

A stylized world map composed of a grid of grey dots, with several dots highlighted in red to represent specific countries.

The Finland We Have Lost

Country Analysis in the Run-Up to the National Elections

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- On April 17, Finland elects a new parliament. But the run-up to the national elections has been overshadowed by political scandals. This may lead to half of Finland's MPs being replaced by new candidates. Finns have had enough. The True Finns, a populist party, has emerged as a symbol of change. The Left, including the Social Democrats, has lost touch with the people.
- Recent polls show that more people are likely to vote this time. This is a positive sign, as electoral turnout in Finland has traditionally been weaker than in other Nordic countries. But it may also signal the determination of the supporters of the True Finns to get their party elected and to translate promising opinion polls into real political power. The campaigning in the upcoming weeks may ultimately not make much difference, but the catastrophe in Japan is affecting the agenda, moving nuclear power and the associated risks to a prominent place. If the trends indicated become reality, Finland will experience a fundamental change.
- However, it is obvious that the final election results will usher in a period of difficult negotiations. The Finnish tradition of surprising political coalitions may continue, for the Finnish political field is fragmented. The Finns strongly support the values of the welfare state, but they may unintentionally end up voting for a government that will continue to introduce private elements to public services simply because all the parties are open to cooperation. For the Social Democrats the upcoming elections are crucial if they are to stem the downward trend in electoral support.



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1. Finland as a Nordic Welfare State

The Nordic welfare model is ranked as one of the most successful by the OECD. The key word is social cohesion. The idea of the welfare state is based on equal opportunities, social solidarity, universal benefits and security for all and it is funded by relatively high taxes. The Nordic model is also characterized by gender equality, by strong ties between welfare and labour market policy and by equal access for all citizens to social and health services, education and culture.

Yet the Nordic model does not exclude competitiveness, for it is possible to combine social cohesion and global competitiveness successfully. The Nordic countries, including Finland, are ranked highly in the World Economic Forum's competitiveness report. Finland was the second most competitive country in 2008 and is still among the top ten (World Economic Forum 2010). At the same time all the Nordic countries face the challenges of providing better care for the elderly, getting more people into work, extending working careers, maintaining the quality of welfare services, and promoting the integration of vulnerable social groups, especially immigrants.

However, there are some interesting differences between Nordic countries in terms of how welfare policies are organised and how welfare has developed recently. Finland has remained behind – although the other countries have gone through changes in their social order too.

Income inequality has grown in Finland. Those living on basic social security have fallen into poverty most rapidly among the OECD countries. Poverty means bad health, too, for not only do the poor have worse health than the rich, they also now have less access to the health care system. Nevertheless, according to statistics Finland is doing quite well in average terms of health of the population. The average life expectancy of Finnish women is 82,9 years, that of men is 75,8 years. People are still generally satisfied with health and social services and are supporting the Finnish welfare state even if the confidence in functioning social services has declined (National Institute for Health and Welfare 2010).

Health care is provided through three channels. Public health care is basically free and provided by municipalities. However, various competitive rules and procure-

ment legislation favour private suppliers at a time when municipalities' budgets are strapped. Public services are, in fact, a mixture of public and private. Because the municipalities do not have enough economic resources, preventive health care, especially among schoolchildren, has been neglected. In addition, resources that should be allocated to primary care are being swallowed up by expensive specialised health care.

The Return of the Class Society?

The percentage of people earning top incomes in Finland has increased over the last ten years. We may see two reasons for this: Finland's taxation arrangements favour the rich, while social benefits have lost their purchasing power.

The smallest monthly income benefit is about 550 € for a single person. While social benefits are generally taxed more leniently than earned income, a large number of people have lived on a very low income for years. The evaluation report of the Ministry of Social and Health Services estimates that this level is not enough to cover the costs of everyday life and that at least another 100–200 € are needed. The heavy burden of being constantly short of money is in some cases passed on from parents to children.

