

Finland: Policy measures in response to the COVID-19 pandemic

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The lockdown measures implemented to combat the COVID-19 pandemic have had a substantial impact on the labour market in Finland. But the existing social security system did well to cushion the negative socio-economic effects, and only a few temporary emergency measures have been introduced: easing of eligibility conditions for unemployment benefits, temporary assistance for parents who were taking care of their children while the schools were closed and epidemic compensation for social assistance recipients.



Description

The massive lockdown effectively decreased the number of new infections but dampened economic activity. Unemployment and layoffs rapidly increased (TEM, 2020). Consequently, the number of applications for social benefits increased. From mid-March to the end of May 2020, the number of applications made to the Social Insurance Institution (Kela) for basic unemployment benefits doubled, and applications for housing allowances increased by 36% (Kela, 2020a). Due to the relatively low number of COVID infections (at the end of August, the 14-day notification rate of newly reported COVID-19 cases per 100,000 inhabitants was 6 in Finland compared with 42 for the EU-27 average [ECDC, 2020]), applications for sickness allowance and for the Infectious Disease Allowance (tartuntatautipäiväraha) have not increased significantly. The latter benefit, which already existed before the pandemic, compensates the entire loss of earnings of a person ordered to quarantine (Kela, 2020b).

Only a few additional income maintenance measures had to be introduced. Temporary financial assistance (väliaikainen epidemiatuki; €723.50 per month) was available from 16 March to 31 August 2020 to parents who stayed at home to take care of their children while the schools were closed. According to the Government bill (of 17 June), Kela will pay temporary epidemic compensation (epidemiakorvaus; €75 per month) to recipients of social assistance from 1 September to 31 December 2020.

There have also been temporary changes to the unemployment protection system (including the basic and earnings-related benefits), effective from 16 March to 31 December 2020 (Kela, 2020c):

- the five-day unpaid waiting period was abolished;
- days on which an employee is out of work do not reduce the maximum duration (400 days) of receipt of unemployment benefits;
- the work requirement to qualify for unemployment benefits was reduced from 26 weeks to 13 weeks;
- self-employed people receive a labour market subsidy if their income is less than €1,089.67 per month.

Most face-to-face welfare services have been moved to be available 24/7 via the internet or telephone. Rehabilitation services were partially stopped from 17 March to 31 May, while healthcare services continued working more or less normally. In public dental healthcare, only acute services are being provided. Most long-term care (LTC) services have also continued running normally. After a governmental decree on 16 March, visits to LTC units were prohibited. Since 6 May, the LTC units themselves can decide whether to allow visits.

Kindergartens have mostly stayed open, but schools were closed from 18 March until 14 May 2020 and operated via distance learning. In Finland, free meals are provided at schools. While the schools were closed, the municipalities implemented various alternative solutions: meal bags, take-away meals,

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vouchers or cash benefits. The municipalities were also responsible for providing the equipment needed for distance teaching.

Following the Government's recommendation (of 13 August), people should wear face masks in public transportation and crowded public areas. The municipalities are obliged to provide these for free to vulnerable people.

Outlook and commentary

The pandemic acted as a "stress test", and indicated that the Finnish social security system has performed well in buffering the negative economic effects of the pandemic. As a result, only a few emergency measures have been introduced. The relaxation of eligibility conditions for unemployment benefits helped those who otherwise had no protection against unemployment (e.g. self-employed people). While the temporary financial assistance helped families during the school closures, the amount of the epidemic compensation is too low to properly help the recipients of social assistance. Economic hardships (over-indebtedness and the need for food aid) have increased during the pandemic (SOSTE, 2020).

Despite the relatively good performance of the welfare state, the pandemic may have long-lasting negative consequences. Those who were already vulnerable have been hit the hardest. Since most face-to-face social and health services are being provided via telephone or the internet, access to these services among those most

in need has worsened. The role of parishes and NGOs has been important in filling the holes in the official safety-nets and in providing social support. (SOSTE, 2020).

During the lockdown, 60% of the working population in Finland switched to telework and 30% experienced reductions in their working hours; the corresponding averages for the EU-27 are 37% and 50% (Eurofound, 2020).

As regards remote teaching, 70% of teachers were satisfied with it. However, 20% of them complained that due to lack of equipment they were not able to properly communicate with some of their pupils (OAJ, 2020). As a result, socio-economic differences in learning may increase (Ministry of Education, 2020).

The Government has tried to reduce the negative effects of the pandemic by increasing public spending. On 2 June it adopted a crisis package of €5.5 billion to ensure an economically and socially viable exit from the crisis. As a consequence, the general government deficit relative to GDP will be 8% in 2020 (it was 1% in 2019) and the public debt will rise to 70% of GDP (59% in 2019) and further to 80% in 2024 (Ministry of Finance, 2020). Fiscal adjustments will be needed when the pandemic is over. This means cutting expenditure, increasing taxes and implementing structural measures to improve the employment rate (Vihriälä et al., 2020). The main political challenge for the current centre-left Government is to plan a feasible post-COVID-19 adjustment strategy that is socially just but economically ambitious enough to tackle the expanding public sector indebtedness.

Further reading

ECDC [European Centre for Disease Prevention and Control] (2020), "[COVID-19 situation update for the EU/EEA and the UK, as of 30 August 2020](#)" [retrieved 30 August 2020].

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SOSTE [Finnish Federation for Social Affairs and Health] (2020), "[Briefly in English](#)" [retrieved 28 August 2020].

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