

Finland's success: politics without resistance?

El éxito de Finlandia: ¿política sin resistencia?

■
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■ Abstract

The purpose of this article is to study Finland's relatively rapid economic success since the mid-1990s using a conceptual history approach and focusing particularly on neo-liberalist rhetoric. The thesis is that neo-liberalist policies were introduced, not in the typical political form but rather in order to maintain and save the welfare state. It also focuses on questions of lack of resistance and political debate. It is argued that a relatively moderate rhetoric has its origins in Finnish history. In Finland, the state has represented something good for many citizens. Although at present the state is competitive, there are problems at the level of the welfare state, which has essentially slowed down since the economic depression of the 1990s.

KEY WORDS: Economic depression, network society, economic competitiveness, political resistance, conceptual history.

■ Resumen

El presente artículo tiene por objeto examinar el éxito económico relativamente acelerado logrado por Finlandia desde mediados de los años noventa. Para ello se utiliza un enfoque de la historia conceptual y se centra la atención de manera especial en la retórica neoliberal. Se sostiene que las políticas neoliberales no se introdujeron en la típica forma política sino con la intención de conservar y preservar el Estado de bienestar. Además, se centra la atención en cuestiones tales como la falta de resistencia y de debate político. Se sostiene que la aplicación de

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una retórica relativamente moderada tiene sus raíces en la historia del país. En Finlandia, para muchos ciudadanos la intervención del Estado ha sido positiva. Actualmente, el Estado es competitivo pero subsisten problemas a nivel del Estado de bienestar, que ha perdido impulso en especial desde la crisis económica de los años noventa.

PALABRAS CLAVE: Crisis económica, sociedad de redes, competitividad económica, resistencia política, historia conceptual.

INTRODUCTION

In recent years Finland has become an attractive proposition in global terms. Economic success, lack of corruption, achievements in education, and even the pioneering digitalisation of the TV-network, have focused on this country in the far North. In the early 1990s the country faced its worst economic depression since the 1930s, but by the second half of the decade had already had several prosperous years, with a 5% annual increase in GNP. Finland is sometimes considered an appropriate 'model' to be followed, as only 50 years ago this wealthy nation was still ranked among poor countries (Castells and Himanen, 2002).

The purpose of this article is to study the background of this relatively rapid economic success, and determine whether there are any particular reasons for it. Moreover, the concept of neo-liberalism is put under focus, i.e. to what extent can present day Finland be considered to be based on neo-liberal thought? My point is that overall neo-liberalism is not particularly popular in Finland, but it seems that political decision-making could increasingly be placed in this category. My reading focuses particularly on naming and rhetoric labeled as neo-liberalist, by opponents and supporters. In this sense, my approach resembles conceptual history, and thus concepts are contested, as they do not have solid meanings but can change and absorb new ones when used in various political and historical contexts (Koselleck, 1979).

In addition to conceptual history, the topic takes us to another level. In 2008, Paavo Lipponen, Prime Minister in 1995-2003, published a critical point of view on Finnish politics. He harshly criticised scholars who had argued that, in the last analysis, his two governments had sealed and consolidated the breakthrough of neo-liberalism in Finland (Lipponen, 2008, 53). In his essay, he argues that in fact, his Government had applied «Blairism» and its political views two years before Tony Blair used them in Britain. The year 1995 is also important in his book since for the first time in Finland's national history the country was governed by a so-called «rainbow government». The largest traditional right-wing party, the National Coalition Party, social democrats and the Left-Wing Alliance, cooperated with the Greens and the Swedish People's Party. Moreover, in 1995 Finland joined the European Union and the broad coalition continued to lead the country towards deeper integration.

My thesis is that neo-liberalist policies were introduced, not in the typical political form, but instead under the umbrella and rhetoric of maintaining and saving the welfare state. This type of relatively moderate rhetoric has its origins in Finnish history. I argue that one decisive factor in Finland's success has been its peculiar political culture, which has stressed consensus and avoided high political profiles and politization. Thus, how was it possible to implement probably the largest cuts in public spending in the Western world

in normal circumstances (Julkunen 2001, 253) without causing major political clashes? Hence, at a third level, the focus of the paper moves on to questions of (or lack of) resistance and political debate.