Unemployment has become the most serious societal problem since the recession of the early 1990s. Especially the structural hard core of unemployment, which developed at that time, has remained practically unaffected by the recovery of the economy. At the end of 2009, half of the unemployed living on basic social security had been without work for more than two years – in reality for a great deal longer than that.

Various labour reforms have been launched in order to activate and harmonize policy, but these reforms are very controversial. One may argue that instead of being a mechanism for redistributing income, the social security system has been geared towards creating new hierarchies on the labour market. Service sector jobs are poorly paid as are short-term jobs. The conditions for receiving income support and unemployment benefit have been tightened up. As a consequence, people have been forced to accept deteriorating terms and conditions on the labour market.

»The new hierarchies on the labour market have coincided with slow or non-existent growth of real wages

and with a strong growth of the share of capital income. Slow growth of real wages has kept inflation low and thus secured the value of capital. Societal development has thus progressed from equality of opportunity during the age of the welfare state towards a hierarchical social order where the majority of people face increasing constraints and where a fortunate minority enjoys prosperity and security», argues researcher Johannes Kananen (Kananen 2011).

The ideological change actually crept in earlier. Signs of a new social order appeared with the liberalisation of financial markets, the privatising of public functions and the redefinition of the role of the public sector, but all this came to a sudden halt with the recession at the beginning of the 1990s. The public sector has been plagued by productivity challenges ever since.

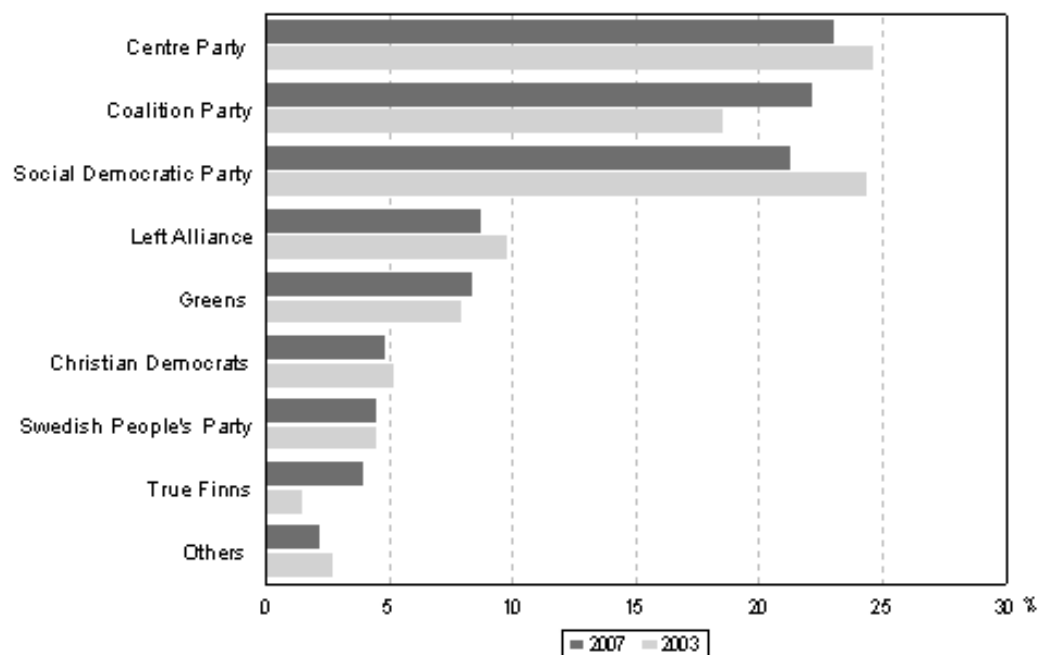
In order to balance the economy, promote stability and consolidate growth, cuts in public spending were implemented. Social benefits and equal rights were replaced with incentives and activating policy measures. The idea was good, but the result was bad. **The Social Democrats missed the opportunity to correct the direction of societal development during the years when the economy was booming.**

2. Key Features of the Finnish Political System

Finland is a semi-presidential representative democratic republic with a multi-party system. As there is no threshold in the electoral system which follows the principle of proportional representation, it is easier for smaller parties to gain electoral success. This has led to a fragmented political field with currently eight political parties in Parliament. A major political party in the Finnish context is one that garners around 20–30 per cent of popular support whereas a minor party is one supported by less than 10 per cent of the population. This explains why coalitions are needed in order to govern.

