



Sosiaali- ja terveysturvan keskusliitto ry

The Finnish Federation for Social Welfare and Health

To the Social Protection Committee

Ref: Questionnaire on social services of general interest

The Finnish Federation for Social Welfare and Health considers it positive that the special position and nature of social and health services are understood and recognised in the White Paper of Services of General interest produced by the European Commission. With regard to the questionnaire made by the Social Protection Committee concerning social services of general interest, the Finnish Federation for Social Welfare and Health wishes to bring up the following points.

The Finnish Federation for Social Welfare and Health is a national expert and co-operation organisation in the field of social policy. Its aim is to develop welfare, particularly to promote basic services and basic security, to prevent exclusion and to strengthen social responsibility. The federation influences decision-makers and does development work on the local, national, and international levels. It also makes research and publishes every year for instance the so-called Sociobarometer – an overview describing the situation of social welfare services and of citizens' welfare. According to our strategy, we promote co-operation between citizens, organisations, municipalities, and other actors of public administration.

The member organisations of the Finnish Federation for Social Welfare and Health include regional social security associations, professional association representing workers in this field, and all the most major national NGOs of the social and health field functioning in Finland. Our supporting members include for example companies, municipalities, and many communities functioning in other fields.

Field 1: General Background on the Finnish System of Social Welfare Services and on Its Special Characteristics

In Finland, we have a Scandinavian Social Protection model.. Social services to keep up citizens' welfare are at the responsibility of the public administration – the State and the municipalities. Often, however, they are provided in co-operation between different actors so that organisations and private companies of the field do the actual work of producing the services. The model of multiple producers, welfare- mix, has been strengthened during the recent years. In Finland health-care and social services are mainly funded by taxes: the fees paid by the users only cover a small percentage of the costs.

According to our philosophy of welfare, the primary task of the social services is to implement the equality of citizens in the sense that the public administration produces sufficient health-care and social services for everybody regardless of people's place of residence. Everyone's rights to sufficient health-care and social services regardless of their places of residence are guaranteed in paragraph 19 of the Constitution of Finland. In practice this means that the services are available to all the citizens for reasonable prices, in certain cases even with no costs. A particularly essential point to remember is that Finland is a large and thinly populated country. Without the strong position of public administration, there would be no way of guaranteeing the services for citizens living in the most sparsely

populated areas. Alternative producers of services hardly exist. Private service companies have no chances to survive, because the thinly populated areas lack sufficient consumer potentials to buy services.

According to the Finnish legislation, it is at the responsibility of the municipalities to provide social and health services. In Finland municipalities have a strong autonomy and can thus make independent decisions on this task in the framework of the existing legislation. In addition to the framework laws, some special laws also define subjective rights connected for instance with the day-care of children, certain health-care services, and services for people with disabilities.

Another essential point about the Finnish social protection model is that different studies prove undeniably that our Scandinavian social protection model has to a great extent been able to decrease large-scale poverty and social exclusion and to support the independent life-management of citizens. In Finland functioning and inclusive social and health services together with the social security form one of the corner-stones of society for citizens.

According to the view of the Finnish Federation for Social Welfare and Health, differentiation between financial and non-financial services is neither relevant nor appropriate in connection with social and health services. Like social security systems, social services have two goals. They implement the basic social rights of citizens and aim at promoting social cohesion. The most important thing is that they are services guaranteed to all the Finnish citizens by the Constitution: public administration has the responsibility for producing sufficient social and health services and for providing an adequate subsistence for everyone. The question is of an issue connected with the national competence.

The Special Role and Unique Funding System of Non-governmental organisations in Finland

NGOs, particularly social and health organisations, as non-profit actors and private enterprises are involved in producing social and health services for which public administration is responsible. The contents and quality of services provided by private producers must be in harmony with the level and quality of public services. All private producers of services – both organisations and enterprises – do their work with a license or have the duty to report on their work to the regional governments. This pre-control mechanism is there to guarantee the rights of the people using the services. In this sense, our social protection model differs greatly from the market- and insurance-based system that is dominant in large parts of Europe. In the Finnish authority-based social protection model, the market has a supplementary role in supporting the public welfare work.

According to the statistics made in 2003, non-governmental organisations provide 17% of social welfare services and 5% of health services. The services produced by NGOs often require special expertise and are directed to a particular group of people. In addition to producing actual services, organisations also provide many kinds of social welfare support for citizens. In the support they produce, peer support is often an essential element: people with similar problems function on the basis of their experience-based expertise in different groups or work in other ways to support each other. Peer support is a dimension that can be replaced neither by professional support and services nor by services produced by private enterprises. Finnish research data on NGOs strongly proves that organisations play an important role in providing opportunities to action and participation for many groups of people. NGOs seem to succeed well in reaching people living in different difficult conditions. Opportunities to

participate and be active promote disadvantaged people's feeling of being useful and help them to reconstruct their own identities. The question is very strongly of building up active citizenship and of preventing social exclusion. For several decades Finnish NGOs have played an important role as developers of new forms of support to respond to the new needs existing in society. Of the present public services provided by municipalities, remarkably many have been created on the basis of the development work done by the NGOs. Municipalities have simply adopted them when the development process has been finished.