Methodologically, my approach adopts a historical angle, as all existing 'models' have a historical origin. The point is not to study the past as such, but to show how it has made an impact on the present and advance the relevant arguments. To describe views of politics in the 1990s and early 2000s I use Reinhart Koselleck's concepts of space of experience and horizon of expectations. According to this author, the past can be present this very moment, and at the same time affect future expectations: «experience is present past, whose experiences have been incorporated and can be remembered». Expectations are a part of the present, too: «personal specific and interpersonal expectations also take place today; it is the future made present; it directs itself to the not-yet, to the non-experienced, to that which is to be revealed» (Koselleck, 1985: 271-272).

CAPITALIST, SOCIALIST, THIRD WAY?

According to every day language, a 'model' is an example or a style that is imitated or attempted to be copied. In the Finnish case, we have to be more specific, that is, we must define precisely which 'model' is at stake, as over the

years several political processes have been labeled under this umbrella. At first Finland was presented as a 'model' in the sense that it is a country that only over the past fifty years has changed from an agrarian society to a postindustrial hi-tech network society.

Secondly, during the Cold War, Finland could have been classified as a 'model' of peaceful co-existence. In Europe, Finland's geopolitical position was extraordinary: at the time it was the only capitalist country on the Soviet border, politically sovereign and independent, but bound to the Soviet Union through a military agreement. In WWII, Finland was on the losing side, but since then it has successfully turned necessity into a virtue, paid war reparations and at the same time managed to develop its own industries. According to this classification, Finland was a capitalist mixed market economy, although not liberal in the Hayekian sense. According to a famous Finnish metaphor, political leadership played the part of a doctor in world politics and instead of acting as a judge avoided provoking great powers, particularly its powerful socialist neighbour and main trading partner.

Nevertheless, when analyzing a 'model', in the case of Finland it is even more important to focus on its western neighbour, Sweden. In the 1950s Finnish Prime Minister Urho Kekkonen saw Sweden as a potential path towards reaching the horizon of expectations. According to this, Sweden and Finland could be seen as representing neutral

third-way countries, between capitalism and socialism. During Urho Kekkonen's presidency Finland was finally a more socially-democratised society that integrated its critical leftist forces.

In fact, during the Cold War, Finland and its 'finlandisation' became a model for some East European countries. For example, in the midst of the democratic transition, the Chairman of the Hungarian Parliament wondered whether there was more socialism in Hungary or in Sweden, Finland or Austria. For a Finn, the question was to some extent astonishing although from the standpoint of the global market it did make some sense: Finns did not live in a command economy but in a kind of centrally planned economy that has close ties with the banking sector. Whenever necessary, the state intervened in the economy and helped the export industry with huge devaluations of the *markka*, the Finnish currency. Liberalisation of the monetary sector was launched step by step in the mid-1980s. One signal came again from Sweden, where social democrats had revised their third-way policy in 1982 and now stood between a traditional social democracy and neo-liberalism (Patomäki, 2007: 52).

Thirdly, social and labour market policies could be characterized as a 'model'. After WWII the idea of a welfare state in which the state plays a crucial role started to prevail through the implementation of a distributive income policy. Elements of the Scandinavian universal welfare state were

combined with a more conservative (West) German 'model'. In the field of labour, from the end of the 1960s the government and labour organizations entered into large collective agreements. This almost corporative 'model' did not put an end to strikes but taught political 'realism' and maintained communication between different interest groups. Until recently, the collective income policy has covered most employees, and membership in trade unions has been very high, around 80% (Siltala, 2007: 563).

Thus, I contend that during the Cold War Finland was a success story. By 1975 private consumption had doubled compared to 1952. In 1984, political terminology even included the concept of a Northern Japan, as Finland's economy grew as fast as the Japanese. Nowadays, Nokia, the flagship of «Finnish» industry, is associated with mobile phones but a generation ago the company's main image was as a supplier of rubber shoes, and as such is still in the memory of the older generations.