Traditionally the Centre Party (former Agrarian Party) and the Social Democrats have been major political forces in Finland. After the Second World War the Communist Party was very strong, too. The conservatives (the National Coalition Party) were kept out of governmental responsibility for ideological reasons (because they favoured a strong private sector over a strong public sector) but also because of the Soviet influence until the 1990s. Traditionally politics in Finland has been based more on coalitions than on blocks.

Figure 1. Support for parties in the 2007 and 2003 parliamentary elections (%)



(Source: Statistics Finland)

A significant change took place at the end of the 1980s when the Social Democrats and conservatives formed the so-called Red-Blue coalition. Since then we have experienced various, even surprising, coalitions. In 1995 a so-called rainbow coalition (of Greens, Social Democrats, the Left Alliance and the Coalition Party, excluding the Centre Party) came to power. During the 2003–2007 term, there was a Red-Green government from which the Coalition Party was excluded but it returned to power four years later.

In the last elections (2007) the Coalition Party made the biggest gains and was the second largest party, winning 50 of the 200 seats. The Centre Party kept its position as the biggest party and managed to send 51 MPs into Parliament. However, its number of seats went down by four compared with the results of 2003. The current government is a majority coalition formed by the Centre Party, the National Coalition Party, the Green League and the Swedish People's Party of Finland. Current Prime Minister is Mari Kiviniemi from the Centre Party, whereas the leader of the Coalition Party, Jyrki Katainen, is the Minister of Finance.

The Social Democrats won 21.4 per cent of the vote and 45 seats in parliament, a loss of eight seats over the previous elections. Of the other parties, the True Finns were the most successful, increasing their seats from three to five.

After the last elections the Social Democrats found themselves in opposition, having suffered a bitter defeat. The downturn has continued since then. In the 2008 municipal elections the Coalition Party made major gains to become the largest party in Finland, whereas the **Social Democrats took 21.2** per cent of the vote. Their losses were most significant in the big cities. Of all the parties the True Finns increased their support the most.

The most catastrophic result for the Social Democrats was the EU elections in 2009, when support dwindled to just **17.5 per cent**. However, turnout was only around 40 per cent. According to recent polls, the Social Democrats are currently competing with the True Finns for third place. Nevertheless, the margins between the four major political parties remain small. Therefore it is difficult to predict what the outcome will be and which party will win the most votes.

3. Political Participation

Electoral participation has traditionally been high in the Nordic countries, but the municipal elections of 1984 represented a turning point in Finland, and electoral turnout has remained low ever since. Unlike the citizens of other Nordic countries, Finns have lost their interest in public participation. Democracy is valued but so is strong leadership.

In 2007 voter turnout was lower (**67.9 per cent**) than at any time since the 1945 elections. Those who stayed at home were mainly blue-collar workers and the unemployed, whereas white-collar workers and people with high incomes tend to vote. This is one factor that explains the lack of success of the Social Democrats. In general, the Left has lost its capacity to mobilise people politically.

Various studies and polls conducted over the past decades have shown that Finns do not trust the political system (see, for example, the EVA's reports; the EVA is a pro-market think tank). The legitimacy of the political system in Finland is vulnerable and the political system has yet to find a way of working against the lack of trust towards its parties (EVA Attitude and Value Survey 2009). One possible reason for this might be that the strong influence of management and managerialism, based on the notion of neutral expertise, does not encourage public debate.

Unlike in Sweden, nearly all major Finnish political initiatives have been introduced by the administrative elite, normally by high-up civil servants in the Ministry of Finance. In Sweden, politicians insist on their right to take the initiative, whereas Finnish politicians are anxious about doing so. To take an example, the policy guidelines of various political parties concerning taxation are based on a working paper produced by a group of experts appointed by the Ministry of Finance.

