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Ideological and pragmatic transformations: the adoption of neoliberal ideas by Finnish and Swedish conservative parties since the 1970s

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ABSTRACT

The article examines the extent to which Finnish and Swedish conservative parties adopted neoliberal ideas from the 1970s onwards. It does so by comparing their published programmes and contextualizing them politically and economically. Neoliberalism is understood as an intellectual tradition centred around the objective of increasing the role of the market mechanism in society. Concrete neoliberal programmatic ideas include critiques of the public sector and taxes, especially progressive taxation, and promoting the marketization of the public sector and liberalization of other sectors of society, such as finance and labour markets. The article shows that Swedish conservatives adopted neoliberal ideas considerably earlier than their Finnish counterparts and were more ideological in pursuing them. Both parties have traditionally called for tax cuts, but only Swedish conservatives called for a deregulation of financial markets and marketization of public services already in the late 1970s. The neoliberal 'breakthrough' only took place among Finnish conservatives in the 1990s, though they justified most reforms as pragmatic necessities rather than desirable from an ideological standpoint. These differences are explained especially by Finland's different geopolitical position during the Cold War and its tradition of shifting coalition governments, which led to milder ideological contestation than in Swedish bloc politics.

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Introduction

Conservative parties are commonly viewed as important proponents of neoliberal political ideas, such as the extension of free markets. This is the case especially regarding the United Kingdom during Margaret Thatcher's administration in the 1980s.[1] Conservatives in other countries and comparative perspectives on their political thinking, however, have received less attention in international research on neoliberalism. This article discusses the latter themes by examining whether and to what extent Finnish and Swedish conservative parties (*Kansallinen kokoomus* and *Moderata samlingspartiet*) adopted neoliberal ideas from the 1970s onwards. The study compares their published programmes and

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contextualizes them both politically and economically. The systematic tracing of certain key ideas reveals similarities and differences in the ideological trajectories of conservative parties in the two Nordic countries. The results provide insights into whether there has been a 'Nordic model' of neoliberalization or distinctive national variations.

Neoliberalism is an intellectual tradition that takes different forms in different contexts. It is connected to a liberal 'thought collective', namely the Mont Pèlerin Society (MPS), whose members included scholars like Friedrich Hayek, Milton Friedman, James Buchanan and Gary Becker.[2] According to a common definition, neoliberalism is centred around the objective of increasing the role of markets and the price mechanism in society. Instead of pursuing a minimal state, it redeploys state resources to achieve this goal. However, the concrete reform proposals made by neoliberal intellectuals, and even more so the politicians who have adopted neoliberal influences, have varied greatly and even been contradictory.[3] Recent scholarship has viewed neoliberalism as an incremental and incomplete process and tendency, termed 'neoliberalization', rather than as an intentional political project aimed at realizing a clear-cut ideology. Many different actors, susceptible to changing alliances and transnational influences, have contributed to local variations of neoliberalization by introducing different combinations of market-oriented thinking and reforms.[4] The roles of Nordic Social Democrats[5] as well as employer organizations and think tanks[6] in this process have already been examined in previous studies. Neoliberal reforms of the 1980s and 1990s, such as the liberalization of finance markets[7] and labour markets,[8] the marketization of public services[9] and the introduction of New Public Management,[10] have also been studied. These reforms were often driven by the ruling social democratic and centre-right parties as apolitical necessities. They were following the advice of civil servants in key ministries and central banks, who in turn were listening to organizations like the Organization for Economic Co-operation and Development (OECD) and International Monetary Fund (IMF).[11] However, the role of conservative parties, especially in Finland, has been less studied.

Due to the variegated and hybridized nature of neoliberalization, scholars have disagreed on just what political ideas and objectives can be classified as neoliberal and what constitutes a 'neoliberal turn'. Recent research has pointed out, for example, that viewing Margaret Thatcher as the originator of neoliberalism in the British Conservative Party is too simplistic. There were neoliberal currents in the party long before Thatcher, and the party combined older elements of social and cultural conservatism with economic liberalism.[12] Moreover, political ideas often belong to several traditions: for instance, tax cuts and the protection of private ownership have been key goals of conservative parties throughout their history.[13] On the other hand, aims to marketize different sectors, such as the labour market, finance, healthcare, housing and transportation, can be viewed as more distinctively neoliberal.[14] Many such reforms were not even possible before the strong regulation of the various spheres especially in the post-World War II era.

The adoption of various neoliberal ideas depends largely on context. Even if some neoliberal thinkers may prefer privatized healthcare and education, public services are broadly supported in many advanced welfare states and especially in the Nordic countries. The main strategy for critics of the welfare state has therefore been to appear as its saviours by introducing significant reforms that alter key features of the welfare state while at the same time appearing more economically viable.[15] One prominent variant of neoliberalization has sought to introduce competition and 'freedom of choice' between

the public and private providers of welfare services, even if both sectors are financed by taxes and made freely available to all. This line of thought draws on the work of some notable MPS members, such as James Buchanan, whose influential Public Choice Theory argued that the public sector's inefficiency must be corrected through greater competition, and Milton Friedman, who made famous the idea of 'service vouchers', which have been widely used also in the Nordic countries to realize this ideal.[16]

This article provides a macroscopic overview of neoliberal ideas in conservative parties. Here, it is not possible to examine in detail the extent to which the adoption of these ideas was the result of concrete neoliberal influences, so more in-depth archival research is needed in the future. However, as neoliberalism of the MPS variety has enjoyed widespread transnational diffusion since the 1970s, there are grounds to view changes in the Nordic conservative parties as linked to the same phenomenon of neoliberalization. Even if some of the objectives can be traced to prior decades, the growing prominence of neoliberal ideas at least opened a new window of opportunity for promoting them.[17] Previous research has already provided evidence pointing in this direction and examined how conservatives actually discussed neoliberalism. Historian Torbjörn Nilsson has found that neoliberal ideas influenced the Swedish conservatives since the 1970s, but he prefers to call this process a 'liberal renaissance' in order to highlight the continuities in conservative thinking.[18] Sociologist Martin Lindström, in turn, has argued that in the 2000s, the ideological tenets of conservative programmes continued to move from a 'conservative collectivistic and pessimistic' standpoint towards a more 'liberal individualistic and optimistic' one.[19]

By contrast, historian Vesa Vares has pointed out that the Finnish conservative party and its youth organization were still sceptical of neoliberal ideas even in the late 1980s. One explanation is Finland's international position during the Cold War and its cautious policy of appeasing the Soviet Union.[20] Like many other scholars, Vares finds that the ideational core of neoliberalism lies in the freedom of individuals, markets and capital, and that conservatives in different countries have combined it with traditional collectivistic and communitarian ideas in different ways.[21] Previous research on Finnish conservatives has not focused much on recent history or the present day. The history of the NCP only extends to the year 1987, and the history of its youth organization until 1996.[22] Research on Swedish Moderate Party is more substantial: monographs by Stig-Björn Ljunggren and Torbjörn Nilsson bring the history into the early 1990s and 2000s,[23] and many articles and papers cover even the 2010s.[24]

This article, then, offers the first comparative analysis of the neoliberalization of Finnish and Swedish conservative parties, and it sheds new light on the history of the parties until the financial crisis of 2008. To keep the study at article length, I focus on the transnational 'neoliberal turn' since the 1970s. The nature of liberal ideas within conservative parties before that time would also call for more research. In Sweden, neoliberal ideas were diffused among conservatives already in the 1940s with the translation of Hayek's *Road to Serfdom* during the famous 'planned economy debate'.[25] The present study concentrates on official party programmes as a means to systematically compare the two countries and parties. It includes programmes on principles or ideas, which are usually renewed every 10 to 15 years, as well as election manifestos and equivalent short-term programmes.[26] However, there are certain problems and limitations with this material. For example, the election manifestos of the Finnish conservatives have usually been longer and more

detailed than the Swedish ones, especially before the 1990s. Election manifestos are usually aimed at the general public and contain more specific reform proposals, whereas idea programmes are perhaps more important to intra-party debates.[27] Despite these problems, I find it fruitful to examine both types of programmes to obtain a fuller picture of emerging political ideas. It is important to bear in mind, though, that the absence of a specific objective in a specific programme does not necessarily mean that the party did not pursue it. The appearance of ideas in programmes, by contrast, justifies the conclusion that the parties are collectively committed to them.