DOWN AND UP

In addition to the Cold War, one cannot avoid a reference to the role of the economic depression in exploring recent changes in the 'model' and Finland's success. Raija Julkunen (2001, 63-64) argues that the depression finally made possible a policy that had earlier been promoted by the economic

elite but had never been implemented. One of the symptoms of the new horizon of expectations could be found in the translation into Finnish of Friedrich A. Hayek's *Road to Serfdom*, published as late as 1995. In the afterword of the translation, Jyrki Livonen argued that three myths, the state, the public sector and subsidised agriculture, prevented real attempts at solving Finland's current problems. According to his horizon of expectations it was no longer possible to solve the crisis by traditional means and pointed to Hayek's ideas, who already in the 1940's had criticised the public sector and powerful corporations (Hayek, 1995: 251-253; Suomen Kuvalehti 13/1993).

Thus, in Finland the recession updated neo-liberalist discourse. With the collapse of the Soviet Union, 150 000 jobs were lost. This is, however, not the whole story as the crisis was also due to unfortunate domestic political decisions made at the turn of the decade (Suomen Kuvalehti 46/2001). Liberalisation of financial markets was completed during a boom, in 1989. At first, to hold the economic boom, the *markka* was revaluated, but as the tide began to turn this started to feed speculations of devaluation. Nevertheless, in the midst of the worsening economic conditions, the currency was linked to the ECU, without devaluation. Five months later, in November 1991, the Bank of Finland and the government were forced to devalue and in 1992 let the currency float. The unemployment rate rose to 18% and gross national product fell

14%. The public sector rose to 54% of the GNP, that is, close to the critical dividing line of 60% between capitalism and real existing socialism, as defined by Roy Jenkins in the 1970s, when Britain had to follow IMF orders. In addition to unemployment the public sector was burdened by the crisis in the banking sector, further worsened by devaluation and loss of value of property. The government made a political intervention, such as that introduced in the US in 2008, and rescued the banks¹. The amount provided is equivalent to one and a half years of income tax and more than war reparations paid to the Soviet Union after WWII –one of the core narratives in Finnish postwar history. However, according to Finnish scholars, this 8% of the GNP is still less than the amount spent in banks in many other countries, such as Argentina (55,3%), Chile (41,2%), Mexico (13,5%) or Hungary (10,0%), in the 1980s and 1990s (Kiander & Vartia, 1998: 143).

However, in Sweden the recession remained essentially weaker than in

¹ When completing this in September 2008, the Finnish media reported that the Federal Reserve had asked the Bank of Finland's advice on their bailout plan. US officials seemed particularly interested in Finns' experiences in establishing particular banks to purchase trouble mortgage-related assets in the early 1990s. In Finland these units became popularly known as *roskapankki*, *roska* meaning litter and *pankki* referring to bank. It was expected that the US crisis could cost taxpayers as much as 1.5 times the war in Iraq.

Finland (Julkunen, 2001: 73-74). Sweden spent 6% of the GNP on bank operations, practiced more orthodox Keynesian policy, and kept unemployment at a much lower level. Four times in succession, the budget deficit was larger than the worst deficit registered in Finland. Nevertheless, those who criticize Swedish policy, remind us that Sweden is an example that shows that in a global framework it is no longer possible to maintain the welfare state as such (ibid. 275). Since then the debate has focused on whether correctly timed Keynesian actions could also have decreased the impact in Finland (Kiander & Vartia, 1998). In general, it was considered in Finland that Swedish policies were too risky and radical. Traditionally, Finnish governments have favoured balanced budgets and avoided debt. Historically, for example in the USA, Finland is considered a country that meets its debt payments. Awareness of the existence of debt made it possible for the state, i.e. for taxpayers, to assume the burden of the banking sector's private debt.