Many researchers have argued that the political process is not transparent, and that rather than being based on communication, it is hidden and non-communicative. Problems, whether global or local, seem to be couched in black and white by political rhetoric.

The lack of transparency creates an atmosphere of mistrust, which is a key element for understanding the present political climate and Finland's populist tendencies (which may even be historical). Furthermore, Finnish

society suffers from a lack of political interest. According to a survey commissioned by the biggest Finnish Newspaper *Helsingin Sanomat*, only a third of Finns of voting age know which parties constitute the current government (2011). This could be the result of a political system in which it is difficult to trace back responsibility for implemented policies to a particular party. Strong aspirations to consensus, for example in foreign or economic policy, may even blur the perceptions over whether a party is in government or in opposition.

4. The Finnish Economy and Current Debates

Economic imperatives have become dominant over the past years. This is partly due to the EU and especially the EMU and partly due to the bad lessons of the recession, including the severe banking crisis of the early 1990s.

In 1999 Finland became one of the first countries to enter the euro area, and it has continued to take the convergence criteria seriously ever since, with government debt and budget deficits steering economic policy. Formally, the Finnish economy is in order.

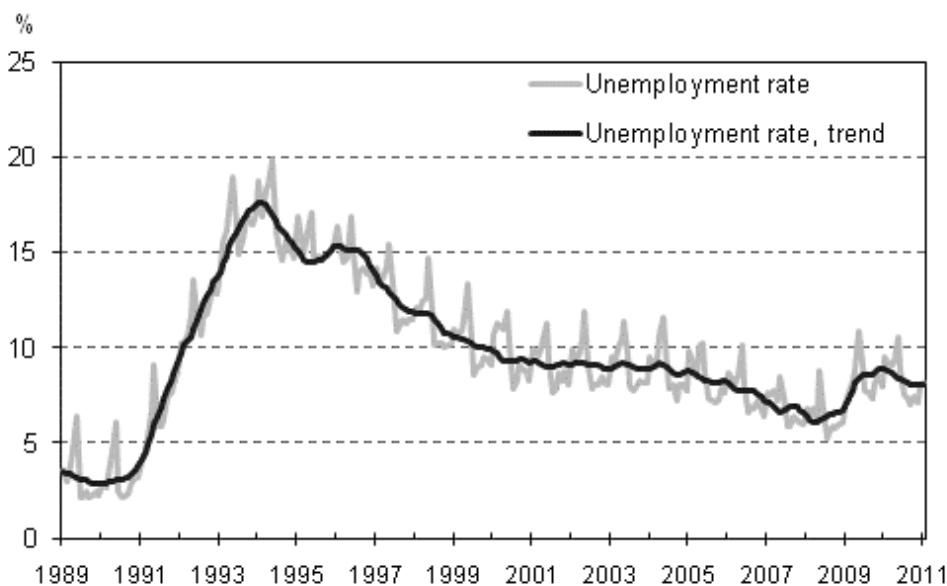
Public spending has been regulated via so-called framework budgeting. The government is on the one hand committed to its political programme, and on the

other to an annually decided framework of budgetary expenditure. Budget revenues are not included in this framework. That is why a current political issue is tax deductibility. In other words, budgetary discipline is excellent but the tax base is full of gaps. What is more, the space for political manoeuvre is very limited. **This inflexibility on economic policy is criticised by the Social Democrats with good reason.**

Economic growth in Finland was relatively high from 1997 until the financial crisis struck in 2008. As an open economy and as a country dependent on foreign trade, Finland was seriously affected by the global downturn. Compared with other EU countries, loss in GDP was significant. The GDP decline in Finland in 2009 was –8 per cent compared to Japan –5.2, USA –2.6 and the euro area –4.1 per cent.

However, recovery also came fast. GDP growth is forecast at just under three per cent for 2011, while inflation is expected to accelerate to 2.4 per cent, mainly due to changes in taxation arrangements and international price pressures for raw materials. Wages and salaries are projected to develop modestly. The deficit in general government finances will increase and become temporarily larger than the three per cent of GDP limit specified in the Stability and Growth Pact. Overall, public debt will increase between 2008 and 2012 by nearly 40 billion euros. It is projected to be around 44 per cent of GDP (www.vm.fi).

