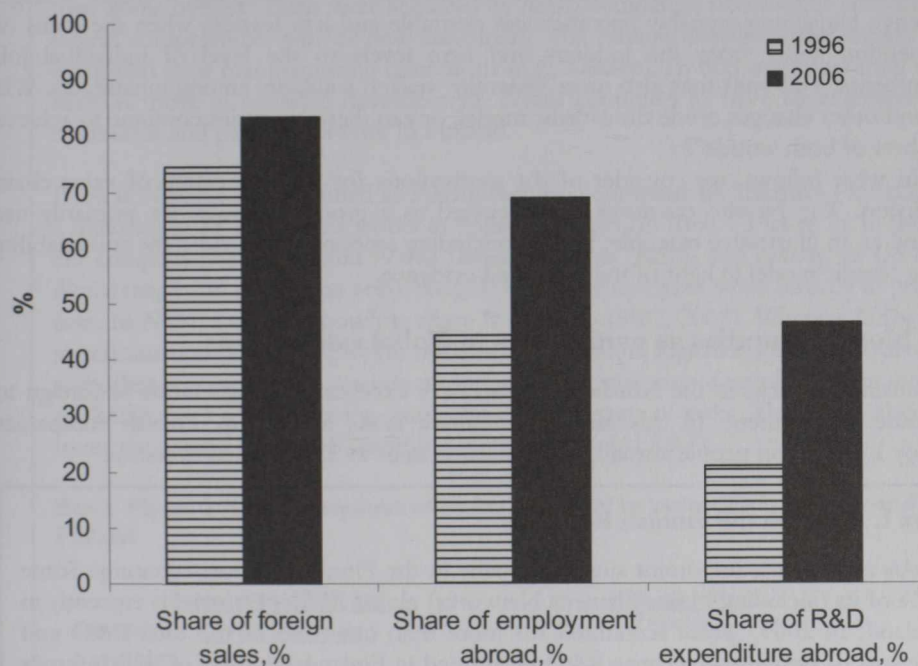


Figure 1.2. Role of overseas operations in the 30 largest manufacturing companies in Finland



Source: The authors' calculations.

Outsourcing, offshoring, and technical changes have led to a polarization of the labor markets in developed countries. The shares of managers and professionals and also personal service workers tend to grow at the expense of manufacturing and routine office jobs (Goos, Manning, & Salomons, 2009). Mid-range jobs are hit the hardest by the current phase of globalization.

Policy responses

In the public debate, it is recognized that offshoring and the global dispersion of value chains are challenges for small open economies. Consequently, all Nordic countries have high-level groups or councils that consider the opportunities and threats of and policy responses to globalization. Finland has been particularly active in this respect (Baldwin, 2006; Ottaviano & Pinelli, 2004; Secretariat of the Economic Council, 2004, 2006a, 2006b), closely followed by the other countries. On 12 April 2005, Denmark set up a special globalization council chaired by the country's prime minister; Sweden has a similar council (www.sweden.gov.se/sb/d/9299). With respect to globalization, all Nordic countries have come to the same conclusion: one should *not* resort to policies that attempt to curb globalization but rather should implement reforms improving knowledge- and productivity-based national competitiveness; the Nordic countries should embrace deepening international specialization rather than fight it.