



Finland and the Politics of Crises

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Introduction

Finland is among those countries whose economy is still doing relatively well and, within Europe, it remains on the side of those demanding and imposing austerity policies rather than implementing and suffering the effects of the same domestically. This as such does not mean that there is no crisis in Finland. The fact that we do not see the kind of social struggles, uprisings, and resistance emerging in Finland as we have seen around Europe, does not mean that there is no discontent whatsoever.

In the light of this, we decided to look at the perceptions of the crisis in Finland. We were particularly interested in political implications that such different ways of understanding the crisis can have. It seems to us that it is this very ambivalent nature of the crisis – and of the ways in which the idea of the crisis is used; this very mobile nature of the crisis that makes it so powerful politically.

Firstly, we discuss the conceptualisation of the crisis on the national level, especially in regards to politics of responsibility and necessity, arguing that in the predominant discourse the crisis is constructed in such way that it legitimates the furthering of the neoliberalisation of the Finnish welfare system. Secondly, we examine the local implications of the crises through fieldwork in Kemijärvi, the northernmost town in Finland, arguing that the manifestations of the crisis are not so much due to the contemporary financial crisis but rather have to do with longer-term developments in both Finnish and the global economy, and also very much the kinds of changes that have happened in the politics of the Finnish state in relation to the periphery. Thirdly, we discuss the way in which the crisis is conceptualised as an external issue involving perspectives of debt, power, and morality.

1. Finland and the Politics of Crises

Finland is generally known for its relatively extensive social security and welfare system, and whatever discourse of crisis there is in Finland, it is articulated in relation to the idea of welfare. The biggest economic crisis in the history of Finland happened at the beginning of the 1990s and that depression kickstarted the process of unravelling the welfare system that had been built during the 1960s, 1970s, and 1980s. What we saw in every economic recession since the 1990s, is the continuation of the dismantling of the welfare system. Also, consistently since the 1990s, economic inequality has been growing. In the contemporary crisis as well—or in the way in which it is portrayed in Finland—the rationalization is that because the economy is not doing well and will soon be doing much worse, it will not be possible to maintain even the current level of welfare services in the future.

When it comes to responses to the crisis on a national level, during the budget negotiations this summer, Minister of Finance Jutta Urpilainen proposed a programme designed to tackle what are considered to be the causes of the crisis in Finland, namely the overall economic situation in Europe, the structural changes occurring in the Finnish industry, and the sustainability gap in public finances.¹ The European financial crisis is argued to have contributed to the necessity of introducing a programme of structural change that is outlined in *The Finnish Economic Policy Strategy 2013*. According to the Strategy, the key solution is to increase the time Finns spend in active workforce. Hence, the proposed structural changes include shorter schooling for higher education by cutting student benefits, encouraging stay-at-home parents to re-enter the workforce by cutting parental leave, and re-examining the duration and/or level of unemployment benefits and other social welfare programs so that there would be more incentive for the populace to seek and accept employment that is readily available.² In the new budget the government also allocates a large part of the cuts to the municipalities, targeting health care, childcare services, and education. In other words, everything that has traditionally formed the backbone of the Finnish welfare system is now subject to change. This further dismantling of the country's welfare system is legitimated by the discourses of crisis.

Framed with a discourse of 'economic necessity,' a Social Democratic Minister of Finance is pushing forward a programme of structural adjustments that have long been called for by the Finnish economic elite. It is no surprise then that those representing, for example, the Bank of Finland and the Confederation of Finnish Industries, drawing inspiration from the idea of 'creative destruction,' talk about the benefits that are to be gained from the crisis.³ When it comes to the welfare state, Leena Mörntinen, member of the Board of Directors of the Confederation of Finnish Industries, argues that 'the welfare state gives you the political stability to do things, and that is important. But that is based on there being something to share. [...] Economic growth comes first, and after that, we can see if we again will have what it takes to have a welfare state.'⁴ On the liberal Right, there is an idea that, on the one hand, the welfare state creates political stability, but on the other hand, it creates a sense of safety that reduces people's willingness to take risks. There is thus a kind of tension between the wish for what the crisis potentially enables (i.e. the subjectification of

1 Finnish Broadcasting Company, 'Interview with Jutta Urpilainen,' August 7, 2013. <http://areena.yle.fi/tv/1969466> (Accessed August 13, 2013).