The study of party programmes has a long tradition in political science, and an extensive database has been compiled of election manifestos from OECD countries since 1945, coded according to various themes.[28] Using this material, Stephanie Mudge has shown that the major parties in Western countries have moved in a neoliberal direction, but the change is much more pronounced among centre-left than among centre-right parties.[29] However, the codes in the database and Mudge's composite indicators are not specific enough for my research interests. For example, the code category 'market economy' appears more frequently in Finnish and Swedish conservative manifestos from the 1950s than in the 1980s or 1990s. This would support Nilsson's interpretation of a 'liberal renaissance' and the view that the conservative turn towards stronger social reformism in the 1960s and 1970s was a historical parenthesis. Upon closer inspection, however, the code includes a defence of property rights, not just the free market *per se*, so it may also hide significant ideational changes. Therefore, instead of using the readymade codes from the database, I have drawn on previous neoliberalism research and determined my own list of ideas and policy objectives that I trace from conservative programmes as indicators of their neoliberalization. This kind of manual labour is feasible when comparing only two parties from two countries. The ideas examined are as follows:

- Tax cuts, especially by moving towards indirect taxes and milder progression;
- Stopping the growth or decreasing the size of the public sector;
- Marketization and/or privatization of public services and enterprises;
- Liberalization of financial markets (credit, currency, foreign investment);
- Liberalization of other sectors, e.g. housing, transport, telecommunication, agriculture;
- Decentralization of collective bargaining;
- Social security reform emphasizing minimum security and 'workfare'.

These ideas are mostly related to economic and social policy and do not provide an exhaustive picture of neoliberal thought. Examining the changing meanings of core values like individual freedom would require deeper qualitative analysis, but, based on my reading of party programmes, I find Lindström's interpretation of growing individualism credible. The ideas chosen for this comparative analysis are relatively easy to trace in the programmes, but especially ideas regarding the size of the public sector and whether tax cuts should concentrate on high, medium or low incomes often requires some interpretation. With the help of existing literature, I also look at reforms that the parties have made while in government and assess internal contestation within the parties and their deliberation on neoliberal ideas to uncover any tensions between the programmes

and actual policy. However, further research is needed to uncover the detailed processes, influences and contradictions of neoliberalization in everyday party politics. The article proceeds as a chronological narrative, which is structured and periodized according to my findings: the 1970s and 1980s represent the (re-)emergence and consolidation of neoliberal ideas, while the 1990s represent a certain high point and the 2000s the slight moderation of such ideas. The concluding section summarizes the comparative analysis of the party programmes in a table and discusses the results.

Background: liberal-conservative siblings

In Finland, the National Coalition Party (*Kansallinen kokoomus*, NCP) has been a prominent party of the political right since its founding in 1918, soon after the country gained its independence. It was a successor to the earlier Finnish Party, which originally supported the idea of Finland becoming a monarchy. The NCP had a social conservative tradition, but since the 1960s the party increasingly adopted liberal ideas. It portrayed itself as a general party of the people, claiming that other parties were tied to the class interests of workers, farmers and minority groups. Most of the NCP's voters belonged to the upper and middle classes, but it also had support among workers and farmers who shared the conservative values of home, religion and fatherland. Throughout the 1950s and 1960s, the NCP was usually the fourth largest party behind the Center Party (before 1965, the Agrarian League), the Social Democrats (SDP) and the People's Democrats (SKDL) (an alliance of communists and left-wing socialists). The NCP formed two centre-right governments with the Agrarian League between 1962 and 1966, but in the 1966 election its support was less than 15%. Subsequently, the NCP was not part of the government again until 1987, as President Urho Kekkonen (in office 1956–1981) and leaders of other large parties found it too anti-Soviet, and hence, untrustworthy.[30]

In Sweden, the conservative Right Party (*Högerpartiet*) represented a fusion of social, cultural and liberal conservatism.[31] It competed for the position of being the largest non-socialist party with the Center Party (before 1957, the Peasant Union) and the Liberal Party (*Folkpartiet*). Like the NCP, the Right Party portrayed itself as a people's party, but most of its voters belonged to the upper and middle classes. During the course of the 20th century, its support base shifted from religious rural areas to cities.[32] In 1969, the party changed its name to the *Moderata samlingspartiet* (Moderate Coalition Party). This was the result of declining electoral support and the belief that the term 'Right' had overly anti-progressive connotations.[33] Despite this shift, the party's support continued to decline, fuelled additionally by internal disputes and leadership problems during the 1960s. In the election of 1970, the Moderate Party received only 11.5% of the vote, which left them behind both the Liberal and Center parties.[34]

Conservative parties have usually been pragmatic and adapted their policy proposals to fit the ideas and demands of the time.[35] However, this does not mean that conservatives lack a distinct ideology. Conservatives in both Finland and Sweden turned to support social policy reforms after the Second World War and adopted liberal economic and cultural ideas during the course of the 20th century. They thus fused a 'liberal-conservative' ideology with social elements.[36] It is not difficult to find a relatively stable ideational core to conservative programmes, especially regarding the economy. Both the Swedish Right/Moderates and Finnish NCP promoted liberal economic ideas. In the post-

war era, their rhetoric on economic policy was based on the conflict over rival economic and political systems, i.e. capitalism and communism. They supported private ownership, a market economy and individual freedom while opposing socialism and extensive state control of the economy.[37] The parties advocated lower and less progressive taxes and were reluctant to increase the state's role in the economy, even though they had accepted a certain degree of economic steering and social reforms in the post-war regimes.[38] However, Swedish and Finnish conservatives had different domestic antagonists: the Swedish Right Party challenged the governing Social Democrats, while the NCP's identity was defined especially by anti-communism. The NCP could cooperate with the Social Democrats against the communists and the reigning Agrarian/Center Party on certain matters.[39]

Neoliberal ideas adopted at a different pace in the 1970s and 1980s

In the first post-war decades, the heyday of Keynesianism and social reformism, conservatives and liberals across Europe were seeking a middle way between laissez-faire capitalism and planned economies.[40] The NCP approached this question by adopting the German concept of a 'social market economy', which combined a free market economy with social policy.[41] In the early 1970s, the party also introduced the conceptual innovation of a 'social choice economy' (*sosiaalinen valintatalous*). Instead of promoting a free market as an intrinsic value, it emphasized freedom of individual choice, which could be realized only with the help of social reforms.[42] With the new concept, progressive reformers within the NCP aimed to achieve a synthesis between socialism and capitalism and gain the acceptance of President Kekkonen.[43] The notion of a social choice economy marked a shift from negative to positive freedom in the NCP's ideology: not all freedom necessarily meant freedom *from* the state; it could also be realized *through* the state. The NCP also sought to change its image from a party of capital to a party representing the interests of middle-class people and average wage earners.[44] According to Vesa Vares, a social choice economy closely mirrored Keynesian social liberalism and the concept of the welfare state, but it allowed NCP to avoid invoking such concepts directly, which traditional conservatives might have opposed.[45] The tension between progressive and conservative party members was visible in conservative opposition to many social reforms, such as universal basic education, in the 1960s and 1970s.[46]