Figure 2: Unemployment rate and unemployment trends 1989/01–2011/01



(Source: Statistics Finland)

Finland, unlike the other Nordic countries, followed the recommendations of the EU Commission concerning stimulus packages to control the negative impact of the financial crisis. However, the stimulation policy adopted was carried out through tax cuts (0.9 per cent of GDP 2008), while only minor changes (0.1 per cent) were brought about in the infrastructure, and the social infrastructure was excluded entirely. **The political opposition criticised the government for being sluggish and for inadequate investment.**

Various reports and working papers have been published to study the **financial sustainability** of the Finnish public sector. Current tax rates are unlikely to yield sufficient tax revenue to finance public expenditure under the conditions produced by an aging population. It has been estimated that tax cuts have negatively affected fiscal sustainability, too.

In January 2011, the employment rate stood at 66.8 per cent, which was 1.3 percentage points higher than one year earlier. The male employment rate was 67.6 per cent and the female 65.9 per cent. The Ministry of Finance expects the employment rate to rise to 70 per cent next year. There were 215,000 unemployed persons in January 2011. **The unemployment rate was 8.2 per cent.** The male unemployment rate was 9 per cent and the female 7.3 per cent. The rate among young people aged 15 to 24 was 19.1 per cent in January, which represented a drop of 3.6 percentage points over the previous year. These figures underline how quickly the economy has recovered.

Cooperation and Consensus Strategies in Finnish Economic Policy

A very important feature of Finnish economic policy is the Economic Council. This is a cooperation body, chaired by the Prime Minister. Without making either decisions or recommendations, representatives of the government and interest groups (central organisations that exert economic influence) discuss topical issues and structural matters on a regular basis. The Economic Council also played an important role when the recession hit Finland in the early 1990s. For example, a list of cost-cutting measures for balancing the State economy was discussed and launched for public debate. Recently the Economic Council has produced reports on the pensions system, the problem of an aging population and global competitiveness.

In a small country like Finland regular cooperation has its benefits; interest groups can strengthen the information base for their own decision-making. The Economic Council is an efficient organ of government for supplying the grounds and arguments for specific issues, decisions or plans. However, alternatives are seldom publicly debated while the Council strengthens consensus for better or for worse. The political opposition is not represented in the Economic Council, which is more or less a tool of the Prime Minister.

Consensus politics has its roots in the corporative system, too. Traditionally labour partners have made agreements not only on wages but also on societal reforms, which the state – as a consensus partner – is committed to implement. The employers' organisation has, however, withdrawn from this consensus, so no centralized income agreements have been made for three years. Both the trade unions and the Social Democrats have expressed regret about this situation.

5. Public Debate – Selected Themes

The campaigns of political parties are more or less focused on domestic issues rather than foreign or security policy. Neither the operation in Afghanistan nor NATO membership are on the agenda, even though the majority of citizens is opposed to it. After the incidents in Japan, the discussion about nuclear power and the security of nuclear power plants has gained attention (*Helsinki Times* 2011). Owing to the competitiveness pact of the euro area, the EU is a topic of considerable political and media debate. In seeking a comprehensive strategy for the euro area, the government parties and the opposition are clearly divided. The opposition, including the Social Democrats, has expressed greater reservations and has underlined the responsibilities of individual countries and financial institutions, including the need for debt restructuring. The government has accused the opposition of being unpatriotic.

Compared with many other EU member states, the Finnish parliament has a strong role in decision-making on EU affairs. Parliament's positions are taken by the Grand Committee. However, the Grand Committee, by monitoring, directing and authorising the policy line adopted by the Finnish government, is a major player. Indeed the opinion of the Grand Committee is required before any proposals that affect the legislative or budgetary powers of the Finnish parliament can be adopted.

For example, the Committee has not authorised Prime Minister Mari Kiviniemi to double the responsibilities of the Crisis Fund in order to preserve the financial stability of the euro area.

