

Social Democrats, Industrial Society, and the Welfare State in Finland in the 1950s and 1960s

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Abstract

Comparing to the Western European pioneers of industrialization and to neighboring Sweden, Finland was a developing periphery until the 1950s. The structural change from an industrializing agricultural country to an industrialized service society took place relatively late and rapidly. Finland was not, however, latecomer in social planning. Since the end of the 19th century, various forms of state committees explored how to follow the leading countries or what kind of developments should be avoided. The need for a state-led industrialization policy became even more pronounced after World War II. Agriculture was poorly profitable, and the average size of the farm was too small to provide a sufficient livelihood. In addition, baby-boom generations born after the war were entering the labor market in the 1960s. According to the Social Democrats, state interventionism was needed, especially in the remote areas of northern Finland.

The structural change also increased the need for social policy reforms. Old institutions were no longer sufficient in an industrialized society. Moreover, the expansion of democracy in the early 20th century brought the voice of rural poor and industrial workers to decision-making. Citizens wanted higher standard of living. It was argued by the Social Democrats that the faster economic growth because of industrialization, in turn, provided the resources to implement reforms.

The fragmentation of left-wing parties, however, significantly affected the development of the welfare state in Finland. The competition between political parties during the Cold War was a kind of catalyst that accelerated social reforms. This was particularly interesting because many welfare state reforms were carried out in the early 1960s when the left-wing parties, which were in the majority in parliament, were in opposition. The Social Democrats divided to two parties and the Communists were able to cooperate on a case-by-case basis. The Social Democrats also cooperated with the Agrarian Party that formed the minority government, and with the right-wing parties especially in the earnings-related pension reform.