This 'model' for dealing with the crisis has another, more party political element. In 1991, a more ideological emphasis returned to Finnish public life, as after being defeated in the elections the left decided to stay out of government. In Finland, governments have traditionally not been formed on the basis of an ideological left-right axis, usually composed of social democrats and the centre. Since 1991, the centre-right government has challenged trade unions by

abandoning the collective income policy, and thus trying to change the old rules of the game. In the left-wing horizon of expectations there were serious fears of a «rolling back» through decreasing wages, cutting several subsidies and the dole, thus burdening employees but, to contrast the debate, at the same time found resources to purchase 60 US military destroyers. Moreover, there was talk of financing dole through personal accounts, and Chile was mentioned as a potential 'model' for the reform of the pension system (Julkunen, 2001: 211, 221).

In spite of many difficulties, the government completed its term, which lasted until the elections in 1995. And in spite of cuts in public spending and the tightened atmosphere, trade unions did not resort to methods such as general strikes, and even bent to allow the weakening of some working conditions. Exports started to grow in 1994 and four years later Finnish purchasing power was already greater than that of Sweden – for the first time in history. However, the first budget with a surplus only came about in 2000, the first time in ten years that state income reached 1990 levels.

THE DEBT AND THE EMU CARROT

Recession had increased criticism of the 'closed (public) sector' and the 'unproductive' welfare state as such (Julkunen, 2001: 79). Since 1995 the question was how to continue cuts in

public spending and meet debt payments, that had risen very rapidly, from 10% to the European middle level, to two-thirds of the GNP.

In 1995, social democrats won the elections and obtained the Premiership, although there was no leftist majority in Parliament. Paradoxically, according to the Finnish system, negotiations between parties decide which parties will co-operate in the government. The forming of the broad based «rainbow coalition» was quite a surprise. The largest right-wing party, the National Coalition Party, split from its former partner, the Centre Party, and formed a coalition with the winner. Formally, co-operation was based on answers to questions concerning forthcoming budget cuts, as all parties were eager for power and for taking part in government. The other winner, the Left-Wing Alliance, was the most divided, as after budget cuts were made public, one-third of the group opted for not participating in government (Helsingin Sanomat, 13 April 1995). In general, the Left agreed that there were no more ideological obstacles for cooperating, while the doubts of the rightist wing were silenced with arguments regarding the seriousness of the current crisis (ibid., 5 April).

The birth of the coalition was based on wide budget cuts. As the opposition usually has less power, it was relatively easy to integrate critical voices into the government, as has been done several times before in Finnish history. Although it was necessary to adopt

immediate unpleasant measures, such as reducing allowances for children, they also broadened the whole palette. Until then, governments had always promised to improve services, this time the coalition made sure it was done. The political focus was changed from public spending to increasing public productivity and employment was considered the best social policy. Moreover, the management of state companies was modified and in some cases they were partially privatized. Paavo Lipponen has recently been in favour of a moderate privatisation and the stock markets, claiming that they produce resources for meeting debt payments instead of resorting to the budget (Lipponen, 2008: 56). In the early 21st century, Finland's debt is far from alarming –42-44% of GNP– compared to European levels (Helsingin Sanomat, 15 September, 2004).

The most crucial decision was making Finland one of the first countries to adhere to the European Economic and Monetary Union (EMU) and introducing the Euro at the same time as older EU members (2002). Finns joined the EU in 1995, with 57% supporting membership in the relevant referendum. Keeping in line with this closer integration became a question of authority and discipline for the government, as the former governing party, the Centre Party opposed it. From the point of view of the 'model', the EMU became at the same time the stick and the carrot, as it introduced stable rates for the currency and destroyed the old

devaluation option. On the horizon of expectations the carrot created hopes of reaching something new, «European»; however, as a stick it fed continuing demands for cuts in public spending. EMU criteria are a budget deficit of 3%, whilst in the early 1990s, at its largest, it reached 8-12% .

As to taxation policies Finland has been ranked in the European group, that has taxed high income earners heavily. However, in the case of middle level income earners, it equals the average European level of 31, 3% and has been decreasing it continuously since the mid-1990s. Almost all traditionally capitalist market economies in Europe have a progressive income tax, and Finland is no exception. However, the European taxation map is in constant turmoil and is a challenge for Finland as well: in the old market economies, only Iceland, Guernsey and Jersey have an equal tax, a trend that is present in all former socialist East European countries except Hungary, where rejecting a progressive income tax is under debate (Népszabadság, 9 May, 2008).

