

POVERTY WATCH REPORT FINLAND 2022

European Anti-Poverty Network Finland EAPN-Fin 2022

Editor: Erja Saarinen

Photo: Jaana Saikkonen

Layout: Vitale Ay

www.eapn.fi

EXECUTIVE SUMMARY

All the time you keep thinking what you can afford with the money you have. Especially at the end of the month...

Positive development, but also signs of worsening poverty

The latest statistics indicate positive developments in poverty in recent years: low income has fallen, as has the number of homeless people. The number of social assistance recipients has also begun to decline.

With the abatement of the Covid pandemic, employment figures for 2021 and 2022 have improved and the number of long-term unemployed has also come down. Poverty among pensioners has continued to fall. The effects of the pandemic on poverty were mitigated successfully by temporary extensions and increases in social security, yet the pandemic can have also far-reaching impacts on poverty.

Finland has one of the lowest low-income rates in the EU.

Concurrently with these good developments, however, there are signs of deepening poverty or increase in severe deprivation: for example, more people are now reliant on basic social security and more people are also seeking food aid. Household debt has increased as well. The rising cost of living makes it particularly difficult for people on low incomes to make ends meet.

Although child poverty has decreased slightly, it remains high. Poverty of families with children is particularly worrying because its impacts on the lives of individuals and society as a whole are far-reaching and long-lasting. Single-parent families are in many ways worse off than other families: for example, they experience more poverty than others in spite of being employed, and they are over-represented among social assistance recipients. The majority of single parents are women.

One low-income group that clearly stands out and is growing is single-headed households. People with a migrant background also experience higher levels of poverty than other groups.

Poverty makes you ashamed, it marginalises you and causes resentment. It can affect your postcode, your eating habits and cause constant stress. Poverty in a family with children is not necessarily noticed by others if you just quietly skip birthdays and graduations, if you celebrate the autumn break in a burger joint with coupons, and keep mum when a group of friends share their experiences of the best ski resorts. Poverty makes you silent in your neighbourhood and on the societal level as well.

Figures for poverty in Finland, with trend in parentheses:

At the end of January 2022, the population of Finland was 5,549,807 persons.

- 2020 number of people at risk of poverty or social exclusion ca. 773,000 (-), 14% of population
- 2020 number of people in low-income households ca. 678,800 (-)
- 2020 number of children in low-income households ca. 114,300 (-)
- 2021 number of recipients of social assistance 425,000 (-), 7.7% of population of whom 29% received support for a period exceeding 10 months
- 7/2021 number of unemployed jobseekers 322,600 (-), of whom about 113,900 (+) were long-term unemployed
7/2022 number of unemployed jobseekers 272,300 (-), of whom 95,400 (-) were long-term unemployed
- 2019 severe material deprivation was experienced by 139,000 people (+)
- Around 100,000–200,000 people rely on food aid every year. The number of indirect beneficiaries is higher because many people who do not collect food bags themselves, such as family members, also benefit from it. Bread lines saw about 20,000 people per week the past few years. The number of food aid customers is estimated to have doubled or tripled during the pandemic (+)
- 2020 financial reasons underlying diaconal measures 303,567 (+) In 2019, the figure was 215,820
- 2021 number of homeless single people 3,950 (-), long-term homeless 1,318 (-) the number of homeless families and couples 165 (-)

The economic burden of illness worsens poverty

Serious health inequalities continue to be evident in Finland: people with lower education and lower income have more illnesses and die younger than others. Their access to health services is slower and they receive less of those services than others, such as people with occupational health care or private health insurance plans. Health care fees and the cost of medication are a source of financial hardship for many.

One underlying factor often contributing to poverty is high cost of housing.

(What do you have to compromise on?) Health care; Food; Leisure; Travel (including public transport in my home town); The needs of children or other loved ones; Realising your dreams; Medicines and/or contraception; Eyeglasses;

Serious deficiencies in services in the post-pandemic period

Although the latest statistics and estimates of the impacts of Covid-19 suggest that Finland has largely come through the pandemic without an increase in poverty, the pandemic nevertheless has long-term effects that affect people's livelihoods. These include increased mental health problems and serious gaps in access to services.

During the pandemic, public, private and organisational players were forced to develop remote services. They are a boon to many people, but not all. Some people cannot afford the necessary equipment and

connectivity, nor do they possess the skills and support needed to use them. Progressive digitalisation will become intertwined with poverty if the problem is left unaddressed.