»Sustainability Gap« in Finland

The Ministry of Finance has estimated the sustainability gap to be five per cent of GDP. In other words, cuts of five to ten billion euros in public spending are required.

In the Finnish media, the Sustainability Report 2009 of the European Commission and by the Ministry of Finance are constantly mentioned (Alaja 2011). However, critical voices have been heard – for example, from the Research Institute of the Finnish Economy (ETLA), which is the leading private economic research organisation in Finland.

According to ETLA, the sustainability gap is estimated to be 2.5 per cent of GDP for the period 2010–2060. This estimate is based on the 2009 population projection by Statistics Finland, in which life expectancies are higher and net migration substantially larger than in earlier projections. Another essential factor is that health and long-term healthcare costs are assumed to be dependent on proximity to death and are therefore projected to grow more slowly than the increase in the number of elderly people. The Labour Institute for Economic Research as an independent and non-profit research organisation has underlined the importance of public property, for example, in the form of pension funds. This is a critical and relevant notion when the sustainability gap is debated.

Nevertheless, it is very likely that sustainability will be one of the top themes of the upcoming elections. In the media, political parties have been challenged to express their priorities and to put a figure on possible cuts in public spending.

All political parties have underlined the importance of economic growth, which will go some way to solving the gap problem, but cuts in public spending are needed.

The youth organisation of the Coalition Party has already published its list of cuts. It states that the public sector is too large, that state-owned companies should privatise, that a flat-rate tax is needed, that social benefits should not follow the consumer price index

and that the present levels of development aid should not be continued.

The Centre Party has not specified what elements of public expenditure it would cut. The party underlines the importance of the growth, which it believes should be promoted by technological innovations. »Don't starve Finland to death« is the slogan of the Centre Party.

The Social Democrats are committed to balancing the state economy. »From 2015 onwards, no more new state loans will be taken.« The party estimates that a new growth and investment package will be sufficient to stimulate the economy. However, the party does plan to increase taxation on wealth and capital and to bring the black economy under control, while cuts are most likely to be made in defence.

The True Finns are very close to the Social Democrats on taxation, but their list of cuts is very different. The party is prepared to make cuts in EU membership fees, development aid, immigration costs and (military) crisis management.

Taxation

An ambitious reform of the Finnish tax system has been prepared by a group of experts appointed by the Ministry of Finance. The main proposals are in brief:

- 1) Taxation of earned income as well as marginal tax rates at all income levels would be reduced.
- 2) The basic tax rate and the two reduced tax rates of value-added tax would be raised by two percentage points.
- 3) Excise duties, energy and environmental taxes and the taxation of products harmful to health (such as soft drinks, sweets and ice cream as well as alcohol and tobacco) would be increased.
- 4) Corporate income tax rate would be reduced from the present 26 to 22 per cent and the general tax rate on capital income would be raised from 28 to 30 per cent.
- 5) The proportion of deductible interest expenses on housing loans would be gradually reduced by five percentage points per year. Thus after four years, 80

per cent of interest expenses on housing loans would be deductible. In the long term, the right to deduct housing loan interest would be abolished.

6) The tax credit for domestic help would also be reformed, so that the deductible percentage of expenditure on domestic help would be reduced from the present 60 to 50 per cent. The maximum sum deductible would also be reduced (<http://www.vm.fi/vm/en/>).

The proposal regarding the eventual abolition of the deduction of interest expenses on housing loans raised a minor storm.

All the political parties have presented their own priorities concerning tax reform. The conservatives' proposal to reduce taxation of earned income and at the same time increase VAT has been interpreted by other political parties as tantamount to a flat-tax rate.

The Central Organisation of Finnish Trade Unions recently analysed the tax programmes of the major political parties and revealed that income inequality would increase if the policy proposed by the conservatives and the Centre Party were to be adopted.

As mentioned earlier, the Coalition Party follows the guidelines presented by the expert group. This means it is ready to increase energy and consumption taxes. The Centre Party would also increase consumption taxes, but to a lesser extent than the Coalition Party, and would increase the tax on products harmful to health.