2 The Finnish Ministry of Finance, 'Julkisen talouden kestävyys ja rakenneuudistukset: Talouspolitiikan strategia 2013' ['The Sustainability of Public Finance and Structural Change: The Economic Policy Strategy 2013']. http://www.vm.fi/vm/fi/04_julkaisut_ja_asiakirjat/01_julkaisut/02_taloudelliset_katsaukset/20130531Julkis/TS_raportti_Vartia.pdf (Accessed August 13, 2013).

3 Finnish Broadcasting Company, 'Interview with Björn Wahlroos,' August 30, 2012.

http://yle.fi/puhe/ohjelmat/politiikkaradio/wahlroos_ratkaisisin_eurokriisin_kahdessa_3683.html?ref=leiki-pu (Accessed August 12, 2013); Finnish Broadcasting Company, 'Interview with Leena Mörntinen,' June 7, 2012.

http://yle.fi/puhe/ohjelmat/politiikkaradio/eurokriisi_ja_suomen_kilpailukyky_2927.html (Accessed August 12, 2013).

4 Finnish Broadcasting Company, 'Interview with Leena Mörntinen,' June 7, 2012.

http://yle.fi/puhe/ohjelmat/politiikkaradio/eurokriisi_ja_suomen_kilpailukyky_2927.html (Accessed August 12, 2013)

people as risk takers and entrepreneurs) and the possibility that people will not direct their energies towards the creation of economic growth but towards something else (i.e. the danger of social and political instability).

The discourse on the Left is one of reluctantly having to make difficult but, nevertheless, absolutely necessary decisions. The Finnish Left has bought into the discourse of economic necessity and the way in which the situation is being framed, i.e. that *everyone* will have to bear responsibility and *everyone* will be hurt by the difficult times ahead. There is a demand for unity and sense of responsibility in the face of the crisis. Yet, the call for everyone to take responsibility for the situation obscures the fact that the political decisions being made affect the distribution of wealth unevenly. As such, the discourses of crisis, responsibility, and economic necessity function only to legitimate policies that the Left has thus far opposed, to the extent that they themselves now drive those policies. What these discourses also (re)produce is a certain order of intelligibility within which Finns are encouraged to understand the crisis, and to subscribe to a regime of truth about the crisis that, through 'responsibilisation,' involves their pacification also.

When looking for counter-discourses or manifestations of resistance, what is quite evident in Finland is the inability of the traditional Left to offer any alternatives. One channel through which mass discontent has been expressed during the past years, is the rising popularity of populist and xenophobic *Finns* party (formerly known as *True Finns*) which gained a massive win in the last 2011 parliamentary elections, gaining 19% of the votes and becoming the country's third largest party. The popularity of the Finns party can partly be explained by the way in which they have been able to mobilise various forms of discontent in the Finnish society. Those who have been disappointed with the traditional leftist parties have turned to the Finns, as have those holding anti-Europe and anti-immigration sentiments. Furthermore, those who traditionally supported the Finnish conservative/right-wing party, but felt that it turned too liberal and abandoned its conservative values, now feel close to the Finns too. Hence, the Finns party and the social movements surrounding it are a curious combination of different forms of discontent.

