

# Populism in the shadow of neoliberalism – the Finnish case by Jorma Sipilä

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As for populism, we speak of mass movements of adults, who feel severe dissatisfaction. They have lost jobs, money, security and undergone unfairness and insults by public and private institutions. All this has led to pessimism towards the mainstream culture and politics.

It is a historical norm that low paid workers do not love immigrants, be they domestic or foreign. The increase in the number of poor people pushes wages down and rents up. Immigration also tends to weaken the hard fight for better labour conditions. Of course, all this has happened many times before – only the context is new, favouring the growth of populism. One reason for that is that the process takes place in urban and international environment and is escalated by social media. Another change is that the experience of exclusion is more collective than before: a growing proportion of people is being defined to be mentally, physically, culturally or educationally incompetent, unskilled, or unreliable. There are always politicians ready to mobilize unhappy people. For the participants, populism is rewarding, giving hope and promising revenge.

The core of True Finns support (new populist, anti-immigration, anti EU, 'Finland for the Finns' political party... not unlike UKIP) belongs to a generation that grew up in a nation, which had found new solidarity during the Second World War and the construction of the welfare state. Politics of inclusion was in many ways particularly strong in Finland until the 1990s when the frame of the national project became too narrow for business elite. True Finns, however, are only mildly critical towards the financial elite. Why are they attacking the left? First, they have to recruit among people who because of their social status have previously given their support to the left. Second, they get backing from the failure of leftist poverty politics.

The socialist alternative has not attracted older people after the failure of communism, whereas social democrats look toothless for them. This view has gained strength since the end of 1990s when social democrats were still the strongest political party. Its right wing leaders together with the conservatives turned their back to the people, who needed basic services and basic income security. The decline of poverty policies led to losses especially among people who were dependent on universal benefits – small entrepreneurs, long-term unemployed, housewives.

Social democrats stuck to cooperate with the labour unions. Downgrading the tax rate was preferred, although this happened at the expense of the financial transfers to municipalities, which provide the basic services for education, health, and social care. This has remained the penetrating logic in public expenditure: Because of the ageing and the maturation of the pension system the employment pensions must grow. Their growth is politically well protected and so is the freezing of the tax rate, as well. When pension contributions have been decided to be counted as taxes, there is no alternative to the retrenchment of public services. Thus, the supporters of True Finns have reasons to be angry with the comrades, who do not show solidarity. As well known, they also show contempt towards the young red-greens, whose worldview is far away from that of the True Finns.

## **What will happen next?**

Will we return to the era of mass parties and democratic politics? I do not think it could happen without an international cultural revolution like that in the 1960s. Of course, such a return is possible in principle: the global financial power system is not a military fortress but a political creation that may be politically shaken. If we really wanted to solve the underclass problem, we would fade out the boundary between the middle class and the underclass. Nordic countries have shown that it is possible, to some extent. Some of them are still doing it—Finland and Sweden do not.

The major problem is that in welfare capitalism underclass alone is a small political force. To improve the position of underclass, another political force has to join and promote inclusiveness. The position of middle class is however labile; in the eyes of the middle class the existence of underclass is both useful and

problematic. It produces personal services at low cost, but it also is a source of social problems and malfunctioning in the society.

Sometimes the middle class needs political allies. In some Western countries (e.g. Greece, U.S.) the situation of middle class has worsened so much that a coalition between the middle class and underclass is more plausible than before.

I'd also like to play with an unlikely alternative. Is it possible that equality generating public policies might be accepted under neoliberalism? This sounds crazy: neoliberalism was born as an ideology of inequality. On the other hand, the powerful driver of neoliberalism is international capital.

We have an enormous amount of empirical research proving that social equality promotes economic growth and the growth of the capital. This suggests the radical conclusion that the capital should not identify itself with the personal interests of the finance folk but, for its own benefit, to demand as equal development of human resources as possible. Capital income is not maximized in the conditions of extreme inequality and lack of social investments. On the other hand, only the state can take response of universal development of human resources.

At least, it is theoretically possible that in the long run the capital and the state find common interests in promoting equality. State and capital are not strange bedfellows – if they have ever been. The state monopoly of taxation is such an attractive means to increase capital income that capital cannot stuck with an ordoliberal anti-state position. In the present welfare capitalism neoliberalism as an ideology strives to infiltrate the public sector in order to cash money into financial institutions. Does this mean that the money escapes from the citizens? Not completely, a remarkable share of capital income returns in the form employment pensions...



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