The Social Democrats would not increase either tax on earned income or VAT, which is currently 23 per cent in Finland. Two reduced tax rates are also in use as well as a zero tax rate. The Social Democrats argue that VAT is not fair because it has a negative impact on services and on consumption by people with small incomes. **Instead, the party would increase tax on capital income and on wealth.**

The True Finns support the proposal to raise tax on capital income to 30 per cent, but they reject the proposals to increase VAT and energy tax. The Greens, on the other hand, favour an energy tax.

Immigration

On immigration issues, government policy to date has been to control immigration although Finland will face

a labour shortage in the future. In public debate it has been argued time and again that Finnish immigration policy is too open and soft. In reality, Finland has relatively few immigrants.

In EU comparison, foreigners make up only about 4 per cent of the population in Finland whereas the figure in Spain, for example, is over 12 per cent. In 2006 the Finnish Immigration Service received about 35 000 cases to be processed, and since then that number has grown to 50–60 000 cases at present. The number of applications for asylum varied between 4 000 and 6 000 during the years 2008–2010.

How is it possible, then, that the image of a flood of immigrants dominates public debate? Explanatory factors are already familiar from other European countries: the economic situation, income inequalities and uncertainty concerning the future. One, more Finland-specific factor is that immigration is a relatively new phenomenon in Finland. Unlike other European countries, Finland did not bring in any guest workers during the 1970s, and Finnish emigration to Sweden was very common.

Most of the immigrants are from neighbouring countries, the majority from Russia and Estonia. Asians make up about 20 per cent of immigrants and Africans nine per cent. The rate of unemployment among immigrants from Sudan, Somalia, Iraq and Afghanistan is over 50 per cent.

Apart from the True Finns, all the parties are divided over immigration. The split is to some extent along generation lines, with the young showing more tolerant attitudes than elderly people. However, young right-wing conservatives have also been very vocal in their opposition to foreigners, as have blue-collar workers. The Greens and the Swedish People's Party are more united than other political parties on this matter and support controlling immigration. Minister Astrid Thors, who is responsible for the integration of immigrants, has been a main target for criticism in public debate when it comes to adopting an immigration policy.

The Social Democrats have launched their own integration program, which is rather progressive. However, **the party plans to restrict work-related immigration.**

»A True Story«

New popular insecurity and the fact that the policies of the major parties are scarcely distinguishable whatever coalition is in government has created a breeding ground for the True Finns. The True Finns are a populist party, which combines a strange mixture of right- and left-wing populism. They are anti-liberal but not anti-democratic. They are defensive rather than visionary. They are more nativists than nationalists. Nativism in this context is the term used for »opposition to immigration« based on fears that immigrants will eclipse existing cultural values.

Populism in Finland has its roots in neo-liberal globalization and its negative impact on labour markets and wages, but it is also focused on European integration, underlining the negative impact of the EU. »The EU has occupied political space and forced Finns to make detrimental decisions«, is one of the most popular arguments by the True Finns. The famous slogan of Timo Soini, leader of the True Finns is: »Wherever the EU is, there's a problem« (timosoini.fi).

The political programme of the True Finns is very nation-state oriented, based on traditional values, including a distaste for contemporary art. They see the climate change programme as stipulated by the Kyoto Protocol as threatening jobs in industry, so they are demanding that Finland withdraw from the Protocol. However, on many social issues the True Finns are politically closer to the Left than to the Right.

The True Finns' chances of electoral success depend much on their charismatic leader, Timo Soini, who is currently also a member of the European Parliament, having won the largest share of the vote (130 715) in 2009.

The current atmosphere in Finland recalls that of the early 1980s when former president Urho Kekkonen had been in power for nearly thirty years (1956–1982). Kekkonen's main challenger was former Prime Minister Mauno Koivisto representing the Social Democrats, who was exceptionally popular and had a very positive image in the media. As a result he was elected. Enthusiasm for Koivisto was known as the Maunophenomenon.