A further special characteristic of the Finnish system is the funding mechanism for social and health NGOs, the Slot Machine Association. The Slot Machine Association (known in Finnish with the contraction RAY) was founded in 1938 in order to collect money through lottery games to support the work of the Finnish NGOs in the social and health field. According to international evaluations, the Slot Machine Association is a unique innovation: the income it produces is directed to the work of social and health NGOs. Thus it supports groups of people living in difficult conditions. The Slot Machine Association has a monopoly to slot machines and casino games and to keeping up casinos in Finland.

The ultimate goal of the RAY funding is to promote the health and social welfare of Finnish people. Grants are directed to support the basic work, campaigns, and projects of social and health NGOs. Every year, more than a thousand organisations of these fields receive RAY grants. The work and grants of the Slot Machine Association have enabled the Finnish NGO: of the social and health field to form an active and multidimensional field of action. The RAY funding has been extremely important, because it has made the organisations able to do innovative development work to respond to new needs of services. It has also provided the NGO: in question with opportunities to organise activities that allow the members of many small special groups to gain experiences of activity and of joining each other as well as to receive special services. The preservation of the monopoly of the Slot Machine Association will be necessary for the work of Finnish NGO: of the social and health field also in the future. It must therefore be guaranteed by the EU in all conditions. Free competition and the rules on the inside market must not ruin the work of the Slot Machine Association and through it the Finnish NGO:.

Field 2: Definitions and Special Characteristics

The Special Nature of Social Welfare and Health Services

In Finland the essential principles of social and health services include universality, equality, client-centred approach, normality, and confidentiality. Social and health services differ from other services of general interest in the sense that the criteria concerning them, their results, and their quality are different from the ones connected with other services. In social services, quality depends on the relationship between the user and the producer of the service and on the ability of the service to respond to the individual needs of the user. Social services are also special in the sense that measuring their effects on individuals is not enough to evaluate the services or to measure their importance. The question is not only of producing services but also of building up the social capital of the society. Thus social services play a special role in creating cohesion, democracy, and social capital to society. Their effects, results, and importance must therefore also be evaluated through the question of how they serve the construction of the community as a whole. For this reason social services belong very strongly to the issues that must be decided nationally, in Finland to a great extent even locally. They are deeply rooted in the society and history of each country. They are always connected with the national social protection models. Thus they are nationally recognised parts of the

national systems and policies. They have also been created as parts of the social development in a certain society.

In social services, the role of the service user differs greatly from the role of a person using other services of general interest. User participation means for instance that the user has a chance to participate in planning, implementing, and evaluating the service. When services are marketed, there is a risk that they will become more and more limited technical tasks meant to respond to very narrowly defined service needs – solutions that can be described as products. The nature of social problems is more complicated and has many dimensions. At their best, social and health services strengthen the possibilities of individuals to function as independent people, members of their communities, and active citizens. If services are strongly split up and provided as mere products, they cannot promote such empowerment and identity-building.

In addition to all this, the services produced by NGO: include the aspect of peer support. Organisations are also important actors in preventing exclusion. Social and health services can never be shrunk to mere economic and administrative tasks. On the level of individuals, the question is always of participation, implementation of human rights, and responding to personal needs. On the level of the community, the question is of building up the community, promoting social integration and cohesion, and implementing democracy and solidarity.

Field 3: Experiences on the Inside Market and the Rules on Competition in the EU

On the Problems Caused by the Rules on the Inside Market to the Users of Services

The Finnish government has brought up for instance some problems between the executive power of the EU and the executive power of the member states of the union in relation to implementing the EU legislation on the inside market in connection with public health services, social services based on law, education, and teaching.

Member states of the EU have the power to decide on the funding, contents, and organisation of their own social protection systems. However, the union has actually gained power to decide on many issues related to social protection, particularly through the rules connected with making decisions on implementing competition and the "four forms of freedom" and through the interpretation practices of the EU court of justice. In Finland the problems concern particularly the welfare-related tasks that are based on legislation, are at the responsibility of municipalities, and are funded through taxes.