After suffering their worst result ever in the 1970 parliamentary election, the Swedish Moderates elected Gösta Bohman, an experienced lawyer and politician, as new party leader. In contrast to the Finnish NCP, Bohman began to gradually take the Moderate Party in more the direction of market liberalism and sharpened the party's critique of the welfare state. This was done even at the cost of endangering cooperation with the Center and Liberals. Bohman found that all the Swedish non-socialist parties had moved too far to the left, following the Social Democrats, who had given up their traditional cooperative line. The Moderates aimed to challenge leftism by decisively promoting the values of 'liberal conservatism', especially individual freedom and responsibility.[47]

In its 1969 programme of principles, which in general favoured the welfare state, the Moderate Party nonetheless proposed some reforms that could qualify as neoliberal: moving from direct and progressive taxation towards indirect taxes and flat rates,

gradually deregulating the currency and rental housing, and selling shares of state-owned enterprises to the public.[48] The proposals shared ideological continuities with the support of private ownership and the Swedish export industry and were not a direct result of neoliberal influences. Moreover, Bohman continued to dissociate his party from extreme market liberalism and accepted the state's role in shaping social policy and creating a general economic framework.[49]

In 1976, the Social Democratic Party (SAP)'s 44-year term in government ended in Sweden. The parliamentary election centred around the themes of economic crisis, nuclear power and wage-earner funds, the last of which the Conservatives opposed fiercely as a leftist plan to socialize private enterprises. The non-socialist bloc received 180 seats in parliament, with the SAP and communists receiving 169 seats. The Center Party gained support with its anti-nuclear campaign. It became the largest non-socialist party and its leader, Thorbjörn Fälldin, the new prime minister, but the Moderate Party also entered government, having received 15.6% of the vote.[50] In the next election, three years later, the non-socialist bloc won an even tighter election with just one more seat in parliament. The Moderates now became the largest non-socialist party, with 20.3% of the vote, but it was politically impossible to make Gösta Bohman prime minister, so Fälldin returned to the post after one year of a liberal minority cabinet.[51] For some years, the non-socialist governments enacted an expansive economic policy as the economy experienced a downturn. They wanted to stick to the objective of full employment, which enjoyed overwhelming popular support among citizens. The government subsidized declining industries and devalued the currency instead of letting unemployment rise. This did not stimulate investments and growth sufficiently, with inflation remaining high and the current account deficit becoming a growing problem for the Swedish economy.[52]

According to Torbjörn Nilsson, the debate over neoliberal ideas started slowly among the Moderate Party members, but the party's youth and student organizations began actively promoting them in the late 1970s. Traditional conservatives considered the party's 1978 programme too oriented towards market liberalism, but Nilsson finds that they achieved a balanced combination of the two ideological strands, signifying a slight 'liberal renaissance' in the Moderate Party's ideology.[53] The 1978 programme referred to a global ideological battle between freedom and non-freedom, democracy and dictatorship. It praised Sweden's democratic regime and welfare system but noted that an excessive concentration of decision-making power threatened to restrict individual freedom. The programme included new demands with a neoliberal flair: the growth of the public 'power apparatus' had to be halted and competition and freedom of choice introduced in the public sector. However, the Moderates continued to approve the role of the state in a 'socially steered market economy'. According to the programme, '[a]n economy that does not fulfill the demands for welfare and social justice cannot function in a democratic society'. The 1978 programme included fewer concrete reform proposals than the 1969 programme and said nothing about taxes or deregulation. However, this does not mean that the Moderates would have let go of their objectives regarding those issues.[54]

The Moderates adopted new market-oriented policies in the early 1980s, towards the end of their second term in government, and they moved away from Keynesianism, which the party had previously accepted as the basis of sound economic policy. In 1980, Bohman declared that it was time for an 'offensive for the liberalization of Swedish society'.[55] The

party continued along this line while in opposition from 1982 onwards.[56] The Moderate Party's 1984 action plan continued to emphasize free markets and oppose centralization, but some positions had become more radical. Tax cuts, privatization of state-owned and municipal enterprises, deregulation of credit and currency markets, housing, transport and telecommunications as well as competition and freedom of choice in public services were advocated more strongly. However, the programme was carefully phrased so that it could not be read as seeking to dismantle the welfare state, just to restrict and rationalize it. It introduced 'welfare society' (*välfärdssamhälle*) as a positive concept that was rooted in pluralistic civil society instead of overstretched state power.[57] The Moderates thus clearly adopted neoliberal ideas in their programmes earlier than the Finnish NCP but later than, for example, the Danish liberal party *Venstre*, which had begun its reorientation in the early 1970s.[58] However, as Nilsson points out, the Moderates retained many elements of conservative communitarianism despite increasing calls for economic liberalism.[59]

The Moderate Party's 1985 election manifesto revolved around the key concept of freedom, but in public the party occasionally referred to the notion of 'system change' (*systemskifte*), which can be interpreted as engaging in just the type of radical welfare state critique they had usually avoided to that point. The Social Democrats attacked the concept, launched a strong counter-campaign and managed to stay in power by defending the welfare state.[60] This did not change the Moderate Party's strategy, though. They argued that economic growth was slowing down, especially due to the rigidities of the public sector and labour market. The Moderate Party's 1988 election manifesto implied that instead of just halting the growth of the public sector, it should be curtailed and 'the state should do less'. The manifesto stated that economic growth and 'tomorrow's welfare' had to be stimulated through 'tax cuts, deregulation, privatization and European cooperation'.[61] The party had been an ardent advocate of European integration since the early 1970s.

In Finland, the NCP was in a different situation than its Swedish counterpart. In the late 1970s, the NCP's support was growing fast. In the 1979 election, it became the second-largest party after the Social Democrats, motivating it to cease being a party in opposition and become part of the governing coalition. The party leadership believed that this required adopting a centrist economic and social policy and a friendlier stance towards the Soviet Union. While the Finnish party system was not based on political blocs but potentially shifting coalitions, the NCP had to be more conciliatory than the Swedish Moderate Party. A natural coalition partner would have been the Center Party, but the possibility of cooperating with the Social Democrats was increasingly discussed. The SDP felt that cooperation was possible if the NCP moved politically towards the centre. It believed that both parties were competing for the votes of the same growing middle-class population. Neoliberal ideas did not become as influential in the NCP as in the Moderate Party, even though the former also had a small market liberal wing.[62] The NCP continued to refer to the notion of a 'social choice economy' and emphasize that economic activity needed regulation and should aim towards broader societal goals than just economic growth.[63] In the 1980s, there was scarcely a trace of neoliberalism in NCP programmes. The party continued to demand lower and less progressive taxes and began to speak in favour of the decentralization of collective bargaining. However, at this

point it only meant including more industry- and enterprise-level flexibility in centralized income policy agreements.[64]

The NCP's youth organization (*Kokoomuksen Nuorten Liitto*, KNL) was a driving force in the party's ambition to win the confidence of President Kekkonen, which meant frictions in its relations with their Scandinavian political counterparts. [65] Ideologically, the KNL was furthest away from the Danish organization KU, which advocated more right-wing economic and social policies and was a vehement supporter of both the EEC and NATO. In Finnish politics, these topics were untouchable. The neoliberal turn of the Swedish Moderate Party's Youth Organization (*Moderata ungdomsförbund*, MUF) was also distressing for the KNL. Reporting from a European conservative youth meeting in Stockholm in 1981, the Finnish representative Heikki Jokinen wrote that the whole meeting had been conducted in a Friedmanian spirit, with intensive discussions on monetarism and liberal economic policy. There was even a screening of two episodes of Friedman's TV series *Free to Choose*. Jokinen concluded that 'we will have to ponder our relationship to the new right and Friedman, as they will continue to be to a nuisance [to us] in the future'. Reports from other Nordic meetings in the 1980s similarly labelled the MUF as 'excessively monetarist' and 'extremely liberalistic'. From the perspective of the KNL, it was not merely the radical economic and social policies of the MUF that were concerning, but particularly the foreign political implications of such a stance, which ran the risk of isolating the KNL as well as the main NCP from their Nordic frameworks. KNL feared that it was being left alone against a Scandinavian 'anti-Soviet monetarist bloc'.[66] These foreign policy concerns may also have been one reason behind the NCP's lack of interest in neoliberal ideas during the 1980s. However, in reality the Soviets were not very interested in how much Finland liberalized its economy, so long as it did not mean official membership in any Western European organizations or North Atlantic cooperation. For example, Finland began to freely liberalize its finance markets in the 1980s and become more integrated with the international movement of capital.[67]