All political parties have lost voters to the True Finns, but their main supporters are blue-collar workers and

the unemployed, who traditionally voted for the Left and later became electorally passive, staying at home. Now, however, there seems to be mood of protest.

Timo Soini's road to victory began in the 2003 elections and reached a peak in the elections to the European Parliament. Current opinion surveys show that the True Finns could reach up to 17 per cent in the upcoming election. If this comes true it would be an almost unbelievable increase of voting support. In the elections 2007 the True Finns got 4.1 per cent of all votes. Much depends on the person Timo Soini.

The Finnish system is based on proportional representation, so citizens vote both for a candidate and for a party. This personalised electoral system differs from that in other Nordic countries and explains the high campaigning costs of individual candidates. In the 2007 elections, for example, three MPs spent more than 100 000 euro on their personal campaigns over and above the campaign financing provided by their political parties. Recent polls have strongly suggested that supporters of the True Finns are very likely to vote. **A minor positive thing is that the supporters of the Social Democratic Party are most likely to vote too.**

6. The Current Situation of the Finnish Social Democrats

The Social Democrats are under considerable pressure. Support for the party is at an all-time low. The right-wing government is being challenged by the True Finns, not by the Left. The leader of the Social Democrats, Jutta Urpilainen, is fighting an uphill struggle to restore her party's credibility, and she has yet to find her own voice.

The message of the party has been neither clear nor logical, and the governing parties have managed to convince public opinion that the Social Democrats have no real alternative to offer. The new leadership, elected in 2008 and 2010, has shown neither the ability nor a willingness to analyse the past. People have therefore concluded that the Social Democrats would not bring anything new to government. The party's official spokesmen are not convincing and unofficial spokesmen have no place in the party. The message of social cohesion is not being heard, leading to a critical lack of confidence in the party.

Another reason for the party's stagnation could be its demographic structure: The average age of the SDP is 63. Thus the majority of the party's members joined the movement at a time when conflicts and power struggles were common in politics and when the foundations of the welfare state were being built. Because of corporative structures, their capacity for emancipation and mobilisation has not been needed for years.

The main slogan is: work and justice. **The party has made three promises: 1) to invest more in active employment policy than the present government, 2) to increase tax on capital income, and 3) neither to cut occupational pensions nor to raise the retirement age.** The third promise may lead the party into the opposition, since the other parties are willing to discuss the matter as a long-term issue. However, this matter is important to the trade unions and therefore also to the Social Democrats.

The Social Democrats' current political platform actually corresponds relatively well with people's expectations. The party is profiled to be a strong supporter of wage-earners, it takes the issue of poverty seriously and is ready to increase social benefits. Other major points are fair taxation and preserving the welfare state, which is highly valued.

To an outsider, however, the Social Democrats spend too much time criticising government policy or telling the government what it should do differently, so that it has earned itself the image of a barking dog. The media environment in which politics operates has produced more images than political positions, while political rhetoric seems far removed from citizens and their every day life.

The party seems to have focused excessively on parliamentary work and has lost touch with civil society. To use a metaphor, the party defines itself like a human body in which the leadership represents the brains, but in modern society a political party is more like a living organ, connecting people and offering various marginal groups the opportunity to be involved in social change. Finnish society has a great many NGOs lobbying their political allies. **Top-down politics belongs to the past; modern politics takes place from the grass-roots.**

The tradition of coalition government has created an environment in which all parties want to keep their

options open, including the Social Democrats. The idea of a Red-Green block was raised, but it died with the defeat of that block in Sweden. The present government is likely to continue unless the Social Democrats do well in the elections. While the True Finns may make major gains, their impact on policy will be very limited.

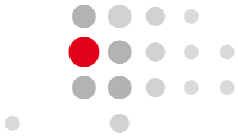
The Social Democrats in Finland are in a kind of Alice in Wonderland situation: wondering which way to go. An analysis of financial capitalism is essential. As Tony Judt (2010) writes: »As citizens of a free society, we have a duty to look critically at our world. But if we think we know what is wrong, we must act upon that knowledge.«

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