When it comes to discontent that does not express itself through the process of representation, things have been relatively quiet in Finland. The kinds of social movements that have been happening elsewhere in the past years - Occupy, for example - have not received the kind of broad-based popularity as they have in many other countries. There was an Occupy Helsinki camp erected across the street from the House of Parliament between October 2011 and June 2012, for example. However, what is distinctive of Occupy Helsinki, is that it lacked the kind of local focus that both Emma Dowling and Michael Hardt pointed out in their lectures as characterising many of the other protests around the world. Whereas in London, for example, Occupy was supporting the student action as well as actions to defend health services, welfare, education and employment, Occupy Helsinki's Initial Statement made no national demands. While there certainly was a sense of urgency to the protest, it was rather a sign of solidarity with those struggling elsewhere, and an expression of the need to find an alternative to global capitalism in general.

During the Summer School, a question was raised about the conditions of possibility for the emergence of new forms of organisation and democracy. In the Finnish context, one condition prohibiting the emergence of such new forms of organisation has been the strong tradition of the tripartite system where wages and conditions of work are decided on the national level between the labour unions, the employer unions, and the government. Although the tripartite system officially ended in 2008, it is considered to be one of the most important reasons for why there has been so little social unrest in Finland during the entire post-war time. Isabell Lorey spoke in her lecture about the way in which Occupy, for example, terminates the social contract that blocks agency in order for other types of social organisation to emerge. In Finland, the crucial point has been that because of the tripartite system where the unions are so intimately tied to the government, the social contract has been perpetuated through the organisation of labour. However, it will be interesting to see what happens if unemployment rises significantly, as then the organisation of labour will lose

its significance as a means of perpetuating the social contract, possibly creating the kinds of conditions that have already given rise to new forms of organisation elsewhere in Europe.

2. Case Study: Kemijärvi – A Town in Crisis?

The empirical part of our team's research took place in Kemijärvi, a town of about 8.000 inhabitants in Eastern Lapland, close to the Russian border. From what Kemijärvi has experienced during the last ten years, it is easy to name it a 'town in crisis.' During the last decade the town has gone through an extreme structural change in terms of economy and demography. This summer the town was warned that if the key figures of the municipal economy do not improve soon, the town will be given the official status of a 'crisis town.'⁵ The naming and shaming that has become a widespread practice in the EU also takes place nationally. Referring to what Michael Hardt said in his lecture, and as mentioned earlier, we could describe the subjectivity produced by the crisis most present in Finland as the 'responsibilised' subject. For example, the Finnish PM Jyrki Katainen repeatedly emphasised how, in a crisis, it is most important to stay responsible in action and be able to make tough decisions.

We conducted a small research on Kemijärvi in June and July 2013 to find out whether the town was indeed in crisis and if so, in what kind of crisis. We also wanted to know if the town and its people have shown persistence in the face of hardships. First, we got a local view from outside: a questionnaire was handed out to students who stem from Kemijärvi but do not live there anymore. Second, two interviews were conducted with local residents of Kemijärvi. Other methods included the observation of the town's public life, and the analysis of local as well as regional newspaper articles.

The results from the questionnaire and the interviews are clear: Kemijärvi is in crisis, firstly in an economic, secondly in a demographic sense. The town's industrial performance has terminated after comparatively big factories—Orion (pharmaceutics) in 2002, Salcomp (chargers for mobile phones) in 2004, and Stora Enso (pulp factory) in 2008—have closed down, leaving hundreds of people unemployed. Due to structural change in the job market and a gendered labour policy,⁶ many were not in a position to re-employ themselves. This caused an accelerated migration to other parts of Finland; the loss of inhabitants weakened the town's tax base, forced small firms to close down and affected the general atmosphere. Social problems culminated in harsh conditions.

On the other hand, and surprisingly so, the town showed a high degree of public and social activities during our research period.⁷ On this level, there seemed to be no sign of crisis. The driving force behind these efforts to render Kemijärvi as a 'town of events'⁸ appear to be the entrepreneurial interests of the locals. As mentioned in the discussion after our presentation, people in Kemijärvi seem to be conditioned to affirming the town's 'eventist identity', much like the Sami people who are made to live out their culture through tourism. Everything else is, or appears to be economically impossible.