The essential issue that worries the NGOs of the social and health field is that the application of the rules on competition and the inside market to social and health services as well as the interpretation practices of the EU court of justice may threaten the organisation and funding solutions of social protection on the national level. The rules on the inside market and the decisions of the EU court of justice might lead to a situation in which national funding begins – contrarily to the principles of the social protection systems accepted by the decision-makers of some member states – to be transferred for instance to the arrangement of social security for people who live abroad and pay their taxes to other countries. This could considerably damage the essential structures of particularly such social protection systems that are based on tax money, people's actual residence in the country in question, and the demand of universality. The systems in Finland and other Nordic countries are like that. In certain interpretations, the EU court of justice has not followed the view of the Green Book of the Commission, according to which taking care of the tasks of public services can be seen as

more important in conflicting situations than applying the rules of the union, including the rules on competition and the inside market.

Social and health services need their own special position. They also have to be protected when the regulation of the inside market and the free trade and movement of services are supported in other connections. The most important argument for this is that these services exist to implement people's basic rights. In Finland public authorities are in charge of keeping up this aspect. In municipalities the controlled competition of service producers has increased the cost-awareness. Yet we can see many risks and problems caused by the competition between producers of social and health services to the users of these services. There is the danger that during the competition short-term costs may become a more important factor than quality or the long-term costs and effects.

Social and health services are strongly based on personal interaction. Thus it is very important, even necessary, to the clients that services are stable in the long run. This will enable the services to support the functional capacities and independent life-management of the users. In social services, a good contact between the user and the producer of the service is often important. Creating it is a long process between two people. The question is of building up trust between a person who needs support and the employee who provides it. It also seems that the competition splits up unified service packages. In that case the services may not have the desired influence on the situation of the user. The person who is in need of support may also be left without help in border-line cases between different services.

Field 4: Future Action and Regulation on the EU level

For citizens the basic principle of our social protection system— producing sufficient social and health services for everyone regardless of their places of residence and giving public administration the responsibility to guarantee this – is stable. Through this model we take care of equality between citizens, the availability of services also in the thinly populated areas of our large country with a small population, and the quality of services. The chance to receive services is granted to all citizens disregarding their abilities to pay for them. Our social protection model is strongly supported by citizens. According to the view of the Finnish Federation for Social Welfare and Health, these aspects must not be endangered through the guidelines and definitions of the EU level connected with services of general interest.

On the level of the EU there should be no aim of finding a common definition for general interest. On the national level, however, different authorities need a common view and definition on general interest. Parts of services that promote solving the problems caused – or utilising the possibilities provided – by the multinational situation should be developed on the European level. The use of services from different countries in the inside market could mean for example that if a certain treatment is available in one member country but not in the others, citizens of the other countries might receive it as well (for instance new methods of treating cancer or the special needs caused by the multicultural issues). A multinational solution must also be found to guarantee services for those EU citizens who live and/or work in a member country other than the one of their origin. The EU must be responsible for services needed because of the multinational situation. In the future development work it would be good to evaluate whether the EU should create minimum standards concerning the quality of social and health services.

The subsidiary principle must be respected also in the future. National solutions on funding and organising social and health services must be protected on the basis of the conditions in each society in question.

The most important goal of the statement of the Commission on the social and health services of public utility should be to guarantee the special treatment and position of social and health services because of their special nature when developing the regulation of the inside market in the EU. In the long run, it may be useful to develop EU legislation with the aim of guaranteeing the position of social and health services in relation to the service directive and the other rules of the inside market. The essential point is to recognise the independent value of the goals of social and health policy in relation to the goals of competitiveness and economic growth.

The open method of co-ordination may be a good way of exchanging experiences. It should not, however, be given an excessively normative role in the field of social protection: the social protection systems in different countries are so different.

According to various studies, the Finnish social protection model and the funding of services through tax money are strongly supported by citizens. The national discussion in connection with the last election also showed that citizens are worried about whether the regulations of the inside market in the EU with all their goals will ruin our social protection model and thus people's chances to receive services. If there are well-grounded reasons for such fears and worries to increase, this will endanger the legitimacy of the EU in the minds of citizens. The relationships between the different goals of the Lisbon Strategy will also be defined in practice when deciding on the relationships between the rules of the inside market, welfare services, and the goals they implement.

For citizens the question is how plausible it is that the European Union aims at creating balance between competitiveness, economic growth, social cohesion, and environmental goals in the long run. Repeated demonstrations of allowing the goals of competitiveness and economic growth to become more important than all other aims will damage the legitimacy of the EU in people's minds. The European social model and the Europe for citizens are essential factors for the stable development of the union in the future.

Helsinki, 10 th December 2004

The Finnish Federation for Social Welfare and Health

Elli Aaltonen
Chairman of the Board

Riitta Särkelä
Executive Director