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Neoliberalism, welfare state and social work practice in Finland

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Abstract

This article seeks to draw upon the changes and consequences which have been experienced as a result of global neoliberal policy implementation. The use of privatisation and market in the delivery of social welfare services has implications for the transfer of resources, citizen choice and citizen duties away from the state to the citizen (Clarke and Newman 1997). This article is focused on these trends in Finland. In the article the authors illustrate the changes by using examples and cases from Finnish welfare services. The focus of the chapter is especially on children and family services.

Introduction

The neoliberal project is not theoretically pure and marked by inconsistency between theory and implementation, but it is marked by resource accumulation through dispossession, the reallocation of these resources to the better off, greater insecurity and precariousness due to work and financial insecurity, greater levels of incarceration and “new punitiveness” (Garrett 2013, 81). The key features of neoliberal policy are increased use of market, devolution, managerialism and promotion of contractual relationships (Domenelli 2007). The use of privatisation and market in the delivery of social welfare services has implications for the transfer of resources, citizen choice and citizen duties away from the state to the citizen (Clarke and Newman 1997). The changes to our society are having a number of impacts many of which are interpreted through the lenses of pathology of the individual or without the wider socio-political or economic contexts of why people are migrating, the impact of environmental degradation, whilst right wing politicians and the media are seeking to demonise and blame the oppressed, the poor and the disposed. The social consequences raise challenges for social work and social welfare systems about where should professionals intervene.

This article seeks to draw upon the changes and consequences which have been experienced as a result of global neoliberal policy implementation. Recognising that the terminology of neoliberalism often means different things to different people and its use transcends ideology, language, economic and political discipline, we acknowledge that that it has provided the guidance for the globalisation project, promoting labour competition, free trade, labour flexibility and individualism (Peck & Tickell, 2002).

According to Julkunen (2001), the basic cornerstone of the Finnish welfare model has been ethos such as universalism, humanism and solidarity. During last decades these principles have changed through economic efficiency calculation, individual responsibility and means testing. These changes cause more and more outsourcing and privatisation, which are easy to see nowadays. Global trends such as new public management are also part of social services in Finland as new right-wing
politics are dominant. The changes in the Nordic countries, and in Finland, have been visible in most public services, but in health and social services the trends have been most visible. The currently planned Health, social services and regional government reform will likely further strengthen the trends.

The focus of this article is especially on child and family services in Finland. The Nordic model has been referred to as a family service oriented model (see e.g. Blomberg, Corander, Kroll, Meeuwisse, Scaramuzzino & Swärd 2011) but do we still have these elements of child welfare left? Do we have preventive work orientation and equal municipal public services? What kinds of effects have increased globalization, internationalization and market thinking had for child welfare?

**Neoliberalism and its effects for welfare state**

Globally since the 1980’s neoliberalism has become an increasingly dominant policy in economics, politics and how society should be structured and governed. These policy proposals and their implementation have sought to place market ideology and practice at the centre of all economic and social life, with a corresponding influence on the reproduction of society. Its impact on individuals, families and society has been significant with its influence being seen in societal behaviour and distress such as poverty, obesity, stress and inequality (Schrecker & Bambra, 2015). This is a paradox as often this ideology is promoted as the sole economic structure or system able to promote economic growth and reduce poverty.

New public management (NPM) had its underpinnings in neoliberal theory, which sought to improve efficiency, with an emphasis on markets, devolution, managerialism and contractual relationships (Christensen & Laegreid, 2007). It gained popularity with the rise of right wing governments in the 1980’s, and demonstrated seven key characteristics of neoliberal policy and implementation (Hood, 1995). These characteristics align closely with many of the reforms, which are later identified as neoliberalism (Hood, 1995, 96):

- The development and use of explicit standards and performance measures
- The development of professional management within the public sector
- A focus on results rather than processes
- Disaggregation of the public sector
- Increased competition in public sector service provision, with competition being provided by the market
- The use and promotion of private sector management techniques
- The use of increased discipline in resource utilisation

In addition to the features identified by Hood, other characteristics have also been acknowledged (Pollitt, 2002) including:

- Management focus shifts from input and process to that of outcome and output
Greater use of measurement for instance performance management