5 Marja Hannula, 'Kriisikuntavaroitus Kemijärvälle' [Crisis town warning for Kemijärvi], *Lapin Kansa*, July 14, 2013, 4.

6 Suvi Lyytikäinen, 'Valtio tuli väliin – Rakenteellisten toimenpiteiden vaikutukset työelämän sukupuoli-segregaatioon Itä-Lapissa' [The state intervened – the effects of structural measures to the gender segregation of working life in Eastern Lapland], accessed November 4, 2013, <http://www.lapinletka.fi/media/Selvitys%20Itae-Lappi%20Suvi%20Lyytinen%202013%20taitettu.pdf>.

7 Weekly events, from Midnight Sun Rowing Festival to Pike Week, International Woodsculpting Symposium and Schlager Festival, drew a diverse and numerous audience: locals in their holidays, people from neighbouring towns, tourists. See 'Kesätapahtumien kultaaikaa' [The high times of summer festivals], *Koti-Lappi*, July 4, 2013, 4. Olli-Pekka Salminen, 'Tapahtumien Itä-Lappi' [The Eastern Lapland of events], *Koti-Lappi*, July 18, 2013, 4.

8 'Kemijärvi – tapahtumien kaupunki' [Kemijärvi – a town of events], Municipality of Kemijärvi, accessed November 4, 2013, <http://www.visitkemijarvi.fi/>.

Regarding the question of persistence in response to the crisis, the respondents' and interviewees' answers were unanimous: resistance and persistence are displayed in a number of initiatives, be it in the fight for maintaining the night train connection, or by initiating a TV series filmed in Kemijärvi. The initiative for the preservation of pulp production facilities in Kemijärvi received a lot of support and massive media attention on a national level. Despite the sense of legitimacy thus created, in the end, the Pulp movement failed to achieve its goals. Apparently, the persistence alone will not solve the problems of Kemijärvi. More material welfare is needed.

One could draw parallels and ask whether the Pulp movement faced similar problems as the 15M movement which, as the Spanish group reported, failed to channel its potential into concrete political changes despite broad support from the population. Popularity and a lack of antagonism can be disadvantageous for a movement. On the other hand, when the Pulp movement tried to be radical and antagonistic, e.g. by suggesting to occupy the factory, it met moralist disapproval. A mechanism that, according to Isabel Lorey, can be observed regularly in Southern European countries where protesters are being accused of irresponsibility by not cooperating with the government.

Another aspect relates to geography. As Sandro Mezzadra pointed out in his lecture, the current crises have shifted geographies and reversed the centre-periphery settings. While from a European perspective Kemijärvi is a remote spot at the north-eastern periphery, from the local perspective the point of reference is not necessarily Europe, but North Calotte or the Barents region. In this arrangement, Kemijärvi is one of the few cities with access to the growing tourism potential of North-West Russia.

So, is there a connection between the experienced crisis in Kemijärvi and the European crisis? Our respondents and interviewees could not find any specific effects apart from the generally negative economic situation. While Kemijärvi is being seen as a victim of 'outside' capitalist forces (closure and relocation of factories to low-cost countries), the European states affected by the crisis - from a Finnish perspective - tend to be held responsible for their own problems. But the tone is changing in Kemijärvi: While in the beginning the official status of an 'area in a sudden structural change' granted by the Finnish state came along with subsidies and public interest, Kemijärvi is now becoming frequently portrayed as a town that simply was not persistent enough.

