Finnish family policy at the crossroads? The financial crisis and its repercussions on state support for families with children

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Abstract

As a member of the Nordic welfare model, Finland has been acknowledged internationally for its encompassing and empowering family policies. During recent years, however, sluggish growth high and persistent levels of unemployment as well as incremental austerity measures have undermined the economic security of families, notably single-parent and multi-child families. One example of such austerity measures is the cuts in child benefits being announced by the government in their so-called structural reform package in March 2014. In this paper, we analyse the development of family policies as well as government discourses on the role of family policy in Finland since the outbreak of the financial crisis. The aim of the paper is discuss the (changing) role of family policy in Finland against the backdrop of the financial crisis and the ways that family policy as a whole is legitimated on the political arena. We argue that although the development of Finnish family policy during the 2000s has been characterised by several piecemeal improvements of transfers to families and expanded family leaves, we are today witnessing a shift in family policy that are likely to challenge the notion of Finland as a beacon for a ‘Nordic’ family policy model.
Introduction

Finland has often been considered a member of the Nordic family policy model (Bradshaw & Hatland, 2006), the dual-earner model (Korpi, 2000) or the individual model (Sainsbury, 1999). It has been acknowledged internationally for its encompassing and empowering family policies. Some of the main features that have rendered Finland international recognition are the low degrees of family poverty and a free education system that has proved efficient in international assessments like the PISA evaluations. But Finland is also known for its high levels of female employment and its prominence in terms of gender equality. Similar to other Nordic countries its social protection scheme is based on individual social rights, which in combination with a system of single taxation, has enabled the emergence of dual-earner families. Moreover, the Finnish family policy model consists of a relatively comprehensive system of income transfers and a universal coverage of public services for families (Forssén et al., 2008).

As a policy field, family policy is shaped by many factors, such as changes in the overall economic system, changing social needs, influential ideas as well as political or ideological factors (Montanari, 1994). The focus of this article is placed on how such factors interact on a political elite level, how they become contested and negotiated on the decision-making arena and what the outcomes are in terms of family policy. To study such processes gives us not only valuable insights into the core of policy-making, i.e. how policy comes to be and how it is (re)negotiated, but it also how what role political factors, ideas and values relating to the family play in such processes.

In this paper we discuss some recent development in Finnish family policy as well as the ways in which family policy as a public concern has been renegotiated on a political elite level. Notwithstanding its glorious past and its achievements in terms of family support, we argue that Finnish family policy is today stands at the crossroads and that the current policy changes being made are likely to lead away from the principles of a ‘Nordic’ family policy model. This argument is based on an analysis of the patterns and drivers of recent family policy changes as well as readings of government programmes underpinning these changes. We also argue that although the financial crisis, which in Finland’s case started in 2009 and has continued ever since, has played an important role for the ongoing policy changes in family policy and also in other fields of social policy, this is not the whole story. We believe that also party politics as well as the influence of dominant ideas play a role here, and that the financial crisis created a momentum for reform that the current government has not been idle to use. As a consequence some of the main principles of Finnish family policy are currently
becoming renegotiated, which in the long run will mean that the ‘Nordicness’ of the model is fading away.

The rest of the paper is structured in the following way. In the next section, we discuss the origins and developments of Finnish family policy up till the 2008/2009 financial crisis. Then we go on to an analysis of the patterns of family policy change that has occurred after the outbreak of the crisis and discuss to what extent these changes can be seen as consequences of mounting economic problems in the face of the crisis and what other drivers of change can be identified. In the final section we sum up the paper in a number of tentative conclusions as well as a discussion on what the future may bring.

**The Finnish family policy system – origins and developments until the 2008/2009 financial crisis**

Traditionally the main objectives of the Finnish family policy system has been to redistribute family incomes both horizontally and vertically, and to facilitate high (female) employment through investments in public day care (Hiilamo, 2002). According to the Finnish Ministry of Social Affairs and Health (STM, 2013) the aim of Finnish family policy today is “[t]o create a safe environment for children to grow up in and to provide parents with the material and psychological means to have and raise children” (Ministry of Social Affairs and Health, 2013, p. 3).