Increased use of specialised, flat and autonomous organisational units in preference to large, hierarchical bureaucracies within organisations

Promotion and use of contract type relationships within services and organisations

Use of market mechanisms to deliver public services i.e. privatisation, internal markets

Shift in norms from equity, security, universalism and resilience to individualism and efficiency

Blurring of the edges between public and private sectors (links to the earlier point regarding the use of markets)

Neoliberalism relates to macroeconomic doctrine in which public services are “run like a business” (Ferguson 2009, 170), although there is often a disparity between the doctrine and its practice, this divergence enabling its existence such that it has been viewed as “utopian” (Harvey 2010). Globally dominant or elite groups have often invoked the neoliberal ideology to undertake what might otherwise be seen as a class project (Harvey, 2010). Consequently, owners of capital have gained from neoliberalism promotion, whilst it has reduced public services, increased inequality and economic insecurity for citizens while reducing the quality of life for the working class and the poor (Harvey 2010). It should also be noted that despite neoliberalism’s critical stance to the role of the state, neoliberalism requires the state’s intervention to create and preserve the institutional framework in which capitalism can survive (Brenner & Theodore 2002, 111).

In the early stages of neoliberal policy implementation, privatisation enabled economic expansion and social governance (Richardson 2005), often being based on a narrative of individual freedom, rights and protecting citizens from state intrusion. The government’s role being assigned to facilitate self-governing subjects to become normal/ responsible citizens. Neoliberal policies have therefore prioritised the development of markets, alongside overall challenges to the social structure of society. The political shift resulted in market logic being prioritised across the social life of society, not as a result of political force but through the internalisation of ideas and entrenching these values into social and personal lives (Brown 2005).

Finland

Finland has been traditionally perceived to be a latecomer in welfare state development in the Nordic countries and in the Nordic model of welfare, resulting from a late industrialisation process and a politically and ideologically weaker welfare state project than in other Nordic countries. This view has also been criticized as simplistic and incomplete. Many have also criticized the existence of a common Nordic model altogether, insisting instead that only country-specific models exist (e.g Kettunen 2001; Kangas & Palme 2005). The Finnish welfare system shares many characteristics with other Nordic countries, such as a large and expensive public sector; welfare benefits and services financed primarily by taxes; the system is dominated by the principle of universalism and it has favoured a strong position of women; the roles of the labour market and the Social Democratic labour movements have been influential (Christiansen & Markkola 2006, 14).
The Finnish welfare model has had good results on many levels. Social protection in Finland has been competitive and growth-oriented from an economic perspective, having also demonstrated its capability of poverty reduction. The Finnish model has not only combated poverty among families with children but also enabled women to participate in the labour market. (Kangas & Palme 2009, 62.)

The organization of social work in Finland has gone through significant changes during the last decades. Traditionally, the organizing and handling of social work had been left to the municipalities, which enjoyed extensive autonomy. A clear change occurred in the 1960s and 1970s, after which social work was directed minutely by the state through resource-allocation and the use of detailed norms. The state also heavily encouraged the expansion of the services system at this time. In the 1990s the expansion of services was halted by the cuts in resources to social policy made in the wake of the recession of the early 1990s. Concurrently, the minute direction of the state was also abandoned as municipalities were again given the task of organizing social work with significant autonomy. The role of the state was limited to that of guiding the municipalities through the spread of information and best practices, and the use of national programs to address specific situations or problems. (Kananoja et al. 2011: 84-95; Koskiaho 2008: 166-169.)

There has also been a clear development of marketization in Finnish social work, both in opening up publicly funded services to be provided by private and third sector actors, and in changing the inner logic in how social work is organized. Many of the characterizations presented above are clearly visible in Finland and the development has indeed been heavily influenced by neoliberalism and New Public Management (Koskiaho 2008). It can be argued that the changes in organizing and directing social work, outlined above, have enhanced the impact of marketization of social work in Finland. As municipalities have since the 1990s had more liberty to organize the services they provide, in the fashion they themselves decide, the number and variety of service providers has increased. Municipalities have increasingly used outsourcing as a method of providing services, which has especially led to an increased use of tendering by municipalities. Even when services are provided by municipalities and their workers, tendering and other practices imitating markets are often used. (Anttonen et al. 2013: 291-292.)