To sum up: despite the fact that Finland is generally presented as a model country of the Eurozone, it has not remained untouched by the European crisis. As the Swiss group showed in their presentation, the representation of a country as safe harbour amidst the wild sea of the crisis is misguided and misleading in face of highly interconnected economies. Yet, what is seen as a crisis in Kemijärvi seems to be more connected to the long-term transformations induced by neoliberal policies than to the immediate symptoms of the crisis. In this context, it is important to note that one core principle of the Finnish welfare state, namely that of equal regional development—in other words: keeping the whole country inhabited—has been abandoned, a sign of which is the plan to radically reduce the number of municipalities. Gradually Finland has joined other European countries on the path to the dismantling of the welfare state. Thus it is important to again raise a question asked during the Summer School: are the various emerging social movements across Europe demanding a 'strong state'—or are we experiencing a popular mobilisation, the aim of which is to radically change politics altogether?

3. Debt, Power and Morality

Finally, as against this long term politics of crisis prevalent in Finnish politics earlier outlined, we focus on a particular instance of crisis politics that Finland has been engaged in: the current crisis of the Eurozone. In doing so we seek to show how Finland's engagement with the crisis in the

Eurozone has been exemplary of the crisis politics that it has perpetuated within its own borders in the last decades. Through the Euro crisis we show how the Finnish response to the crisis perpetuates a certain conceptualisation of crisis already present within Finnish politics and that through the perspectives of debt, power and morality it has aided in exporting similar power-relations to the European space.

What is perhaps particular about Finland's relation to the crisis is that it stands outside of the immediate crisis zone of Southern European states, or 'austerity states.' Before the crisis Finland was one of the 'poster-boys' of European integration with a low debt-to-GDP ratio and a purported strict adherence to the rules and goals of the European project. As such one of the most significant elements of the crisis within the Finnish context is its relationship to a crisis 'outside' of itself, which it must necessarily involve itself within. Yet insofar as this is true, it enables the reproduction of, we argue, a relation prevalent in domestic Finnish crisis politics, a relation between a 'pure' and 'responsible' area and an outside that is on the contrary 'impure' and 'irresponsible' and thus requires correction.

The Finnish response to the crisis, similar to the British case highlighted by Emma Dowling, has been couched primarily in moral terms. Thus as Paul Jonker-Hoffrén has argued, it has been common in the popular press to conceptualise the crisis with wording such as 'countries that lived carelessly on borrowed money,' 'moral decay,' 'countries that handled their accounts badly'.⁹ The discourse focused on the spending of countries such as Greece and Portugal, and left out the structure of the Eurozone itself, the sources of loans that made such lending possible, and the nature of capital itself. Such moralistic interpretations of the crisis fundamentally structured the Finnish response to the Eurozone crisis. It must be noted here, however, that Finland has been at the centre of the response to the crisis alongside Germany, Austria and the Netherlands as one of the dominant Northern Eurozone states, and the Finn Olli Rehn has held the position of Vice-President of the European Commission throughout the crisis period. Taking that into consideration, its interpretation of the crisis must be seen as integral to the overall response to the crisis in the Eurozone.

One prime example of this logic is the unilateral collateral agreement between Finland and Greece in the most recent round of bailouts. The agreement, which sought to ensure that any Finnish loan to the crisis fund for Greece, was backed by a collateral – meant to reduce Finnish risk – and has faced much criticism. Described almost universally as meaningless and unworkable, what such deal belies is a moral demand not to be implicated in another party's wrongdoing, and holding wrongdoers accountable and punishable for their financial profligacy. Perhaps this entire moralistic attitude can be summed up in the close-to 'philosophical treatise' put forward by Prime Minister Jyrki Katainen on the concept of solidarity. Here, it might be worth noting that the word *solidarity* appears in almost all of the major European documents on the crisis, but is never defined. Katainen distinguishes between fair and unfair solidarity in which he interprets unfair solidarity as Finland having to bail out irresponsible countries, or having to help others, whilst fair solidarity implies that all states are 'playing by the rules'. 'Unfair solidarity,' according to the Finnish PM, is what we are currently witnessing; member states opting for lax economic policy are bailed out by those playing by the EU rules. What the EU needs, Katainen argues, is not a large scale institutional reform, but 'fairer integration.' Fairness, as he points out repeatedly, boils down to abiding by the common EU rules.¹⁰