Despite the fact that the Finnish system is often referred to as a ‘Nordic’ system (Bradshaw & Hatland 2006) it is in fact not as identical to the Scandinavian systems as one could think. For instance, the system is something of a jigsaw puzzle when it comes to different principles for income distribution or policy motives, notably the parental allowance system (Lammi-Taskula & Takala 2009) and the home care allowance for small children (Hiilamo & Kangas 2009). Moreover, the system evolved quite late compared to the Scandinavian countries. Although universal child benefits were introduced already in the late 1940s, the Finnish family policy system was not fully developed in a ‘Nordic’ sense until the Early-1990s (Anttonen & Sipilä 2000). In spite of such differences the Finnish family policy system has mostly been placed in the same category as most other Nordic countries, since it has been fairly successful in facilitating female employment and given rise to a dual-earner family model with low levels of child and family poverty (see table 1).

[Table 1 somewhere here]
In the dawn of Finnish family policy poverty alleviation played a central role alongside population policy objectives. According to Hiilamo (2002) the start of modern Finnish family policy can be placed sometime in the Mid-War period, when the state started to raise concerns about the slow population growth and the widespread poverty that existed among labour-class families and farmer families. As a consequence a number of needs-tested family transfers to poor families were introduced in the late 1930s. In the post-war period, however, the focus of Finnish family policy shifted rapidly from the idea of poor relief towards an idea of income equality through massive investments in income protection and transfers to families. The introduction of universal child benefits in 1948 was a first huge step towards a comprehensive income transfer system for families with children in Finland. The previous benefit systems, such as the maternity benefit (1937) and the family benefit (paid in kind) to poor families (1943), had all been means-tested and directed to the poorest families with children. In 1947, as a part of the wage negotiation process, the Finnish government compelled employers to pay a bonus to employees with children, the so-called family allowance system. This system, which bore close resemblance to the idea of the continental breadwinner model, was popular among employers and salaried employees, but was criticised for not attending to the social needs of the agrarian population. As a compromise, the universal child benefit was introduced in 1948. This meant that family policy became a separate policy area within Finnish social policy and that state expenditures for families started to increase in a rapid pace (Hiilamo, 2002).

Since the 1940s, the child benefit system has remained somewhat of a corner stone in Finnish family policy. It is paid for every child under 17 years and is not taxable or means-tested. It is supplemented by a non-taxable maternity grant to be paid as a lump sum payment or as a maternity pack containing childcare items. For almost a decade, these two transfers constituted the only forms of income protection for families with children alongside a general tax deduction right and some other tax reliefs. The next wave of family policy reforms came in the 1960s when the parental insurance system was established in 1963. This system compensated mothers for lost incomes due to pregnancy and delivery and gave mothers the right to maternity allowance during maternity leave (54 working days). Another policy innovation in the 1960s was the earnings-related special child benefit paid (in 1961-74) to one-parent families and families with disabled or sick children. The universal child benefit system was also reformed in the early 1960s when ‘scaled’ child benefits were introduced (1962). This reform, the so-called child benefit premium, entitled subsequent children to
higher child benefits and had an ambition to compensate large families for the child-rearing costs. It also included some demographic objectives as the scaling of benefits was believed to have a positive stimulus on the overall nativity. During the decades to come, the parental leave system was gradually improved; the period of paid leave for mothers were lengthened and supplemented by a paternity leave in 1985 (Hiilamo, 2002).

In the 1970s, the issue of public childcare services came to the fore of the Finnish family policy debate. Among women’s rights organizations claims were made for publicly funded day-care services in order to enhance gender rights and to facilitate labour participation of mothers. This led up to the enactment of the Child Day Care Act in 1973, which guaranteed all children the right to day care. It gave families – at least theoretically – a universal right to day-care services, although did not altogether meet up to this expectation and since violated the principle of universalism as the intake was largely based on parents’ capacity to pay for the care (Anttonen & Sipilä, 2000). The demand for an extension of public childcare provision was highlighted once again in the early-80s as the system of child home care allowance was introduced on an experimental basis. In 1985 the law on Child Home Care Allowance was passed as a part of a bigger policy package that reinforced the principle of universal public childcare and gradually extended the rights for parents with children under three to either use public childcare or to receive home care allowance. This so-called subjective social right to childcare came into force in 1990 (Hiilamo, 2002), and was expanded to all children under school age in 1996.

