘Interaction across the Gulf of Bothnia’.

Three Finnish foundations, Finlands Akademi, Svenska litteratursällskapet i Finland and Stiftelsen för Åbo Akademi, and two Swedish foundations, Vetenskapsrådet and Riksbankens jubileumsfond, sponsored this unique cross-country research venture that ran in the period 2000–03, involving about 120 scholars from a wide array of specialties in 17 different projects. The program aimed at studying the contacts between Finland and Sweden, their long joint history of strong economic, social, political and cultural ties. Before 1809 they were one country. Today, they are economic partners, but also competitors on world markets; similar, but also different in many aspects.

This immense project was reported in four volumes, in Finnish as well as in Swedish, published in 2005–07. We contributed four chapters in the third volume with the Swedish title Från olika till jämlika, edited by Juhana Aunesluoma and Susanna Fellman, published by Svenska litteratursällskapet i Finland, Helsinki, 2006. Those four chapters correspond to Chapters 2, 4, 5 and 9 in this volume.

At an early stage we wanted to present our work in English and extend it with comparisons with other countries that have faced financial crises, in particular Denmark and Norway, the Nordic neighbours of Finland and Sweden. We were pleased that Claus Vastrup agreed to cover the Danish case and Erling Steigum to deal with the boom and bust cycle in Norway.
Similarly, we managed to involve Ludger Schuknecht and Mika Tujula from the ECB in a study of the Finnish–Swedish boom–bust cycle seen in an international perspective. Our extension in scope and in coverage has been time-consuming. After a very long gestation period, we have finally brought our work to fruition.

Several seminars were organized during our project, not only in Finland and Sweden but also, perhaps most memorably, in Villa Lante, Rome. In these seminars, the contributions finally selected for this volume, as well as other studies, were discussed. Many of them have in one form or another been published elsewhere.

We are deeply indebted to all involved in the time-consuming work behind this volume. We would like to thank Franklin Allen, Michael Bergman, Michael D. Bordo, Eric Clapham, Thomas Hagberg, Michael Hutchison, Ari Hyytinen, Jarmo Kontulainen, Mika Maliranta, Anne-Marie Pålsson, Michael Rafferty, Kari Takala, Hans Sjögren, Hans Tson Söderström and Lars-Erik Öller. We owe a special thanks to Thomas Hagberg for his excellent involvement in our project. We apologize to those not mentioned by name above. We appreciate the support given by our home institutions: ETLA in Helsinki, the Stockholm School of Economics and DG ECFIN, European Commission, Brussels.

Helsinki and Brussels, November 2008

Lars Jonung, Jaakko Kiander and Pentti Vartia