The Finnish parliamentary election of 1987 ended the NCP's 21 years in opposition. The party was the biggest winner and gained nine seats; it had a total of 53 MPs in parliament and had received 23.1% of the vote. The Social Democrats remained the largest party in parliament, with 56 MPs, even though the party lost 100,000 votes. The NCP, Center Party and Swedish People's Party had made a secret agreement to form a non-socialist alliance, but President Mauno Koivisto sidestepped NCP leader Ilkka Suominen and gave the task of forming a government to Harri Holkeri, director of the Bank of Finland and former NCP leader, who was willing to form an alliance with the Social Democrats. The SDP retained a strong position, heading the ministries of finance, foreign affairs, justice and labour.[68] The programme of the unorthodox 'blue-red' coalition included significant labour market reforms, such as employee representation in corporate governance, increasing security of employment as well as so-called personnel funds, a voluntary and individualized version of the Swedish wage-earner funds.[69]

Historians have debated whether the programme of Holkeri's government can be considered neoliberal or not. Some have argued that the objectives pointing to enterprise democracy were far from neoliberalism, while others emphasize that the government was committed to promoting a stable currency, liberalizing the financial markets, lowering taxes and increasing the competitiveness and flexibility of economic life.[70] Ville Yliaska has called attention to the government's transfer of resources from social services to

subsidizing private business, especially in research and development. Reforming public administration according to the principles of New Public Management was also on the agenda.[71] However, as has been common in Finnish politics, the programme was a compromise between two coalition partners, with both parties having to adopt potentially undesirable objectives.[72] In general, the NCP remained ideologically divided between progressive liberals and more state-oriented traditional conservatives, but a gradual shift away from strong social reformism was taking place.

The economic crisis of the 1990s makes room for neoliberal reforms

As real and existing socialism was falling apart in the early 1990s, advocates of a free market economy believed they were on the right side of history. Francis Fukuyama's thesis on the 'end of history' served as inspiration for the debate also in Sweden and Finland.[73] The discourse was prominent in conservative election manifestos of 1991. The Swedish Moderates declared that '(t)he brisk winds of freedom are sweeping across Europe and the world'. According to their manifesto, the 'third way' had failed and there was no proven middle way between socialism and freedom. Sweden's development had been hindered by high taxes, monopolies and regulations, but now the country had the chance to develop one of the strongest economies in Europe. The Moderate Party's recipe for growth was lower taxes, greater freedom for citizens and less power for public officials. An important aspect of future success was Sweden's membership in the European Community.[74]

Perhaps more importantly, in the immediate sense the early 1990s were characterized by a severe economic crisis in Finland and Sweden. The crisis resulted from the badly timed and uncoordinated liberalization of financial markets during the 1980s in countries that had, until then, strictly regulated lending, interest rates and the movement of capital. Deregulation led to credit expansion, an influx of foreign capital and rapidly increasing private-sector debt. Current account deficits worsened due to increased imports, and asset bubbles became inflated. Governments did not sufficiently curb the overheating economies through fiscal policy or reregulation of the finance sector. Eventually growth expectations diminished, the debt bubble burst and a banking crisis followed. Despite entering a recession, both Finland and Sweden held on to their policies of supporting a fixed currency, which kept interest rates high and made debt payments difficult. This steepened the downward spiral of aggregate demand and asset values, leading to bankruptcies and soaring unemployment rates. In both countries, the unemployment rate at least quadrupled, to 8% in Sweden and 18% in Finland. The Finnish situation was compounded by decreasing trade with the crumbling Soviet bloc. In the worst depression years of 1991–1993, Finland's GDP shrank by a total of 13%. Tax revenue plummeted at the same time that unemployment costs skyrocketed and banks had to be bailed out, which forced the state to take on a great deal of debt. In Finland, public debt escalated to 60% and in Sweden to 70% of the GDP by the mid-1990s.[75]

In 1991, the crisis was still escalating when parliamentary elections were held in both Finland and Sweden. Especially in the latter country, the elections resulted in a protest vote against politics as usual and a shift to the right. The Moderates remained the largest non-socialist party, with 21.9% of the total vote, while the Social Democrats received only 37.7% of the vote and lost 18 seats in parliament. The populist and anti-immigrant New

Democracy Party and the conservative Christian Democrats entered parliament for the first time with 6.7% and 7.1% of the vote, respectively. The Center and Liberal parties lost support, receiving less than 10% of the vote. Carl Bildt, leader of the Moderate Party since 1986, became prime minister and formed a government with the Center, Liberals and Christian Democrats, which enjoyed the support of 46.7% of the voters as opposed to the 42.2.% enjoyed by the socialist bloc. The non-socialist bloc had presented a common election programme and was more capable of cooperation than it had been ten years earlier.[76]

Compared to previous non-socialist governments, Bildt's cabinet was more confrontational towards the Social Democrats. It sought to tackle the economic crisis by promoting free competition and private ownership. The government carried out many of the reforms that the Moderates had demanded throughout the 1980s, although it did not go as far as most radical members of the party or the youth organization would have wanted, for example regarding the privatization of social insurance. The government nevertheless lowered taxes on capital gains, abolished the wealth tax, loosened public supervision of banks and began selling off state ownership of several enterprises. Housing, education and labour market policy were also partly deregulated. The government introduced 'school vouchers' and freedom of choice in primary education; the change was implemented without traditional state committee preparation and remains a unique practice in the Nordic countries. Cuts were made to social benefits and public-sector jobs, with those working in the public sector dropping from 26% to 21% of the total workforce. Full employment was still an objective due to huge public support, but the government was more concerned about inflation, even though the country was moving closer to deflation at the time.[77] Prime Minister Bildt's rhetoric of 'the only way' strengthened the image of economic necessity. He argued that public expenditure cuts were the only way to instil market confidence and boost the economy. The alternative was increasing taxes, which would slow down economic activity.[78]

During the term of Bildt's government, a committee led by the economist Assar Lindbeck proposed several ways to reform Sweden. In addition to public-sector cuts and marketization, it proposed concentrating power in the government and restricting the budgetary power of parliament. Not all the reforms were carried out right away, but the budget process was centralized and the Prime Minister's Office was given new tasks, while much operational power and responsibility for producing services was decentralized and assigned to municipalities.[79] As political scientist Johannes Lindvall has put it, economic policy was gradually decoupled from other policy areas, beginning with increasing the Central Bank's independence and liberalizing financial markets in the 1980s. Other policy sectors had to operate within the bounds of budget and price stability targets set by experts at the Central Bank and key ministries.[80] The development was quite similar in Finland: budgetary power was concentrated in the Ministry of Finance with the help of tools like frame budgeting, introduced in 1991. Municipalities were given more autonomy to decide how to arrange their services, while their resources were reduced considerably.[81]

The devising of 'constitutional' constraints for economic policy was a transnational phenomenon often traced back to neoliberal thinkers like Hayek and Buchanan, who advocated similar institutional measures.[82] New rule-based restrictions, for example on budget deficits and public debt, were also devised as part of greater European

integration.[83] In Sweden, the Moderates continued to campaign strongly for membership in the European Union. The country applied for membership in autumn 1991, and the decision was approved via referendum in November 1994. Even though the Left and Center parties were highly critical of membership, and the Social Democrats faced significant internal opposition, key politicians reached a consensus on the need to participate in the integration process.[84]