In recent years, social workers have faced increased workloads, demands for more administration and documentation of their work as well as a splintering of their work, what can be seen to be deriving from neoliberalism and NPM. Partly due to this, municipal social workers suffer from an incapacity for work caused by mental health disturbances more often than other municipal employees (Salo et al 2016). The challenges of social work can be seen especially in social work directed to children, but also other services, such as education, have been targets of changes and cutbacks.

From 1995 to 2007 the share of services provided by the public sector decreased from 81,6 % to 70,7 % while the shares services provided by private and third sector actor increased from 3,9 % to 11,0 % and from 14,5 % to 18,3 %, respectively (Julkunen 2013, 367). It has been stated that the rise in the share of private actors providing welfare services has been particularly rapid in policy areas where the persons in need are in the most vulnerable state. An example of this are different fields of housing services: child protection and service housing for the elderly or disabled. The rise can, however, also be attributed to the increase in demand for housing services, to which municipalities have responded through services provided by the private actors. The increased use of
private actors as service providers has then not come at the expense of public providers, but instead, private actors have been used to respond to new demands and new services (Julkunen 2013, 367).

In the 2000s and 2010s, consumerism and a promotion of a freedom of choice has become one of the key phrases of change in Finland, along with involvement, individuality as well as customer and user orientation. The phrases together form what is called a social policy of possibilities, where the society provides its citizens possibilities instead of promises (enabling). It is then the responsibility of the citizens to make use of the possibilities provided to them. In line with neoliberalist thinking, citizens are seen to have been freed from subjection, dependency and the state. This development is part of a wider European trend, visible throughout the continent, and promoted also by the European Commission. Partly as a result of these changes, inequality in Finland has been rising over the last decades, as the society is increasingly divided between winners and losers. (Julkunen 2008; Palola 2011; Palola 2012.)

Freedom of choice has indeed occupied a central role in Finnish social policy, and nowhere as evidently in the Health, social services and regional government reform, currently planned to come into effect on 1 January 2020. In the reform, the structure of health and social services will be reformed, as 18 autonomous counties will replace municipalities in organising public healthcare and social services. The counties would receive their funding from the state. The aim is to simplify and to bring together healthcare and social services, increase clients’ possibilities of influence as well as improve the availability, quality and cost effectiveness of services and also to save 10 billion euros in public spending. (Ministry of Social Affairs and Health 2017a; Ministry of Social Affairs and Health 2017b.)

The reform will then take steps into further marketization of social work through the two methods listed above: opening public services to be provided by private actors and changing how social work is organized. An integral part of the reform is the formal separation between the organizer and the provider of services. The newly set up counties will be responsible for planning, managing and financing health and social services, but the services themselves will have to be provided by a county-owned service utility or other public, private or third sector operators. The Government also requires that the private and third sectors be responsible for a given minimum percentage of services provided. The proposal from the Government introduced a corporatisation obligation, where all service providers (even when organized by the counties) would have to managed through a company or a corporate entity, functionally and financially separate from county organisations. The counties would have been prohibited from providing services directly, except in situations where no other service provider exists. (Ministry of Social Affairs and Health 2016b.) The corporatisation obligation was deemed unconstitutional by the Constitutional Law Committee of the Finnish Parliament in June 2017 (PeVL 26/2017 vp), and the Government will continue the reform without the obligation (Ministry of Social Affairs and Health 2017c). Due to required legislative changes to the Government proposal, the coming into force of the reform has been postponed by one year, until 1 January 2020 (Ministry of Social Affairs and Health 2017d).

Another characteristic of the reform is the clients’ freedom of choice, so dubbed by the Sipilä Government, where the clients themselves have the right to choose the provider of their health and social services (Ministry of Social Affairs and Health 2016a). All service providers will be required to provide extensive information on various topics, such as quality of health and social services and waiting times as well as annual reports on revenue, taxes paid and place of taxation, profit and loss,
management salaries and bonuses. Part of the funding for service providers could also be based on performance (Ministry of Social Affairs and Health 2017b.)