The duality between public childcare provision and subsidized home childcare is something that constituted a unique characteristic for Finland. It represented a political compromise between Social Democrats and some of the Conservatives and Liberals advocating the interests of white- and blue-collar mothers, and the Centre Party and the Left-wing politicians advocating the interest of farmers. When the question of public childcare for working mothers was raised in the 1970s, the Centre Party responded by claiming that the state should also support farmer mothers in the form of ‘mothers’ wage’, compensating mothers and wives for the work and childrearing they do in their homes. This duality of family ideas, and the political compromises underpinning it, has continued to play an important in Finnish family policy ever since, and it has been reflected in everyday life as well as in politics as a freedom for parents to choose the form of childcare they believe to be best for them and their children (Hiilamo & Kangas, 2009). In practice the home care allowance meant that one of the parents could stay at home with a child until the child became three years of age without endangering her/his employment contracts.
By the mid-1990s, the Finnish family policy system had evolved into a relatively extensive and ‘de-familising’ system of family transfers as well as a vast provision of public childcare services and publicly supported child home care. This system was not only efficient in facilitating parents’ participation in paid work, but did also serve as a route out of poverty for the vast majority of Finnish families. For example, in 1995 Finland’s child poverty rate was among the lowest in the world (Forssén et al. 2008). However, in the early 1990s this positive trend was put to halt by a severe economic recession. In the face of mounting economic problems, soaring unemployment and skyrocketing public debt, the Centre-right government of Prime Minister Esko Aho and the subsequent ‘rainbow’ government led by the Social Democratic Prime Minister Paavo Lipponen, started to pursue cost containment which also included a number of major welfare reforms and direct cutbacks of transfers to families.

Interestingly the priorities of these two governments differed a lot in terms of what areas of social policy, and also family policy, were made target for cutbacks. While the centre-right government focused on, among other things, cutbacks in earnings-related transfers to families, such as parental insurance allowances but refrained from making cutbacks in basic transfers to families (such as child benefits, that were even raised), the Lipponen government pursued also cutbacks in basic transfers at the same time as it invested in the extension of public childcare provision and early education. As noted above, in 1996, one year after the Lipponen government rose to power, the individual entitlements to public childcare (the subjective childcare right) was expanded from children under three to children under seven. The basis argument behind this reform was to increase mothers’ labour market participation and to enhance gender equality. In many ways it can be seen as a reform that was conducted under the influence of EU recommendations to increase parental employment, and it was also in line with the so-called social investment ideas that had started to gain influence within European Social Democracy in the 1990s (Giddens, 1999).

However, the system of childcare fees soon became an obstacle for an effective inclusion of mothers in the labour market, since the progressivity of the fee system was considered to have a non-incentive effect on mothers’ labour market behaviour. In order to diminish the negative incentives, the fee system was reformed in 1997 by removing the income boundaries and ceilings of the system. Instead the fees for day care were hence fort calculated directly on the basis of parents’ incomes relieving low-incomers from paying a fee altogether (Hiilamo, 2006). On the whole, however, the municipalities had succeeded quite well in providing families with day-care places. In 1999, when the availability of day care was investigated, the majority of municipalities were able to provide a day-care place for children
in need of service. There was, however, still a shortage of day-care places in about 26% of the municipalities (STM, 2006). In 2006, 64% of 1-2 year old children were cared for in their homes, whereas the corresponding share of children aged three or more was 36%. Roughly half of the children under school age were in public day care whereas those in private care amounted to ca 4% (STM, 2006). In order to ease the pressure on the public childcare system also a private childcare allowance was introduced in 1997, which gave parents the opportunity to hire nannies or put their children in privately managed day care facilities. These reforms that can be seen as important steps in the direction of a social investment paradigm were topped up with additional investments in early education and an paternal leave. In 2001 a system of early childhood education (Esikoulu) for 6-year-olds was introduced and in 2003 the paternal leave was lengthened by 12 weekdays to 30 days guaranteeing the right to a full ‘daddy month’ under the condition that the father uses a part of the parental leave (Hiilamo, 2006).

However, the cutbacks made in family transfers during the 1990s had its effects on the economic situation of families, not only because of the direct cutbacks, but also because of the fact that these transfers were not adjusted in relation to inflation for over a decade come. Moreover, the situation was aggravated by the fact that many parents got unemployed and that also unemployment benefits had been cut during the recession. As a result the replacement rate and real values of family transfers slumped and many households now became faced to poverty. It has been estimated that the real value of income transfers to families with children declined by roughly 15-19 per cent during the period 1990-2002, depending on the way of calculation (STM, 2006). Accordingly there was a sharp increase in child poverty rates during the early-2000s as a consequence of this and also the number of children being taken into custody increased, which can be related to growing economic problems of families (Lammi-Taskula 2009).