The ideas of the time are quite well illustrated in the Moderate Party's 1993 action plan. Besides praising European integration efforts, it argued that the welfare state was 'at the end of the road'. This did not mean a complete dismantling of it, but rather breaking the public monopolies, bringing services closer to regular people and easing their tax burden in order to increase freedom and efficiency.[85] The programme advocated a limited state and low taxation and emphasized the importance of independent communities within civil society. The rhetoric of small-scaleness and connections to 'near democracy' were prominent and exemplify the lasting communitarian tradition within the Moderate Party.[86]

In the programme's economic section, the market economy and private ownership remained key concepts, which were to be secured by the constitution. Free markets were again contrasted with politically steered economies, with the latter resulting in a waste of resources and technological stagnation. A market economy, in contrast, fostered innovation, progress and economic growth. The Moderates defined a stable currency, low inflation, low taxation and a balanced budget as cornerstones of a sound economic policy. Previously regulated sectors like housing and state-owned enterprises were to be privatized and incorporated within the market economy as much as possible.[87] Flexibility remained a key component of the Moderate Party's labour policy, figuring as a counter-concept to the regulations of the 1970s. According to the programme, conflict between capital and labour was a Marxist idea that did not correspond to reality. The labour market was to be based on cooperation and freedom of contract. Like the Social Democrats, the Moderates also stressed knowledge and competence in the new post-industrial society. It viewed the development of both as a way to avoid unemployment and enhance national competitiveness.[88]

There were many continuities with the programmes of the 1960s and 1970s, especially in the persistence of certain liberal images of society. The continuities included the conceiving of democracy as a combination of a pluralistic civil society and a limited state, the harmonious picture of economic relations as transactions between equals and the goals of increasing individual freedom by lowering taxes and supporting private ownership. For the Moderates, civil society and the market were domains of voluntarism and freedom of contract, whereas political democracy was about collective majority decisions that could oppress individuals. Therefore, the scope of civil society should be extended and that of the state restricted.

Despite such continuities, the Moderate Party's programmes during the 1990s assigned a smaller role to the state and a greater role to markets compared to its programmes from the 1960s. Demands for privatizations, deregulations and labour market decentralization increased, even as the party retained the same basic view of society. In a sense, the Moderates had only modified the settings of their core beliefs and concepts according to new economic ideas and the perceived reality of globalization. According to Prime Minister Bildt, a liberal systemic shift was taking place globally, which

called for adaptation.[89] However, even if the rise of neoliberal thought influenced Moderate thought and rhetoric, the change may have been more a renaissance rather than revolution, as Torbjörn Nilsson has argued. Demands for lower taxes and protection of private ownership had been on the agenda since the Right Party had been founded in 1904.[90] Now, the Moderate Party just perceived the circumstances for promoting them more aggressively as more beneficial, and it also adopted new ideas to tackle the large public sector that had been created in the meantime.

The Finnish parliamentary election of 1991 was also a protest against the incumbent government. The Center Party won a major victory after criticizing the blue-red government strongly in its campaign. With 24.8% of the vote, it gained 15 new parliamentary seats and became the largest party, a position the SDP had held since 1966. The NCP lost 14 seats, while the SDP lost eight. As the Social Democrats announced that they would remain in opposition, the Center had little choice but to form a non-socialist government with the NCP. The young Center Party leader Esko Aho became prime minister and the NCP's Iiro Viinanen finance minister.[91] Like Bildt's government in Sweden, they had to find solutions to the deepening crisis. Aho's government conducted similar reforms to correct the budget deficit and instil market confidence, such as lowering capital gains taxes and cutting public expenses, especially unemployment benefits and transfers to municipalities.[92]

During the recession, it became common for critics to interpret the centre-right government's cuts to public services and social benefits as a sign that 'neoliberalism' had finally landed in Finland. The concept's connotation was thus very negative, and it was used especially by the left-wing opposition in parliament[93] as well as by social policy experts.[94] Even Ilkka Suominen, the speaker of parliament, the former leader of the NCP and one of the architects of the party's Soviet-friendly policy, criticized his party for becoming too enthusiastic about 'neoliberal economic doctrines'. His point of reference was the 'monetarist' policy of Reagan and Bush in the United States, which had only increased social divides and rendered markets 'the master instead of a servant'.[95]

Neither the cabinet members nor the NCP as a party were openly enthusiastic about neoliberalism, but instead framed the tax and public spending cuts as necessities dictated by the crisis. Despite implementing similar policies, the programmes of the NCP were more moderate than those of their Swedish counterparts. Finnish employer organizations, which demanded cuts in wages and benefits as well as significant labour market flexibility, were at this point the country's most outspoken deregulators. In its 1991 election manifesto, the NCP did not mention privatization or deregulation, and even tax cuts played a relatively small role. Instead, the party spoke in favour of improving basic social security and investing in research and education.[96]

The NCP's 1993 Programme of Principles in turn resembled the Moderate Party's programme more in its focus on communitarianism than on economic liberalism. It stressed individual freedom and responsibility as well as a pluralistic society as the foundation of 'genuine democracy'. The traditional notion of a social market economy was now promoted as an 'ecosocial market economy' to better address ecological concerns.[97] However, the NCP also advocated some new liberalization measures, such as increasing outsourcing and freedom of choice in public services, which it had adopted 15 years after the idea first appeared in the Moderate Party's programme. The NCP also wanted to decrease public debt and the public sector's share in the national economy in

order to guarantee necessary services. This was a common legitimation strategy for promoting greater savings and restructuring in both Finland and Sweden. The NCP sought to retain the 'welfare society', claiming that it had worked to secure it for more than 70 years. In some respects, the party's strategy was closer to that of the Social Democrats – education and innovation would restore growth in the context of global competition – than the tax-cutting and deregulatory programme of the Swedish Moderates. However, freedom of choice in public services was portrayed also as an ideologically desirable objective.[98]

After the crisis: permanent austerity and moderated neoliberalization

As the country slowly overcame the economic recession towards the mid-1990s, calls for a general liberalization of Finnish society increased, largely connected to debates about Europeanization and globalization. Social scientist Anu Kantola has shown how the economic crisis was commonly viewed as punishment for Finland's regulated and 'inefficient' structures and institutions. Many believed high unemployment was a necessary transitional phase for Finland to become a 'true' market economy engaged in global competition.[99] Criticism of the public sector, of growing public debt and of the 'patronizing state' (*holhousvaltio*) also became more common within the NCP and its youth organization. The vice chair of KNL, Piia-Noora Kauppi, wrote in 1995 that Finland needed to experience a 'general liberalization' and a move 'from [being a] welfare state towards [becoming a] welfare society, which depends on individuals and their social networks'.[100] In 1999, the KNL stated that the public sector's core tasks were maintaining external and internal security and providing the means for a general education. Many services at least could be outsourced to the private sector, including museums, prisons, road maintenance and perhaps even some aspects of education.[101] As noted above, the NCP had adopted the goals of outsourcing and freedom of choice in public services, for example by using service vouchers, in its programmes of the 1990s. It also began to explicitly call for partial or total privatization of state-owned enterprises. However, the party was not overly explicit about just what functions should remain exclusively in public hands.[102] The NCP did not specifically say that the public sector should become smaller, but its strong rhetoric regarding economic austerity and reducing the public debt pointed in this direction.[103]

In Sweden, the Moderates continued as a more outspoken advocate of deregulating different sectors and privatizing public enterprises. The party wanted to open public services up to competition as broadly as possible. According to the Moderate Party's programmes of the 1990s, competition and freedom of choice were the best guarantees of quality in healthcare and would lead to decreased costs for the public sector and patients. In contrast, reliance on the public provision of healthcare would lead to inefficiency and overconsumption.[104]

After one term of non-socialist rule, though, the Social Democrats returned to power in Sweden with strong support. The SAP's support in the 1994 election was 45% – the highest since 1982. While the Moderates remained strong, other non-socialist parties declined in popularity.[105] The Social Democratic victory did not result in significant policy changes, however. Recovery from the economic crisis had begun, but the SAP believed that, within the context of globalized capitalism, there was little choice but to keep

budgets in balance, support private-sector competitiveness and make the labour market more flexible.