At the international level, Finland and Sweden still have moderate differences in income, but the gap has widened. In Finland, in 1991 the wage difference between an average worker and a manager was 14 times, but in 2001 it had increased to 30 times. These are small numbers compared to the US (over 500 times) and Britain (around 1000 times), but they are also a political question, i.e. how wide a gap is politically acceptable. At present, for Finnish

citizens social inequality is one of the most important political problems. On the one hand, there is a gap between those who have a good work record and those who haven't, and on the other, between the traditionally richer southern part and the rest of the country.

The end of the recession was a turning point, and in this sense we are back at 1981-1987 levels (Patomäki, 2007: 107). All in all, between 1990-2002 real incomes grew 19.29%. The poorest 20% of the population increased their wealth 1.09%, whilst in the highest 20% it grew 44,09% and in the top 1% it increased 121,90 (Julkunen, 2006; Patomäki, 2007: 118). First and foremost, high income is based on capital income and stocks, which is usually less typical in the case of skilled workers and the working class in general. Absolute poverty has fallen, but relative poverty has increased: in 2003, 11% of the Finnish population could be classified as poor according to EU criteria, that is, obtained less than 60% of the medium income (Julkunen, 2006; Siltala, 2007: 184).

INTERNATIONAL SUCCESS

At the beginning of the 21st century Finland has reached the world's top ten in competitiveness, education and lack of corruption. For example, when the third PISA (Program for International Students Assessment) was carried out in 2006, only Finland and Hong Kong ranked among the top three in all three

categories. Finland was best in natural sciences and second in reading and mathematics in the contest launched by the OECD in 57 countries. Finnish schooling seems to be effective and its high output is achieved only with average input and resources. In these results, neither the school nor the pupil's background counted, as it was only 6%, whilst the average influence of the background amounts to one third, i.e. 34%. This comparison was undertaken for the first time in 2000, then again in 2003 and 2006 for 15 years olds (Helsingin Sanomat, 5 December, 2007).

The basis for comparison can no doubt be criticised because of the very idea of making youngsters compete. Nevertheless, this surprising success has strengthened arguments concerning the advantages of public schools as neo-liberalist ideas for special schools, and allowing more autonomy for talented pupils has also been a popular idea in Finland. In fact, conservatives have frequently criticised the unity school, created in the 1960s, its opponents arguing that it is a leftist idea based on the Swedish or even East-German systems. In this sense, PISA's success is a mixture of long and even controversial policies. In general, Finland spends around 6,05% of its collective GDP on educational institutions, which is a little less than the OECD average of 6,2% or, like in Chile, approximately 6,4% (2005) (cf. Expenditure...). In 2002, 33% of 25-64 years old Finns had a high level diploma, the fourth highest level in the OECD, after Canada, the

USA and Japan (Tuononen, 2005). In the present school system, separation into other schools takes place relatively late, only at the age of 16, compared to the older and more undemocratic system, where it took place when students were around 11-12 years old.

In addition to education, one of the leading dogmas in Finland is international competitiveness. The way it has dealt with recession has been acknowledged internationally and the country's competitiveness globally has several times been ranked best by the World Economic Forum (cf. Nyyssönen, 2007, 31). According to present points of view it is considered that depression is a Schumpeterian creative destruction to construct something already new. Finland did not need IMF policy guidance –although even this was expected during critical years. Even here we can question the criteria of competitiveness, but the direction seems clear.