The proposed Health, social services and regional government reform has many of the neoliberalist characteristics and emphasises described above, such as the use of standards and performance measures, a focus on results and outcome rather than processes and input; and increased competition and use of markets and an increased usage of contract type relationships. In the public sector, the reform will most likely further the disaggregation of the public sector and lead to an increased use of specialised, flat and autonomous organisational units. The underlying philosophy of the reform, most evident in the corporatisation obligation, is that social services are “run like a business” (see Ferguson 2009, 170).

Child and family welfare services in change

Typically the Nordic model offers psychosocial services for families such as maternity and child care clinics, home help, day care, family guidance clinics, school health care and financial support. These services are also first places with whom families are working and have links for the child care institutes. (Forsberg & Kröger 2011, 5.) The responsibility for care in Nordic countries has traditionally been the public sector, as the share of women in paid employment has been high. Nordic countries have favoured women-friendly solutions in care and family policies. The dual-earner-model has showed its strengths in reducing poverty among families with children (Ferrarini & Forssen, 2005).

Although the Nordic model has maintained its model and originality, it is built alongside the control of a variety of systems and activating people to practice. Subsidies and services for families have been cut while new child protection needs have emerged (Harrikari 2008, 19-20). The need for young people’s services has increased, with many having multiple problems, difficulties at home, along with emotional and mental health problems, difficulties at school and substance misuse (Heikkinen, 2007). According to Myllyniemi and Gisler (2012) the numbers of youth at risk varies from 14 000 to more than 100 000, the variance in estimate being as a result of social exclusion being unable to be measured. Social exclusion is a difficult measure as there is substantial diversity in measuring instruments used; for instance poverty, antidepressant usage, self-reported depression, lack of friends and hobbies, difficulties at school, school non-attendance and unemployment or outpatient care. (Myllyniemi, & Gisler, 2012.) Lack of friends has for a long time been clearly the main cause of social exclusion. Linnakangas and Suukkanen (2004, 22) concluded that symptoms of young people symptoms include bullying at school, restlessness, psychic symptoms, a difference in the behaviours, substance abuse, drug experimentation, violence and maladjustment.

The Nordic educational system has sought to prevent inequality, alongside efforts by the health sector to address links between health and inequality. However historically there has been a tension between the rights and responsibilities of public services for children and families, especially when the key components of wellbeing such as education and health services are at risk, resulting in some
suggesting that this requires the link between education and social policies to be rethought (Kangas & Palme, 2009).

Finland launched the “Services for children and families” program as a part of the health, social services and regional government reform year 2017. Almost all municipalities in the Helsinki metropolitan area are involved in the project. The project is extensive and over 30 separate working groups have been started to reach the program goals. The main objectives of this reform are stated to transform the welfare services into an integrated system, strengthen basic services and shift the focus towards preventive work and early support. (Program to address child and family services, 2017.) This program has ambitious aims, for example all services of children, youngsters and family services will be integrated into child- and family-centric entirety. The important objective also is that the focus will switch from the repairing services on preventive services and to early support and care. Hopefully the program will help achieve these important goals.

CHILD PROTECTION SERVICES

The need for child protection has increased over the last decades in Finland, partly due to the increase of the number of symptomatic young people. Even during decade 1995-2005, the amount of children who have been placed away from birth families grew 50 % (Table 1). However, it seems that the increase in the need for the child protection has developed a downward trend during the last few years. There has been a significant increase in the use of private services in the delivery of child protection. In 2000, the number of units operating in child protection was slightly less than 2,700 and in 2010 the number had risen to 4,350. (Yksityiset sosiaalipalvelut, 2010.)

The demand for child protection has increased. Social exclusion and child poverty, often the biggest risks during childhood are reported at a low level in Finland, with those at greater risk being single parents and minority families. Despite the rapid economic development following recession, economic inequality and child poverty have grown rapidly and this is often viewed in the context of cuts to family benefit and increasing marketization. (Moisio, 2006.)

The flagship program of the government Services for children and families, has tackled the increasing mental health problems of youngsters. One important aim of the project is, among other things, to build a multifaceted assessment model aimed at addressing the problems of adolescence in time. The aim of the project is also build integrated approaches, that take into account families and children who have special needs. (Program to address child and family services, 2017.) Hopefully the project will reach its goals, and access to needs-based specialised services will be smooth. The assessment of the need for support and services should also be carried out in co-operation with the many sectors.