In order to curb these tendencies in the social situation of families, the Centre-left coalition that rose to power after the parliamentary elections in 2003, launched a series of ‘poverty packages’ that aimed at curbing poverty among families with children through piecemeal improvements of family transfers, such as higher child benefits, home care allowances and higher child benefit supplements for single parents (Kuivalainen and Niemelä 2010). This government also pursued a reform of the parental insurance system as a major adjustment of replacement levels in the parental allowance scheme was made in 2007 (Lammi-Taskula and Takala 2009). The maternity allowance replacement level was increased (covering the first 56 days) from 70% to 90% of prior earnings. Simultaneously, also the
parental allowance was increased from 70 % to 75 % of prior income for the first 30 working days. The reform also included measures to make the use of month of paternity leave as well as the parental leaves more flexible (STM, 2006). Also the following government, the Centre-right coalition (Vanhanen II) formed after the 2007 elections continued on a similar path. Among other things, in 2009 the minimum parental insurance benefit was increased to the same level as basic unemployment benefits. Also child benefits (for the third child) as well as the care supplement of the home-care allowance and private care allowance schemes were increased. The main argument behind these policy adjustments were to alleviate the social and psychological problems of children, young people and families and to level social differences between families by improving their financial position (Government programme, 2007, p. 49).

In spite of these improvements, some observers have noted that Finnish family policy in the 2000s has characterized by piecemeal improvements of transfer systems instead of large-scale reforms in order to prevent poverty among families (Kuivalainen and Niemelä, 2010), and some critics have even argued that the overall development has been characterised by ‘structural indifference’, i.e. that politicians – although doing what they can – have more or less been forced to give in to growing income inequality among families with children (Salmi, 2013). For example, Salmi (2013) has pointed out that the overall trend in family policy during the 2010s was a trend of creeping cost containment and a systematic undermining of services to families. She points out the fact that child benefits were not adjusted to inflation and that health care services were cut during this period. It should also be remembered though, that alongside the improvements of benefits discussed above, the public sector in Finland went through several so-called productivity programs during the 2000s, which also casted a shadow on the local authorities’, the somewhat 350 municipalities responsible for the provision of public social and healthcare service, financial capacities to deliver public services, such as childcare services, basic education and health care services. This meant that also many municipalities were forced to launch cost containment programs during the 2000s that have diluted the generosity and provision of public services, for example by increasing group sizes in the primary education system and by cutting personnel within the school health care system. So, despite the improvements of the cash benefit system, parental insurance allowances and paternal leave, we can – in fact – say that there has been something like a creeping devaluation of the net value of cash benefits to families, as well as an incremental dilution of public services to families, going on in Finland during the 2000s. Nonetheless, the improvements achieved during the two Centre-led coalitions testify, at least to some extent, to a political ambition to improve the economic situation of families by piecemeal adjustments
of the basic income protections scheme for families. And it can be argued that the poverty level would have climbed much higher during the 2000s had not these changes been done (see figure 1).

[Figure 1 somewhere here]

The development of family policy and its political legitimation in times of consistent economic crisis – the Finnish family policy model at the crossroads?

By the time of the outbreak of the financial crisis in 2008/2009 the Finnish family policy system, as well as the economic situations of families, had just started to take some steps towards a stabilisation and a partial recovery from the fundamental austerity measures taken in the 1990s. As noted above, the Centre-right coalition formed in 2007 had clearly declared an ambition to curb the rising poverty trend among families through improvements of family transfers and the higher employment levels also had a positive effect on family wellbeing. However, in 2009 as the economic outlooks for Finnish economy started to look bleaker the government expressed some concerns for the soaring public expenditures.

The economic downturn will place even greater pressure than before on the sustainability of general government finances owing to the ageing population, while at the same time it will make it harder to raise the standard of living. The employment rate will drop from its current level, national debt will grow substantially and the private sector’s capability to generate economic growth could be impaired for years to come (Government mid-term policy review, 2009, p. 1).

Alongside a long list policy measures for boosting growth and productivity of the public sector the government stated that it will initiate a reform of the existing social protection system on the basis of the recommendations to be presented by Social Protection Committee (SATA Committee). The overall ambition of this committee was to find ways of simplifying the system and to enhance basic social protection and welfare to work programmes for things, unemployed and disabled people. Moreover the review stated that it will initiate structural reforms pertaining to the municipal administration and the system of local services. It also set in motion a reform of the number of municipalities (the municipal structure reform) in order to create more economically sustainable units responsible for providing basis welfare services on the local level.
Interestingly, it did not touch explicitly on the economic situation of families, save some mentions about increasing the availability of morning and afternoon activities for young schoolchildren and other services. Similarly, in the updated government programme launched in 2010, as the former Prime Minister Matti Vanhanen was replaced by his party comrade Mari Kiviniemi, the government expressed concerns for the economic situation as well as the soaring public expenditures. As a consequence it set out to stabilise public finances and to bring the share of public debt in relation to GDP down to below 60 per cent. Also this programme did not contain explicit mentions of the situations of families, although there were some mentions about the need to enhance work-family balance and to achieve higher gender equality through a reform of the parental leave system.