Along with the other Scandinavian protestant countries and with countries such as New Zealand, Singapore, Switzerland and the Netherlands, Finland is one of the least corrupt countries in the world. Finns have also tried to promote their openness and transparency in the European Union. Finns are strict, and no doubt one needs not pay bribes to get through bureaucracy. However, the point is more complicated than it would at first seem, as in the English-speaking world corruption refers also to general rotting and rottenness. When expressed sarcastically: if one corrupts all the time one does not have to pay bribes

when in immediate trouble. Finnish political culture recognises unofficial behaviour and contacts usually known as «good brother» networks, which operate between influential citizens, and sometimes the line is drawn regarding public relations and sponsoring. The topic recently came to the fore after a donation case in an election campaign. In spite of formal legality, the case became morally problematic when it was publicly revealed that the Prime Minister promised to favour his donor's, a businessman, construction application. Politicians should publish donors' names but due to the lack of formal sanctions they usually remain unknown. Since Autumn 2008, all donations worth more than 1000 euros have to be made public (Helsingin Sanomat, 10 September, 2008).

NETWORK SOCIETY AND ITS CRITICISM

Finland has recently become famous as a 'model' due to Manuel Castells and Pekka Himanen (2002). According to them, Finland could be an alternative to the ultra liberal Silicon Valley or authoritarian Singapore, which is also a plausible future for China. These authors argued that a Finnish type society could be a success in the global market. A pioneering society would combine both market and governmental changes stated above (Suomen Kuvalehti 19/2004; 21/2004). Himanen and Castells took small income differences

as their starting point: the gap (Finland 3.6) is almost three times higher in the US (9.0) and Singapore (9.6), and also less when compared to the average in advanced economies (5.8). They also listed many challenges that Finland has to face, such as how to renew the old industrial sector, not only the IT, or to create symbolic meanings for products, new lifestyles, as Nokia did, to restructure governance to networks, how to find new enterprises, critical business, hacker ethics or problems and vulnerability in globalisation, etc. (Castells and Himanen, 2002).

Both considered that the Finnish identity is oriented towards the future and not towards the past and suggested that a network society could even offer Finns a new identity. Emphasis on the horizon of expectations instead of on experience is understandable in the sense that as a «young» nation Finland has relatively few national traditions and therefore has only a few historical points of reference, which has made it easier to adopt international perspectives (Nyyssönen, 2008: 224). For example, in Parliament a particular future committee, the newest of the permanent committees, was established in 1993. Every fourth year it prepares a reply to the government's strategy paper, and thus concentrates on long-term political topics. The committee has dealt with questions of technology, energy, innovation, genetics, population and in general has discussed potential futures for Finland and the world in general.

Moreover, during the years 1994-1995 the concept of an information society appeared in documents of the Ministries of Treasury and Education. Since then, three nationwide strategies have been outlined, showing Finland is coping in the global economy. Over the last few years the focus has moved from networks and technology towards information as a part of everyday life, dynamic competitive services and culture. However, in many kinds of projects dealing with public resources the concept itself has become a general rhetorical slogan. According to critics, the problem is that MPs take the present global order, in which neoliberalism persists without major crises, too much for granted, and the aim is securing Finland's international competitiveness within this framework (Patomäki, 2007: 188).

In addition, several years ago the state launched its own productivity programme. In principle, it continues to sustain the idea of 'lightening' the burden of the state and the administration: in 1997, the number of provinces was reduced to five and a municipal reform is on the way. According to the new productivity programme, in 2005-2011 the staff of all governance sectors should be reduced by 9600, and another 4800 in 2012-2015. The project deals with all sectors working for the government, and tries to make the state bureaucracy more attractive and efficient through rationalising and using modern technology. One departure point refers to helping the public

sector cope with challenges relating to the ageing of the population, which particularly in Finland is increasing rapidly, and in this regard will be the top ranked country of the EU in less than ten years. It is argued that rising costs, i.e. debt and taxes, are limited alternatives, due to the goal of maintaining international competitiveness (*Alivaltiosihteer*i).

Finland and the Finnish state have no doubt been trained to a great extent according to the dogma of international competitiveness. In Sweden and Finland, active labour force as a part of population has traditionally been highest and at present also tops the EU average. The EU aspires to attain a 70% by 2010, whilst Finland has defined a goal of 75%, so that in the future three out of four people should be in the labour force (Nyyssönen, 2007: 34-35).