DAY CARE

The Finnish day care system was established through the Day care Act Day (1973) which promoted child protection, labour market and social policy thinking and legislation all in the context of social welfare. In early 2013 the administration of early childhood education changed to the Ministry of Education and Culture, from the Ministry of Social Affairs and Health, resulting in the redefinition
of the main purpose of day care. The law on children's day care (580/2015) was completed in two steps. The first stage of the day care act decreased the role of care, while increasing the role of education. The revised focus was on content and aim of the provided education along with the evaluation and development of work. (Ministry of Education, 2016.) The second stage, which came into force in 2016, limited the child's subjective day care rights, which mean the right of parents to choose the day care of their children. Before the change parents could freely choose whether children were cared for at home, in a municipal or in a private day care. In the second stage of the law, group sizes of over the age of 3 were raised, so that the amount of children per educator changed from seven to eight (268/2016).

Continuous quality assessment, customer satisfaction assessment, evidence-based development, as well as goals, outcomes and competence definition included in the New Public Management approach have also received critical feedback especially from early childhood educators. According to OECD these elements are seen as key to economic growth. Partly of this national and regional development of early childhood education curricula has also been seen to be necessary. (E.g. OECD 2001; 2006; 2012.)

According to Alasuutari (2014) Nordic countries have sought to change their models of child care and emphasis on child play to promoting learning and knowledge in specific areas such as languages’, mathematics and science, technology, metacognitive learning, social skills, cultural awareness and entrepreneurship. All of these aspects are emphasized in the EU lifelong learning program, with the aim being to support children succeed in future studies and in work life, but with less emphasis on care, play and well-being of early childhood. (Alasuutari 2014, 25-26.) The curriculum is also increasingly prioritises individual assessment, resulting in the Nordic Educare ethos, which promotes elements of care, education and teaching. Consequently key commitments to social development, play and peer relationships are disappearing from early childhood education, with formal teaching and learning, being emerging trends. (Niikko, 2006; Alasuutari et. al., 2014).

Conclusion

Neoliberal policy formulation is increasingly successful in placing the role of markets at the centre of economic and social life, with enormous consequences for reproductive aspects of society. The impact can be seen globally in increasing levels of poverty, obesity, stress and inequality (Schrecker & Bamba, 2015). The recession of the 1990s and the subsequent long recovery resulted in Finland undertaking significant cuts in public services, such as social services, schooling and the health sector. The later impacts of recession as a consequence of the European financial crises are difficult to assess at this stage, certainly before substantive national analysis has been undertaken.

The neoliberal changes in Finland are clearly visible in public services. Services, such as welfare and education have been targets of changes and cutbacks. Significant has been the change in how services such as child day care are no longer viewed as a social service, with their role in providing academic skills for the future being emphasised. The most visible neoliberal changes have however been in health and social services, with the reappraisal and reduction in public services leading to a
growing polarisation in the society. Discourse in the society has become more strained and attitudes towards the disadvantaged have become more dismissive and scapegoating, with the causes of inequality being viewed as individual failings arising from their personal shortcomings and capability. Similar perspectives are increasingly expressed in the discourse related to refugees.

Health, social services and regional government reform and aims are consistent with neoliberal ideology. Following the statement of the Constitutional Law Committee, further neoliberal reform is being prepared by the Government, and the practical implications and reach of the reform remain uncertain. General guidelines and changes to the structure and the organisation of social work already known and the direction of the reform is clear. Marketization, managerialism and other neoliberal markers and processes will be increased in social work. According to the Information Service of the Library of Parliament, the proposed fiscal budget for the year 2018 will further increase the income gap in Finland, mostly as a result to cuts made to basic security that will naturally also effect poor families with children (Sutinen, 2017). Some newspapers are already warning municipalities to sell their property for private companies. Sadly the direction of Finland is clear, more neoliberal policy is on its way.

References


PeVL 26/2017 vp. Perustuslakivaliokunnan lausunto 29.6.2017 [Statement by the Constitutional Law Committee 29 June 2017].