Rising cost of living threatens to increase poverty and inequality

Even if we are over the worst phases of the pandemic, crises continue in the form of war and the rise in the cost of living that that entails, not to mention accelerating climate crisis. The positive trend is at risk of being reversed by the significant rise in the cost of living throughout 2022 – affecting basic commodities such as food, electricity, heating and transport – and looming economic recession. Increased defence spending, coupled with the drive to reduce government debt, could eventually lead to cuts in social protection and thence increased poverty.

Every crisis impacts the most vulnerable groups most. This is why we now need determined policies to reduce poverty and do everything in our power to improve the situation of the most vulnerable segments of the population. Finland has promised to reduce national poverty by 100,000 people by the year 2030 as part of the implementation of the European Pillar of Social Rights.

I'm afraid of the future, I don't really look forward to anything anymore, not Christmas, not Midsummer. I don't have any plans for the future, I don't think I've had any for years. And it scares me even more now, because things are just getting more expensive, rent, electricity, everything.

The Finnish Government has many policies that fight poverty

The Government that came to power in 2019 has carried out many reforms that may have reduced poverty:

In addition to temporary increases and extensions of social security during the pandemic, basic security benefits have been increased, although they have not offset all the cuts made previously.

The Act on Client Charges in Healthcare and Social Welfare has been amended and some new services have been made free of charge. However, this does not significantly improve the circumstances of low-income people with high levels of illness.

Poverty can in the long term be reduced by investing in secondary education, which was made compulsory and free in Finland up to the age of 18. The change will immediately help low-income families with children, and in the long term education is the way out of poverty for most people.

From the beginning of 2023, responsibility for the organisation of social welfare, health and rescue services will pass from municipalities and joint municipal authorities to so-called wellbeing services counties. This reform can potentially improve low-income residents' access to services in the long term.

The Government has responded to the rapid rise in the cost of living with an additional indexation increase of social welfare benefits and increased tax deduction for commuting. However, the indexation increase was already lagging behind price increases when it was enacted.

EAPN-Fin recommendations for poverty mitigation

Action plan for the reduction of poverty and inequality

A comprehensive strategy and action plan reducing poverty and inequality are needed. This includes the mitigation of the adverse long-term effects of the pandemic and addressing the sharp rise in the cost of living.

Poverty reduction calls for a determined social policy that improves the employment situation and reduces long-term unemployment, raises the level of basic social security, increases the availability of affordable housing, provides social, health and rehabilitation services that take into account the most vulnerable groups, and equal opportunities to education.

Basic social security must be raised to a level that guarantees a reasonable minimum standard of living

Basic social security must be sufficient for the maintenance of a decent standard of living. Its level should be gradually increased towards the reasonable minimum determined in reference budgets. The system of social security must be made more transparent and flexible so that it will respond better to the changing world of work, reduce bureaucracy, enhance possibilities to find employment, and enable the employment of people with only partial ability to work.

Increased living costs must be compensated for low-income earners

Rapid and steep increases in the prices of energy, food and mobility will hit low-income groups the hardest, such as families with children and single-headed households. The impact of such increases must be compensated to them quickly, using such measures as fixed-term payment of basic social assistance and extra increase to regular child benefit payments.

The level of benefits must be increased and changes be made to ensure that indexes that adjust them upwards better reflect the average consumption of low-income households.

Disparities in well-being and health must be reduced through reforming of social and health services

To be launched in the beginning of 2023, the reform of social and health services must be implemented in a way that ensures necessary and high-quality care and services for all citizens, regardless of income level. Functioning social and health services are essential to support people's life management and maintenance of their work ability, and improve their possibilities to find employment.

In the case of underprivileged groups, their services must be safeguarded, their primary care services must be strengthened, and investments be made in the promotion of their wellbeing and health. The expansion and improvement of services in the field of mental health and substance abuse must be prioritised. Covid-19 has put great stress on the mental health of the population at large, and services in this area were insufficient even before the pandemic.

Many of the decisions to be taken by the wellbeing services counties (which will be responsible for the organisation of social and health services from the beginning of 2023) have a direct impact on poverty and inequality, such as decisions regarding client charges for social and health services. All decision-making in the counties should take into account the effects of the decisions on the situation of people experiencing poverty.

The cost of illness to the patient must be reduced

Health inequalities are a major problem in Finland. The cost of being ill must not undermine access to care in the future. Reimbursement of medicine expenses must be sufficient and client charges for services reasonable.