The Government will make efforts to promote equality in the labour market. /…/ The Ministry of Social Affairs and Health and the Ministry of Finance together with labour market organisations will draft a proposal concerning the distribution of costs associated with parenthood. They will also prepare guidelines for the development of the family leave system on the basis of proposals put forward by the Ministry of Social Affairs and Health working group (Government programme, 2010, p. 3)

The shift in political attention towards gender equality that can be observed in the Centre-right coalition during 2009-2010 is interesting in many ways. For instance, it can be interpreted as some kind of appreciation of the progress that it had made thus far in terms of improvements of the family transfer system, and that the focus now needed to be shifted towards more equal structures, and notably reforms in the parental leave system. To a high extent such consideration were the outcome of negotiations between the government and the employers in order to find more sustainable ways of sharing costs for parental leave (Lammi-Taskula & Takala, 2009). But it also represented an ambition to increase father’s uptake of family leave. In 2009 a committee was appointed by the Ministry of Social Affairs and health in order to prepare a reform of the parental leave scheme and to increase the father’s role for child upbringing. As a consequence, the parents’ rights to use parental leave were improved in 2010 at the same time as the fathers’ leave was extended to 36 weekdays. This does not, however, mean that the focus on family poverty had faded away altogether, since the Kiviniemi government reintroduced the indexation rules for some of the main family benefits (e.g. child benefits, parental insurance allowances and home care allowances), effective from 2011, in order to strengthen the economic situation of families.
Also the new six-party coalition (‘the six-pack) led by the conservative Prime Minister Jyrki Katainen, which was formed after the parliamentary elections in 2011, stated in its programme that it will continue on a path that secures equality and combats poverty. Although the programme was written in a time of sinister economic projections, it emphasises the need to stick to the principles and the virtues of the ‘Nordic welfare state’.

The Nordic welfare model, based on a high employment rate, competitive economy, equal services and care for all, has proven the best social system. It combines social cohesion with competitiveness. The Government will take a determined approach to improving the basic structures of the welfare society. The entire country will be developed, while respecting unique local characteristics (Government programme, 2011, p. 5).

In the programme the government also stated that rising inequality represents a threat to Finnish society and the Finnish way of life and that the government will act with determination to develop and reinforce the basic structures of the welfare society in order to reduce poverty and inequality of all types (p. 6). It also mentions the wellbeing of families and emphasises the role that ‘equally-provided, high-quality public services and social security’ play in this respect (p. 7). It also, however, stresses that work is the most efficient way of preventing poverty and promoting welfare and that the future success and sustainable funding of the welfare state are dependent on a high employment rate (p. 5). Wellbeing of citizens as well as a comprehensive income security and effective social and health services are seen as basic requirements for the social and economic sustainability of the Nordic welfare state (p. 95). But on the other hand the programme does not include policy claims relating to a further improvement of the basic income protection system of families, although it acknowledges the virtue of such transfers. Instead the focus for policy recommendations are put more squarely on improvements of targeted measures in order to alleviate the situation of the ‘most disadvantaged’ groups in society, such as single-parent households.

Basic social security must provide an adequate income and standard of living for everyone. Income security ensures the retention of reasonable consumption opportunities. The provision of basic social security and income security must encourage people to improve their life situation. The livelihood of the most disadvantaged groups in society will be improved. The link between basic and income security in unemployment security will be retained. The basic daily allowance and labour market support for the unemployed will be increased by EUR 100 per month as of 1 January 2012. The basic amount of social assistance will be increased by 6% as of
Moreover the programme clearly states that the best way of improving the wellbeing of families is to increase employment of parents. Therefore the programme places the strengthening of high-quality childcare services and other family-related services alongside a development of targeted transfers in the foreground when it comes to the main priorities of Finnish family policy. Moreover it stresses the importance of ‘communality’ and mutual responsibility as ways of promoting wellbeing.