The Finnish Social Democrats also returned to power, but not at the expense of the conservatives. In the election of 1995, the SDP received 28.3% of the vote, clearly making it the largest party; its leader, Paavo Lipponen, formed a broad coalition government with the NCP, Greens, Left Alliance and Swedish People's Party. The Centre Party was left in opposition. Under Lipponen's government, Finland joined the European Monetary Union without a referendum and continued spending cuts in order to decrease the level of public debt.[106] In the same election, a new economically and culturally liberal party, the Young Finns, entered parliament for the first time with a radical programme calling for labour market deregulation, flat-rate taxes, universal basic income and the abolishment of publicly funded, earnings-related benefits. Many of these ideas were inspired by neoliberals such as Hayek and Friedman, although the party itself disliked the label neoliberal and believed that Thatcher and Reagan had been too extreme in their tax cuts and liberalizing measures.[107]

As always, the NCP shared the general ambition of lowering taxes and focusing on taxing consumption and harmful activities instead of income, but it did not seek to overthrow the prevailing progressive tax system, like the small challenger party. Most Finnish parties and voters supported earnings-related pensions and social benefits. The NCP was uncompromising in this respect, which in its view could only be supplemented with private and voluntary insurance.[108] The main parties in power, the SDP and NCP, also opposed a universal basic income as being too expensive and passivizing. They preferred existing, means-tested and partly earnings-related sickness, parental and unemployment benefits.[109] For the unemployed, the government introduced stricter conditionality and activation measures. Some scholars consider these 'workfare' reforms a further step in the neoliberalization of Finnish social policy.[110] The Swedish Moderates also continued along their traditional tax policy line. The party took pride in the tax cuts that it had implemented while in office and called for more. Party members did not speak for explicit cuts in social benefits but promised not to increase them either. They wanted to keep earnings-related social security but introduce upper boundaries and stricter conditionality. Dependence on benefits was to be decreased by tax cuts and deregulation, which would vitalize private enterprise and increase employment.[111]

Greater flexibility and decentralization of the labour market had been major themes since the 1980s. Finnish and Swedish employers criticized the centralized collective bargaining model and called for more enterprise- and workplace-level bargaining and flexibility. Political parties were slower to adopt these ideas especially in Finland, but during and after the economic crisis of the 1990s they became widespread. The public atmosphere became increasingly more critical of trade unions and centralized bargaining, and even the Social Democrats advocated for a more flexible labour market.[112] During the 1990s, local bargaining on wages, working hours and many other issues increased significantly, but always within the confines agreed to on the national level between trade and employer unions. Sweden was ahead in this development, and local bargaining advanced rapidly especially in the public sector.[113] Changing attitudes towards collective bargaining are visible in the NCP programmes of the time. In 1995, the party still stressed centralized tripartite bargaining but also called for increased negotiation in workplaces between workers and employers.[114] In 1999, the NCP began arguing that local bargaining

should be possible on all issues except for minimum wages. A growing share of wages was to be based on individual competence or the enterprise's own profits. According to the NCP, the terms and conditions of employment were to be agreed upon between individuals and enterprises 'as far as possible'.[115] The Moderates, in turn, concentrated in their 1998 election manifesto on labour legislation rather than collective bargaining. They wanted to make the legislation more flexible in order to cater to the needs of small enterprises aspiring to grow. One aspect of this plan was finding a 'better balance' between enterprises and trade unions, implying that the power of enterprises should increase.[116]

Moving into the 2000s, many neoliberally oriented reforms had already been realized in all Nordic countries by centre-right and social democratic governments alike: taxes on capital and wealth had been lowered, competition and private providers introduced in public services, state-owned enterprises at least partially privatized and many sectors, such as housing, transportation and telecommunications, deregulated, also due to EU requirements.[117] The governments limited growth of the public sector, but significant reduction in the share of public expenses relative to GDP was not possible because of ageing populations and high unemployment. Sweden was at the forefront in many of these reforms, but for example regulation of rental housing remained strict, whereas in Finland rent controls were abolished in 1995. By contrast, in Finland the deregulation of taxis and long-distance buses stretched far into the 2000s, while passenger train traffic is still controlled by a state monopoly and for-profit schools have not been allowed.

As the governments implemented the reforms, it became less necessary for conservatives to demand them in their party programmes. Reforms that advanced only gradually, such as lowering taxes and decentralizing labour markets, remained constant themes. However, the Swedish and Finnish conservatives moderated their objectives after electoral defeats and periods of allegedly weak leaders, Bo Lundgren (1999–2003) in Sweden and Ville Itälä (2001–2004) in Finland. In the Swedish election of 2002, support for the Moderate Party dropped to 15.3% – the lowest since 1973 – and the Liberal Party nearly overtook them as the largest non-socialist party.[118] Since 2003, the new party leader, Fredrik Reinfeldt, rebranded the Moderates as 'Today's Labour Party' and became prime minister in 2006, with 26.2% of the vote – the highest since 1928.[119] The NCP had increased its support in the election of 1999 and continued in a nearly identical government led by the SDP's Lipponen, but in 2003 the party was forced into opposition for the first time in 16 years after losing 6 parliamentary seats and 2.5% points. The result – 18.5% of the vote and 40 parliamentary seats – was slightly better than in 1995, but the SDP and Center Party both increased their support with the help of their popular leaders, Lipponen and Anneli Jäätteenmäki, and the two parties formed a government together. In 2004, the NCP elected Jyrki Katainen, a young social liberal not unlike Reinfeldt, as its new leader, and in 2007 the party joined a Center-led non-socialist government with Katainen as the Minister of Finance.

The Moderate Party's 2007 programme had a more social liberal flair to it than those of the 1980s and 1990s: it argued emphatically for collectively financed welfare and education as well as immigration and environmental protection. The party continued to call for competition in public services and lower taxes, but this time it also advocated lower taxes for small and medium incomes and enterprises rather than just milder progression for large incomes. The programme did not explicitly mention the optimal size of the public

sector but argued instead that public debt was to be avoided in order to prepare for harder times. Interestingly, the programme mentioned neither the welfare state nor welfare society but spoke only of 'the welfare' (*välfärden*) of the people in general terms.[120] As conceptual historian Nils Edling has noted, this has been a rhetorical means to downplay the public sector's role as the producer of welfare measures. The Reinfeldt governments of 2006–2014 continued the marketization of public services, deregulated pharmacies and introduced new workfare legislation that increased the conditionality of unemployment benefits.[121] The workfare legislation was not explicitly mentioned in the party programme, though, which declared in more general terms that dependency on social benefits was to be reduced.

The NCP's 2006 programme of principles and 2007 election manifesto were also more oriented towards social liberalism and ecological issues than the programmes of the 1990s. They especially placed support for pensioners and families with children in the foreground. Freedom of choice in public services and tax cuts for both capital and wage income remained on the agenda. As a new goal, the NCP wanted to abolish the inheritance tax, probably following the example of Sweden's previous Social Democratic government.[122] Welfarist programmes were supported by strong economic growth in the early 2000s, but after the global financial crisis of 2008, the conservatives again advocated stronger austerity measures much like during the crisis of the 1990s. Examining these developments will be an important task of future research.