What such politics establish at the European level is not only polarization into good and bad states, but a sense of imposition upon those states that have played by the rules. Such a feeling of imposition, which is generated through profligacy and abuses of solidarity, serves as the means through which politics of austerity can be perpetuated. Vital here is the reversal of positions that

9 <http://blogs.lse.ac.uk/eurocrisispress/2013/06/22/finland-a-tough-nordic-accountant-that-is-caught-up-by-reality/> (Accessed 12/08/2013)

10 <http://blogs.lse.ac.uk/eurocrisispress/2013/04/05/fair-and-unfair-solidarity/>

takes place; those states that are in full-fledged economic crisis are seen not as victims but as perpetrators, whilst the real victims are those states that 'played by the rules' and now have to bail out their irresponsible Southern European counterparts. Such reversal makes it possible for the 'non-crisis' states such as Finland to argue that Southern European states should not just be bailed out, but also *pay* for their bailout both fiscally and morally. In short, they should suffer for burdening their Northern European partners.

To understand this logic we turn to the work of Maurizio Lazzarato and his book *The Making of Indebted Man*, which examines the intersection between capitalism, debt and the perpetuation of crisis. For Lazzarato, capitalism functions through the proliferation of a power-relation based upon debt as the means through which capitalism is able to reproduce itself on an ever-expanding scale. Building upon this, as Stefano Harney also pointed out in his lecture, the response to the crisis has not been to abolish the debt-relation but to re-organise credit. As such, European states have injected money into the financial system to re-establish the debt power-relation, yet the perversity of this lies in the fact that 'the costs of re-establishing this relation of exploitation and domination will have to be paid for by its victims.'¹¹ Thus, the crisis appears as a mean through which capital is able to gain a tighter and more complete hold over those subjected to its operations. Yet, when applied to the Finnish case, Lazzarato's argument suggests that such debt-relation expresses itself through the proliferation of morality of debt. Here morality too functions through this double-bind, evident too often in the Finnish response to the crisis. As Benjamin argued in *Capitalism and Religion*, capitalism is fundamentally a proliferation of blame and guilt from which there is no expiation. One only becomes more guilty as in the case of Southern European states, whereby the more they ask for help the more they are held to be at fault for their situation, ultimately making salvation a remote prospect.

Yet insofar as crisis is proliferated through these politics of debt, we would like to argue that such crisis does not function through a simple inside/outside model. Rather, as we have shown previously, Finland has itself been undertaking crisis politics within its own borders, both before and during the problems within the Eurozone, whilst also exporting such politics abroad through European mechanisms. We would like to link these two instances to argue that for a politics of debt to be effective abroad, countries such as Finland must first show themselves to be good debtors through politics of austerity and fiscal contraction, along the lines of the principle that one can only blame another for what one has not done oneself.

And finally, from the perspective of the crisis of capitalism itself, there is no simple distinction between inside and outside or harbours of peace amidst the seas of chaos. As the Finnish case shows, crisis is perceived as both 'out-there' and at any moment capable of rising from within. The crisis would therefore seem to be the perpetual spectre or the completely normalised possibility that shows the very functioning of capitalism today being experienced as a permanent crisis. This was certainly true of our experience of Berlin, which as the capital city of the leading advocate of Southern European austerity, is assumed to be the heartland of European wealth. Yet, as Berlin's urban politics and a wider perspective of German welfare politics of the last decades show, capitalism fundamentally perpetuates itself through processes of uneven development. This, in turn, prolongs crisis politics within the heartland of Germany itself. How this dual nature of crisis will play out in the Finnish case is yet to be seen.

11 Maurizio Lazzarato, *The Making of Indebted Man*, (Los Angeles: Semiotext(e)), 2013.