There is no clear definition regarding productivity, but it seems quite clear that in the future more and more should be obtained by fewer and fewer – and older people. The price is high, as present practices resemble Koselleck's irony of Kruschev's horizon of communism: when the horizon is attained it has already disappeared. For trade unions the nature of the project is contradictory as there is a threat of concentrating only on reducing personnel instead of in finding real solutions for increasing productivity. In the long run, this stretching out of both the system and personnel is of course unsustainable and there are already signs of this both at the physical and mental levels. In Taylorism, the dividing line between

the world of necessity and the world of freedom was clearer, whilst now employers expect a combination of entrepreneur's innovations and increased time control. This situation is also new in Finnish universities, where there are now 1% more teachers than in 1985, but also 70% more graduates (Siltala, 2007: 368).

In spite of growing prosperity there is an impression of a persistent recession and lack of public resources. Strikes are rare: from 1991-2004 as many days were spent on strikes as in 1986 alone (Siltala 2007, 583). In the network society life and work seem to be a flexible and productive project or policy, since value is measured only in the market. Nowadays holidays are no longer simply a holiday, as during that time around 40% of Finns keep their mobiles switched on or read their business e-mails. According to historian Juha Siltala, we are moving from the golden era of the 1970s and 1980s to an iron era. Work as such has changed, but in countries like Finland or the United States only around 10% could actually work independently in the information society, where policy is distinct or extinct. In other words, these new technologies have not set us free. Referring to present policies Siltala ironically asks: What is a deaconess' responsibility for ensuring a profit for her bosses? (*ibid.*, 111, 240-246, 368).

Mobile phones and networks have no doubt contributed to increasing productivity or dynamism, but in the final analysis they are only a means to

an end and not the goal itself. In the information overflow we need guidance and face to face contacts instead of saying «just check on the net». The school massacre that took place in Jokela, Southern Finland in November 2007 is a symptom of what Finns now also have to deal with, as it happened in their own backyard and not somewhere in the United States². Himanen's hacker ethic might do for the young and single, but polity cannot be organised only on the basis of the «bold and beautiful».

Finland has recently moved from a Keynesian welfare state to a state based on Schumpeterian ideals of competition. Although during the recession the costs of the public sector were the third highest in Europe, at the turn of the millennium they were already below the EU average. In 2008 it was revealed

² Unfortunately, I have had to add another footnote, as on 23 September, Finland once again made headline news around the world: a student shot 10 students and then himself in a small municipality of Kauhajoki, following a situation almost identical to that of Jokela. Finns have had a rude awakening: even if there are dents in the competitiveness, resources must be found for children's and youngster's mental welfare, wrote editor in chief Reetta Meriläinen in *Helsingin Sanomat* on September 24. It seems that the Internet has not only developed a new mode of communication but also a whole new world of solitude and one-sided communication. The quiet Finn has been a stereotype noted by foreigners, the best known being Bertold Brecht in the late 1930s. A few years ago Nokia even advertised mobile phones by means of an ironic commercial that said «Finns could talk more».

that most allowances maintained their 1995 level, whilst average prosperity and living costs had risen many times (Helsingin Sanomat, 27 April, 4 May 2008). In other words the welfare state has been frozen in time in many ways since the rainbow government came into power. It has no doubt been a political choice, and now the country is compared to Britain and Italy and not to Scandinavia and Germany. At present one out of four people working in the public sector lack a permanent contract.

In the network society nothing seems to be enough. In October 2004 the Centre for Finnish and Business Policy Studies published a report where it is argued that real change has only just begun. The 21st century will be totally different from the 1990s, and therefore taxation, income policy, education, the public sector, etc., have to change (Nyüssönen, 2007: 44). The same line of thought was continued in the comments on the Nordic 'model' (2007). Banker and commentator of the study, Björn Wahlroos, contends that scholars hang on to a 'model' that hardly exists anymore, whilst actually what looms in the horizon is an Anglo-Saxon 'model'. The report recommends increasing productivity, particularly in the public sector, and assumes that because their needs have been relatively met Finns do not recognise the need for a change (Kauppalehti, 14 December, 2007). In the spring of 2008 representatives of Finnish employers expressed that the era of the collective income

policy is over and that in the present global framework it is too rigid. On the basis of mutual discussions, trade unions are looking for new broader modes beyond the trade union level. However, the future is uncertain.