Conclusion

By comparing party programmes, as illustrated in Table 1, we can see that the most enduring of new neoliberal ideas for both the Swedish Moderates and Finnish NCP has been introducing competition and freedom of choice to public services. It was largely inspired by Public Choice Theory and emerged in the Moderate Party's programmes in the late 1970s but in NCP's programmes as late as the early 1990s. However, before this the NCP had advocated the rationalization of public administration and implemented some NPM reforms during its term in government, 1987–1991. The source material also revealed many continuities and affinities between neoliberalism and traditional conservatism. Demands for tax cuts have been a constant theme of conservatives throughout their history, but the form they take has varied. For a long time, the parties advocated a milder progression in the taxation of income and lower capital gains taxes, but in the early 2000s the emphasis shifted more clearly to tax cuts for those making small and medium incomes and for small enterprises. Many other ideas have appeared in programmes more sporadically, partly because the rather brief election manifestos have not listed all possible objectives. Some demands have been dropped because the reforms in question have already been implemented. The liberalization of financial markets is a case in point: there has been no need to demand further liberalization after the reforms made in both Finland and Sweden in the mid-1980s. Cutting social benefits has been a relatively unpopular objective among voters and thus rarely expressed in programmes, even though in practice the conservatives have made such cuts – especially to unemployment benefits – and introduced stricter conditionality and activation measures when in government.

Table 1. The appearance of neoliberal ideas and objectives in conservative programs, 1966–2007: includes all programmes listed as primary sources (one appearance per period merits a ticked box).

Idea	1966–73	1974–79	1980–84	1985–89	1990–95	1996–2002	2003–07
Moving towards indirect taxes and milder progression	M NCP	M NCP	M NCP	M NCP	M NCP	M NCP	 NCP
Lower taxes on capital gains, wealth and/or inheritance	M		M	M NCP	M	M	 NCP
Currency deregulation	M		M	Impl. Impl.	Impl. Impl.	Impl. Impl.	Impl. Impl.
Deregulation of interest and credit			M	Impl. Impl.	Impl. Impl.	Impl. Impl.	Impl. Impl.
Stopping the growth of the public sector		M	M				
Decreasing the size of the public sector				M	M NCP	M	
Competition in public services ('freedom of choice')		M	M	M	M NCP	M NCP	M NCP
Privatization of public enterprises (at least partial)	M		M	M	M NCP	M	M
Decentralization of collective bargaining (at least partial)			M NCP		M NCP	M NCP	
Cutting unemployment benefits and/or stricter conditionality					M	 NCP	
Deregulation of rental housing	M		M NCP	M NCP	M NCP	 Impl.	M Impl.
Deregulation of transport (rail, aviation, taxi)			M		M	Impl. NCP	Impl.
Deregulation of agriculture					M		

The Swedish Moderate Party adopted explicit neoliberal ideas considerably earlier than the Finnish NCP. The former began to advocate halting the growth of the public sector, increasing marketization and the outsourcing of public services as well as deregulating financial markets and many other sectors already in the 1970s. Especially in the 1980s and early 1990s the party made strong demands for greater liberalization and deregulation, which it portrayed as economically necessary but also ideologically desirable since they promoted individual freedom. The NCP, by contrast, was more cautious in its demands even in the 1990s, when first voicing many of the same ideas in the programmes. With regards to concrete reforms, financial markets were liberalized in Finland and Sweden at about the same pace in the 1980s by Social Democratic governments, but in some other reforms Sweden was years ahead of its neighbour. These included the marketization of public services, decentralization of collective bargaining as well as deregulation of railway traffic and taxis. Many of the reforms were extensively prepared in state committees, and the Social Democrats also supported them. However, some reforms, such as school vouchers, were designed by the non-socialists alone and remained unique to Sweden. The only reform where Finland was a forerunner was the abolition of rent controls.

Sweden's avant-garde position in both ideology and practice is probably best explained by stronger connections to the Anglo-Saxon world and its ideational currents as well as the larger role of multinational companies. The Finnish conservatives were more attached to German ideas of a social market economy and operated in a more sheltered economy. A further explanation may be that the Swedish tradition of rather stable political blocs has allowed the Moderates to take stronger ideological positions, whereas

the NCP has always had to contemplate whether it can form a government with the Center Party or the Social Democrats and refine its positions accordingly. Foreign policy concerns also seem to have hindered Finnish economic liberalism in a curious way during the Cold War. In a sense, Finland's geopolitical position facilitated a politics of consensus in economic and social policy as well, and space for stronger criticism of the welfare state only emerged after the fall of the Soviet Union.[123]

Some scholars have argued that the conservative parties have promoted 'neoliberalization' in the Nordic countries by advocating the above-mentioned ideas and reforms.[124] Others have pointed out that especially Finnish reforms were usually driven by pragmatic concerns instead of neoliberal ideology. Furthermore, they stress that the reforms were more moderate than in the Anglo-Saxon world.[125] However, the existence of an explicitly neoliberal programme is not a decisive feature in determining whether political and ideational change can be called neoliberalization. We can observe a significant change in political ideas and practices regardless of whether it resulted from ideological design or 'pragmatic' decision-making. It is beyond dispute that Finland and Sweden have embraced the market mechanism since the 1970s, even if the change was not as thorough as in some other countries. Financial liberalization, as well as marketization and privatization of the public sector, began in the 1980s with conservative support, while the most significant cuts to welfare spending and tax exemptions for the well-off took place during and after the economic crisis of the 1990s, with conservatives in office in both countries.

In the light of this development, we can conclude that the conservative parties adopted certain neoliberal ideas and promoted the neoliberalization of Finnish and Swedish societies either intentionally or inadvertently. Acceptance of the welfare state as a general principle was a shared Nordic characteristic of the conservatives, but there was much national variation in the timing and intensity of their adoption of neoliberal ideas.

Notes

1. e.g. Stedman Jones, *Masters of the Universe*, 7–9, 18–9, 254–70.
2. Plehwe and Mirowski, *The Road from Mont Pèlerin*; Stedman Jones, *Masters of the Universe*.
3. Biebricher, *The Political Theory of Neoliberalism*, 26; Mirowski, "Postface: Defining Neoliberalism," 433–6.
4. Peck, *Constructions of Neoliberal Reason*; Ban, *Ruling Ideas*.
5. Andersson, *Between Growth and Security*; Andersson, *The Library and the Workshop*; Olsen, *The Sovereign Consumer*; Mudge, *Leftism Reinvented*; Outinen, "From Steering Capitalism to Seeking Market Acceptance".
6. Blyth, *Great Transformations*; Wuokko, "Business in the Battle of Ideas"; Wuokko, "The Curious Compatibility"; Westerberg, *Socialists at the Gate*.
7. Kari, *Suomen rahoitusmarkkinoiden murros*; Ryner, *Capitalist Restructuring*; Svensson, *Marknadsanpassningens politik*.
8. Baccaro and Howell, "A Common Neoliberal Trajectory"; Outinen, "Syrjäyttikö aktivointi aktiivisen työvoimapolitiikan?".
9. Jensen, *The Marketizers*; Olsen, *The Sovereign Consumer*; Hugemark, *Den fängslande marknaden*.
10. Yliaska, *Tehokkuuden toiveuni*; Yliaska, "New Public Management".
11. Patomäki, *Uusliberalismi Suomessa*, 55–97; Julkunen, *Suunnanmuutos*, 63–80; Ryner, *Capitalist Restructuring*.