Reform of the Finnish Act on Client Charges in Healthcare and Social Welfare must continue. The availability of free services must be extended; at least visits to a health centre should be free of charge. Under no circumstances should client charges be a barrier to accessing health care.

Reasonable housing cost must be ensured for all

Support for affordable rental housing needs to be increased not only in the capital region but also in other growth centres. A reasonable level of housing support must be ensured. Rent regulation should be explored as a way of making housing more affordable.

The risk of homelessness is increased by low income, indebtedness and sudden changes in circumstances. Homelessness prevention should be enhanced by improving the availability of housing advice and by continuing to improve and expand housing advice and related financial advice services. Housing and financial advice services offer an opportunity for effective intervention that can secure housing and prevent serious debt spirals.

More financial and debt counselling need to be provided, along with social lending

It is expected that social credit will be introduced throughout the country in the new wellbeing services counties. Adequate resources must be reserved for it. Social credit should be seen as a preventive tool and an investment measure in financial social work, rather than merely a form of debt restructuring.

Financial matters should be raised in all sorts of encounters in the service system, such as maternity and child health clinics and mental health services, not just in the case of services that focus specifically on financial matters.

The amount of the protected take home pay in debt enforcement must be increased.

Digital inequality must be mitigated

The digitalisation of public and other services can increase social and health inequalities. Public authorities must do their utmost to ensure that as many people as possible have access to digital services: user-friendliness of services must be improved and digital literacy education and varied digital support for all must be provided.

Not everyone can afford a network connection and equipment needed for digital access to services. For example, social assistance should be targeted to enable digital inclusion. Deficiencies in digital literacy or financial resources, or lack of online banking codes, for example, must not be a hindrance to accessing services.

Not all people can become digital service users, for various reasons. Alternative channels of interaction, advice and information must always be available. Safe ways must be developed for using the services on behalf of another person.

Families with children need to have adequate income and services

It is vital in the present situation to invest in the welfare, basic services and benefits of children and young people in order to avert the threat, due to the rising cost of living, of aggravated poverty among families with children and their growing inequality.

The poverty of families with children can be alleviated by adjusting the level of basic social security and family benefits, by keeping service charges at a reasonable level, by lowering housing costs and by supporting parents' opportunities for education and employment. Combating the poverty of families with children requires comprehensive universal services as well as targeted action. Child benefit must be made subject to indexation, minimum daily allowance levels must be increased, and the child increase of benefits must be increased as well.

The consequences of poverty can be mitigated by, among other things, ensuring the quality of basic education and the resources of student welfare services on all levels of education. The impacts of poverty can also be mitigated by ensuring that all children have opportunities for sports and hobbies and by ensuring access to services for families with children.

Programme of measures to tackle pensioner poverty

Finland needs a programme of measures to eradicate pensioner poverty. The programme must examine the situation of low-income pensioners holistically and seek effective measures to improve their situation. The availability and accessibility as well as cost of services have a major impact on pensioners' livelihood.

Customer-oriented services for the unemployed

Equal and customer-oriented employment services must be guaranteed for all citizens. Wellbeing services counties must continue to provide and improve statutory health checks for the unemployed.

The role of civic organisations as producers of employment-promoting services and as providers of employment must be safeguarded. Civic organisations support people with the greatest difficulties in finding work and help them get on the path to employment.

Access to education in all stages of life must be facilitated by extending opportunities for the unemployed to train themselves while receiving unemployment benefits.

People with disabilities and long-term illnesses should have access to the world of work

We need to ensure that people with disabilities and long-term illnesses are provided equal opportunities to choose a profession, gain employment and participate in society, regardless of their limitations, yet making due allowance to them.

The financial situation of carers needs to be improved

The financial situation of carers must be improved and made more equitable. Working-age caregivers deserve particular attention. As part of the overall reform of social and health services, uniform criteria for the granting of support for informal care must be introduced throughout the country.

Ways to improve the financial situation of carers include earmarking the remuneration paid to the caregiver as preferential income and introducing tax solutions that benefit caregivers.

NGOs must have the resources they need to function properly

Social and health NGOs represent many groups of citizens that live in difficult circumstances. Funding of the organisations in Finland is changing nationally as well as locally in municipalities and in the counties. In this situation, the capacity and resources of the NGOs must be safeguarded so that they can continue their broad-based activities.

The Covid epidemic has isolated people and reduced their opportunities for participation. Once the restrictions are lifted, organisations must be able again to offer people opportunities for participation, a central component in their work.