LOW PROFILE FINNISH STYLE

The country is now richer than ever, more open and efficient, but also more unequal and cruel than in the 1980s (Heiskala, 2006). According to Raija Julkunen, in Finland the biggest cuts in public spending implemented in Western Europe, or even the whole Western world, were carried out in normal times (2001: 253). How was this possible without major unrest, riots or new populist movements?

In Finland, the state has represented something good for many citizens. Hegelian tradition has been strong and due to this experience it was relatively easy to add international competitiveness to this continuum, as a new form of a struggle for existence. Also, a long time ago a compromise – oriented politicking gained the upper hand. The impression is that the opponent will be met after the following elections and that the winner-takes-all policy leads only to political countermeasures.

Thus, typically for Finland, in the early 1990s important political questions were introduced as technical questions and by civil servants, mainly by the Ministry of the Treasury. In this sense it differed from Sweden, where

the Prime Minister himself introduced budget cuts in the political agenda. This may even reveal something deeper about political culture in Finland, as for example a scholar has pointed out that, unlike Poles, Hungarians and others, Finns have not assumed a high political profile regarding defense matters. One could say that this is keeping a low profile, or Finnish practical sense. In Finland, neo-liberalist policies were implemented for state reasons and in order to save the welfare state. Hence, instead of political philosophies Finnish neo-liberalists focused on medical metaphors that spoke of curing the patient embodied in the state.

It is perhaps no exaggeration to say that Finnish elites are at one with each other, and that they will discuss matters among themselves. Part of this style is frequently described as a process in which elites at first agree on a topic and then advertise it as the only alternative for the people. This, usually called a «rhetoric of necessity», is practical but also politically problematic because it limits political debate and alternatives to technical solutions and issues orders from above. For example, during the recession, the Finnish Minister of the Treasury used as a slogan «Siberia will teach you» (the same politician continued to hold office in the 1995 coalition with the former opposition). The slogan carried a stick and a carrot in the same sentence: unless you obey and do what we tell you to do, consequences will be worse. The argument is based on rational conservatism whereby the pres-

ent and the already known alternative are the best option and probably also the only one required. Indeed, when answering public opinion polls, many seemed to prefer cuts in public spending instead to debt.

However, some may have had in mind another well-known slogan: in the 1940s President J.K. Paasikivi argued that wisdom begins with acknowledging facts. Naturally, we can disagree and ask what those 'facts' finally are, but according to the Paasikivian realist school, the slogan opposed any idealistic crusade against the Soviet Union. The idea was subsequently evaluated by his successor Urho Kekkonen, for whom Finns' «national character» favours moderate solutions. Of course, ordinary citizens could not possibly be acquainted with all the complicated details of the 1990s recession, but to a certain extent they were aware that a crisis existed. I think all this might somehow explain an ultimate change of the peaceful 'model' in Finland.

For some, the present Finland is one of the most US-type countries in the old Europe, whilst others consider that its policy reflects Finnish pragmatism or limited neo-liberalism. According to Manuel Castells and Pekka Himanen (2002), Finland saved the «healthy core» of the welfare state. However, their view might only be a preliminary victory before the final defeat in a continuous competition of global capitalism. For neo-liberalists, the Finnish system retains too much social-democratic ethos. It seems the country

has not changed as much as some have requested and others have feared.

As a part of this process, for the last twenty years the Finnish state has been trained as if it were an Olympic athlete. In many senses Finns have managed to pull ahead but the fact that current references are Britain and Italy raise doubts regarding the content of the concept welfare state, at least as a model for different countries. On the basis of recent events it seems that the state is in good shape. But what about the people? Finland is wealthier than ever, but even in an economic boom an overall feeling of uncertainty has become part of the present culture of governance and power. International competitiveness is the newest civil religion, but its price has to be discussed properly. Finland continues to walk on a tightrope –this time not because of Russia but of the possibilities of a new recession and other challenges.

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