The primary emphasis in the development of social protection is on improving the quality, availability and effectiveness of services and in developing benefits so as to ensure everyone’s livelihood. Social protection has its part in reinforcing communality and supporting people to improve their own wellbeing and take responsibility for themselves and for those closest to them (Government programme, 2011, p. 95).

This are interesting statements that seem to lead away from the policy pronunciations and values cherished by the earlier Centre-led coalitions, since they not envisage a further improvement of the basic income protection system for families and they tend to focus more on targeted family policy measures instead of large-scale income transfer improvements. It also seems clear that the programme revolves more squarely around a policy discourse that emphasises employment-based remedies to family-related poverty rather than a discourse that accentuates the role of policy transfers. The latter of these discourses is more traditional in a Finnish context and pertains to a preventive, or Social-Democratic or Christian Democratic, ideology emphasising state support for guaranteeing income security for families (Nygård, 2010). The former discourse, on the other hand, is more market-related, or neoliberal, in its ideological stance and accentuates (parental) employment as the best way of fighting poverty. In way it can also be seen as linked more closely to some of the ideas inherent in the social investment paradigm, for example ideas on activation and welfare provision through employment (Morel et al., 2012). This is not perhaps so surprising since it can be argued that the social investment paradigm represent a variety of ideas and discourses that originate from both old-style Social Democracy as well as Neo-liberalist debates on the welfare state. For example, active labour market policies or policies supporting mothers’ employment are seen as essential in this paradigm on how to ‘renew’ the welfare state. But such objectives can be...
framed either in a more market-positive way or in a more state-positive way. In the literature on social investments, the former view has been advocated by Giddens (1999) whereas the latter view has been advocated by Esping-Andersen (e.g. Esping-Andersen et al., 2002). As was shown in figure 1 above, we also see that child poverty rates did in fact start to decline in Finland after 2009, which can also be seen as a part of the explanation to why the focus of the government-level discourse shifted towards an employment-related poverty discourse instead of the discourse focussing on the need for further improvements of the basic transfer system.

Alongside the mentions on family policy, it should also be noted that the 2011 government programme also heavily stresses the need for actions to boost the economy and to bring public expenditure levels down. The metaphor of a ‘sustainability gap’ in public finances is used in order to legitimate measures intended to cut down costs and to increase necessary funding for the welfare state through higher employment, longer working lives and thereby also higher tax revenues.

In order to bridge the sustainability gap, steps will be taken to raise the employment rate, to prolong working lives, to increase the impact, effectiveness and productivity of public services and to strengthen the economy’s growth potential by means of taxation and through the allocation of central government expenditure (Government programme, 2011, p. 12).

It also states that it seeks continued along this line despite declining growth and increasing government debts. But it also acknowledged the need to balance the government budget and to decrease public debt through what was depicted as ‘structural reforms’ within the public sector and by committing to an overall reform of the social and health services (Government programme, 2011, p 99).

An act governing the provision, funding, development and supervision of social welfare and health care services will be introduced in order to implement the restructuring of services. Comprehensive reform of social welfare legislation will continue. During the autumn of 2011, a schedule will be drafted for the legislative revisions to be introduced during the term of this Government (Government programme, 2011, pp. 99-100)
The comprehensive reform that this is mentioned here refers to an overall restructuring of the organisation and funding structure of the Finnish social and health care system (the so-called SOTE reform). The government also continued pursuing a reduction of the number of municipalities (the municipal structure reform) that its predecessor had started. The overall ambitions behind these extensive reform packages was to reorganise the overall responsibility for the production and funding of social and health care services and to give the state more control over welfare expenditures. Another main objective has been to open up for private providers of welfare services and to create more competition between public and private interests in this field. Since the municipal structure reform was launched the number of municipalities has decreased from 415 in 2008 to 320 in 2013.

As to gender equality and parental employment the Katainen government nurtured a quite similar political ambition as its predecessor to increase the employment rate of parents (notably mothers), to develop new means of work-family reconciliation and to extend the father’s leave. One way of facilitating the balance between work and family has been to introduce more flexibility in childcare and part-time home care of children. In 2012 a committee was appointed in order to find more flexible ways for parents to use part-time home care, and the background to this committee was a growing concern that the home care allowance was counterproductive in terms of maternal employment and therefore should be reformed. Some critics of the scheme did even recommend a direct cut in the allowance in order to prevent it from becoming a ‘women trap’. The recommendations made by this committee has been responded to with some scepticism, since the home care allowance (and the principle of freedom of choice for parents) is widely popular, and strongly defended by the Christian Democrat as well as the Centre party. Due to its popularity the government refrained from proposing direct cuts or any major change in the system. Instead it proposed that the use part-time home childcare (instead of full-time care) would become more attractive to parents if the benefit amounts of part-time care were to be increased. As a consequence in 2012 the government made a proposal that the existing part-time home care allowance would be replaced by a new family policy transfer, the flexible care allowance, which took effect from the beginning of 2014. Moreover, during the budget talks in the summer of 2013, the government proposed another main change the in home care allowance system, according to which home care leave ought to be shared equally between parents in order to prevent the leave from becoming a ‘women trap’. This proposition caused a heated debate in the Finnish parliament, and the foremost defenders of the home care allowance, the Centre Party and the Christian Democrats, accused the government for wanting to take away the freedom of
parents to choose and they also considered this to be a cutback in disguise. On the other hand the government plans to extend father’s leave was not met with the same criticism. Instead all parties and also the employers saw this as a way of promoting father’s willingness to share childrearing responsibilities, and thus encourage mothers to return to working life. The result of this was an extension of the father’s leave to 54 days in 2013, and it also gave fathers a more flexible right to use the leave than before.

But the Katainen government did not only bring about policy changes in family leave and home care, it also pursued some austerity measures as an part of its overall commitment to cost containment and stabilisation of public finances. In 2012 it decided that child benefits would not adjusted to inflation during a three-period (effective from 2013). This decision was based mainly on arguments relating to economic necessity and cost containment. However, it did go unnoticed by the opposition, which criticized the government for undermining the economic wellbeing of families. From time to time the question of whether restrictions in the universal coverage of public childcare services should be made has also been discussed in Finnish politics, but this has mostly been considered too hot a potato for any party to propose direct cuts. However, in March 2014 this question was opened up during the budgetary talks, and this time the government decided to act on them. Consequently, it suggested that the individual entitlement to whole-day public childcare would restricted for families with one or parents not in employment, for example unemployed parents or housewives. Moreover, the government also raised another austerity measure, namely cutbacks in child benefits. Despite a chorus of protests from the opposition as well as the government party Christian Democrats, the government decided to cut child benefits at an amount of approximately € 7–9 per child from the beginning of 2015. The proposition was so controversial even among the governments own ranks that the Left-wing union decided to leave the government in March 2014. As a response to the massive protests against this cutback, the government proposed that a tax credit for low-income families would be introduced in order to ease the adverse effects of the cutbacks. This proposition was made during the mini-government talks under the lead of the new Prime Minister Alexander Stubb that had become elected new chairman of the Conservative Party and thus replaced Katainen as Prime Minister.

The discussion thus far can perhaps be summed up by saying that the family policy changes that have taken place in Finland during the last five years, as well as the political elite-level discourses underpinning them, tell an interesting story. As shown in table 2 these changes were at first characterised by improvements of the basic income transfers to families but then changed their character into improvements of work-family measures and an
extension of the fathers’ leave. Soon also austerity measures also joined in with the abolition of inflation adjustments in 2013. As noted above, the policy propositions made by the government during 2014 envisage at least two more major austerity measures in the form of child benefit cutbacks and a restriction of the subjective right to childcare. Drawing on the literature on welfare state reform (e.g. van Gerven, 2008; Pierson, 1996), which makes a distinction between more dramatic changes in the form of structural reforms and more modest reforms in the form of policy adjustments (or programmatic changes), most of the changes can be characterised as belonging to the latter category. Only two of the discussed reforms fill the requirements for structural reform: the introduction of the flexible child care allowance in 2014 and the restriction of the subjective right to childcare, although the latter reform is still not legislated. This means that these two reforms are the only ones that invoke changes in the main principles behind the instrument (e.g. universalism or needs-testing) or relate to an introduction or abolishment of an entire policy scheme.

On the basis of this the changes in family policies may not seem very dramatic, but then we have to remember that the decision to reduce childcare rights indicate a shift away from the principle of universalism and that it may also infringe on parents’ freedom of choice in terms of childcare. Moreover, we see that there seems to have been a trend towards targeted family measures instead of a commitment to improve basic transfers on a larger scale. Taken together these developments are suggestive, since they can be seen as evidence of an overall shift away from the traditional family policy path and an erosion of the ‘Nordicness’ of the Finnish model. It is however too soon to say anything definite about where this is going to lead, since the propositions having been made in 2014 will be decisive for whether we can talk about a paradigm shift in Finnish family policy or not.

**Conclusions and discussion**

What can we then make of all this: is the Finnish family policy standing at a crossroads, and are there evidence suggesting that we are about to witness a shift away from a ‘Nordic’ family policy model in Finland? The conclusion that can perhaps be drawn is that we are indeed witnessing some interesting changes in Finnish family policy as well as the ways that the role of the state is renegotiated on a political elite level. At first glance these changes may not seem as dramatic, but in fact they reflect a major shift in policy orientation in this area, since
they can be seen as a renegotiation of two of the most central principles of Finnish family policy. The first of these principles are the freedom of choice for parents in terms of childcare, and it can be argued that the recent ambitions to change the logic of the home care allowance indicate an infringement on this freedom. The other principle that seems to be at stake is the principle of universality, since the proposition to restrict the entitlements to public childcare can be seen as a violation of this principle.

What are then the reasons for these changes? It is clear that the financial crisis is not the sole driver of the reforms. In fact it can be argued that many of the changes would have taken place even in the absence of the crisis, since the main leitmotifs seem to have revolved around gender equality, work-family balance and employment promotion. It is true, however, that the cutbacks in child benefits have been legitimated in economical terms, but it also seems clear that the observed changes are also related to partisan and employer interests as well as influential ideas on how to come to terms with problems such as poverty. It does not then seem farfetched to assume that ideas emanating from the EU have played an important role here. As to partisan interests we can also observe an interesting difference between the Centre-led coalitions and the current conservative-led coalitions in the way that they have framed the role of family policy for poverty. Whereas the former were more strongly committed to improvements of basic transfers as well as employment promotion the latter has focussed more squarely on targeted measures as well as employment promotion. It can perhaps then be concluded that although it is difficult to relate the observed changes directly to the crisis, it seems to have created a political momentum on which the current government could act in order to renegotiate family policy in accordance with its own ideological priorities as well as influential ideas.

In sum, the observed changes reveal that something like a paradigmatic change may be going on in Finland at the moment, and that is likely to divert Finnish family policy away from the path of the ‘Nordic’ model, with universal services and generous family transfers.

References


Tables

Table 1. Different family policy models (Korpi, 2000)

<table>
<thead>
<tr>
<th>General family support</th>
<th>Dual earner support</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>A General family policy model</td>
</tr>
<tr>
<td></td>
<td>B Contradictory family policy model</td>
</tr>
<tr>
<td>Low</td>
<td>C Market-oriented family policy model</td>
</tr>
<tr>
<td></td>
<td>D Dual earner family policy model</td>
</tr>
</tbody>
</table>

Table 2. Main family policy reforms in Finland since the outbreak of the financial crisis

<table>
<thead>
<tr>
<th>Year</th>
<th>Policy change/reform</th>
<th>Type of reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Raise in the minimum parental insurance benefit to the same level as basic unemployment benefits, raise in child benefits (for the third child) and the extra supplement of the home-care allowance and private care supplement</td>
<td>Policy adjustment</td>
</tr>
<tr>
<td>2010</td>
<td>Extension of the rights for parents to use the leave + extension of fathers’ leave to 36 weekdays, raise in the housing allowance</td>
<td>Policy adjustment</td>
</tr>
<tr>
<td>2011</td>
<td>Some family benefits (e.g. parental allowances, home-care allowances) become eligible to index adjustment</td>
<td>Policy adjustment</td>
</tr>
<tr>
<td>2012</td>
<td>Raise in level of social assistance (with an extra supplement for lone parents) and housing benefits, raise in labor-market support and basic unemployment benefit, cutbacks in the provision of school health care services</td>
<td>Policy adjustment</td>
</tr>
<tr>
<td>2013</td>
<td>Child benefits no longer eligible for index adjustment (the change valid until 2016), extension of fathers leave to 54 weekdays, increase in social assistance and housing benefits,</td>
<td>Policy adjustment,</td>
</tr>
<tr>
<td>2014</td>
<td>Introduction of the flexible child care allowance that aims at facilitating part-time care/job</td>
<td>Structural reform</td>
</tr>
<tr>
<td>2015</td>
<td>Cutback in the child benefit level, restriction of subjective day care right, introduction of child tax allowance (?)</td>
<td>Policy adjustment,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>structural reform</td>
</tr>
</tbody>
</table>
Figures

Figure 1. Development of child poverty 2005-2013 (EU-SILC)

Source: EU-SILC. The indicator is defined as the share of persons under 18 years living in households with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income (after social transfers).