12. Freeman, "Neoliberalism and Conservatism in Britain".
13. Nilsson, "Nyliberalismens spöke och Moderaternas politik".
14. Mudge, "What is Neo-liberalism?".
15. Edling, Petersen, and Petersen, "Social Policy Language in Denmark and Sweden," 25–9.
16. Jensen, *The Marketizers*; Olsen, *The Sovereign Consumer*; Hugemark, *Den fängslande marknaden*.
17. See also Freeman, "Neoliberalism and Conservatism in Britain".
18. Nilsson, "Nyliberalismens spöke och Moderaternas politik".
19. Lindström, "Moderaternas ideologiska grundsyn".
20. Vares, *Korpivaellukselta vallankahvaan*; Vares, *Kaksi askelta edellä*.
21. Vares, "Kahden sukulais-ismin rajamailla".
22. Vares, *Suomalaiskansallinen kokoomus*; Vares, *Korpivaellukselta vallankahvaan*; see also Smolander, *Suomalainen oikeisto ja 'kansankoti'*; Kärrylä, *Democracy and the Economy in Finland and Sweden*.
23. Ljunggren, *Folkhemskapitalismen*; Nilsson, *Mellan arv och utopi*.
24. e.g. Lindbom, "Moderaterna och välfärdsstaten"; Lindström, "Moderaternas ideologiska grundsyn".
25. Westerberg, *Socialists at the Gate*, 92–5.
26. All programmes retrieved from the Finnish and Swedish party programme databases.
27. See also Lindbom, "Moderaterna och välfärdsstaten".
28. Manifesto project database.
29. Mudge, "What's Left of Leftism?".
30. Smolander, *Suomalainen oikeisto ja 'kansankoti'*, 16–27; Vares, *Suomalaiskansallinen kokoomus*, 528–34; Vares, *Korpivaellukselta vallankahvaan*, 12–4.
31. Ljunggren, *Folkhemskapitalismen*, 30–7.
32. Nilsson, *Mellan arv och utopi*, 315–8.
33. Ibid., 92–3.
34. Ibid., 228–31.
35. Smolander, *Suomalainen oikeisto ja 'kansankoti'*, 44–5.
36. Nilsson, *Mellan arv och utopi*, 16–7, 85–8, 307–10; Ljunggren, *Folkhemskapitalismen*, 407–8, 412–7; Smolander, *Suomalainen oikeisto ja 'kansankoti'*, 99–105.
37. Vares, *Korpivaellukselta vallankahvaan*, 42–3, 99, 157–8, 184–5; Nilsson, *Mellan arv och utopi*, 347–8.
38. Kansallinen kokoomus, *Poliittinen Toimintaohjelma 1966*; Judt, *Postwar*, 67–77; Magnusson, *Sveriges ekonomiska historia*, 374–8, 418–22.
39. Smolander, *Suomalainen oikeisto ja 'kansankoti'*, 310–1.
40. Stedman Jones, *Masters of the Universe*, 122–5.
41. Kansallinen kokoomus, *Poliittinen Toimintaohjelma 1966;* Smolander, *Suomalainen oikeisto ja 'kansankoti'*, 119–21.
42. Kansallinen kokoomus, *Lähiajan tavoiteohjelma 1972*.
43. Smolander, *Suomalainen oikeisto ja 'kansankoti'*, 244–9.
44. Ibid., 268–75, 312–3.
45. Vares, *Korpivaellukselta vallankahvaan*, 110–4.
46. Okkonen, *Peruskoulua vastaan*, 323–5.
47. Ljunggren, *Folkhemskapitalismen*, 277–9, 287–93; Smolander, *Suomalainen oikeisto ja 'kansankoti'*, 299–301.
48. Moderata samlingspartiet, *Principprogram 1969*.
49. Ljunggren, *Folkhemskapitalismen*, 305–6.
50. Nilsson, *Hundra år av svensk politik*, 120–2.
51. Östberg, *När vinden vände*, 202–2.
52. Pontusson, *The Limits of Social Democracy*, 138–42; Lindvall, *The Politics of Purpose*, 46–63.
53. Nilsson, *Mellan arv och utopi*, 248–51; Ljunggren, *Folkhemskapitalismen*, 323–5.
54. Moderata samlingspartiet, *Idéprogram 1978*; Ljunggren, *Folkhemskapitalismen*, 316–8.
55. Bohman, *Kurs mot framtiden*, 76–7.

56. Nilsson, *Mellan arv och utopi*, 253–4; Ljunggren, *Folkhemskapitalismen*, 329–32.
57. Moderata samlingspartiet, *Partiprogram 1984*; *Handlingsprogrammet 1984*; Ljunggren, *Folkhemskapitalismen*, 335–44.
58. Olsen, *The Sovereign Consumer*, 200–18.
59. Nilsson, *Mellan arv och utopi*, 265–7, 272–3.
60. Östberg, *När vinden vände*, 366–7; Moderata samlingspartiet, *Valmanifest 1985*.
61. Moderata samlingspartiet, *Valmanifest 1988*.
62. Marttila, *Hillitty markkinatalous*.
63. Kansallinen Kokoomus, *Periaateohjelma 1981*.
64. Kansallinen kokoomus, *Työ- ja ammattiyhdistyspoliittinen ohjelma*; *Kokoomuksen linja tulevaisuuteen*.
65. Vares, *Kaksi askelta edellä*, 221–7.
66. Ibid., 226–7, 278–9. On MUF's neoliberal turn, see Ljunggren, *Folkhemskapitalismen*, 332–5.
67. Kari, *Suomen rahoitusmarkkinoiden murros*.
68. Vares, *Korpivaellukselta vallankahvaan*, 402–16; Marttila, *Hillitty markkinatalous*, 180–90.
69. Programme of Harri Holkeri's government; Kärrylä, *Democracy and the Economy in Finland and Sweden*, 144–50, 237–41.
70. Outinen, *Sosiaalidemokraattien tie*, 194–8.
71. Yliaska, *Tehokkuuden toiveuni*, 230–8.
72. Marttila, *Hillitty markkinatalous*, 191–8.
73. Mickelsson, *Samanlaiset ja erilaiset puolueet*, 255–8; Svegfors, "Den återupprättade idyllen".
74. Moderata samlingspartiet, *Valmanifest 1991*; Nilsson, *Mellan arv och utopi*, 284.
75. Jonung, Kiander, and Vartia, "The Great Financial Crisis in Finland and Sweden".
76. Nilsson, *Mellan arv och utopi*, 284–5; Nilsson, *Hundra år av svensk politik*, 134–5.
77. Bergh and Erlingsson, "Liberalization without Retrenchment"; Nilsson, *Mellan arv och utopi*, 262, 285–8; Blyth, *Great Transformations*, 228–35; Svensson, *Marknadsanpassningens politik*, 89–90.
78. Bildt, *Den enda vägen*, 34–51.
79. Statens Offentliga Utredningar 1993:16, *Nya villkor för ekonomi och politik*; Bergh and Erlingsson, "Liberalization without Retrenchment," 79–83; Lindvall, *The Politics of Purpose*, 131–4; Lindvall and Rothstein, "Sweden: The Fall of the Strong State".
80. Lindvall, *The Politics of Purpose*, 134–7.
81. Mykkänen, "Kuka päättää hyvinvointimallin tulevaisuudesta?"; Kantola and Kananen, "Seize the Moment," 816–8.
82. Biebricher, *The Political Theory of Neoliberalism*, 79–108.
83. Streeck, *Buying Time*, 58–62, 91–102.
84. Nilsson, *Mellan arv och utopi*, 289–92.
85. Moderata samlingspartiet, *Idé och handlingsprogram 1993*, 20–5, 48–52; Nilsson, *Mellan arv och utopi*, 286–7.
86. Moderata samlingspartiet, *Idé och handlingsprogram 1993*, 15–9; Nilsson, *Mellan arv och utopi*, 265–7, 272–3.
87. Moderata samlingspartiet, *Idé och handlingsprogram 1993*, 31–8.
88. Ibid., 39–43.
89. Bildt, *Den enda vägen*, 17–9.
90. Nilsson, "Nyliberalismens spöke och Moderaternas politik," 45–50.
91. Outinen, *Sosiaalidemokraattien tie*, 231.
92. Tuomala, *Markkinat, valtio ja eriarvoisuus*, 194–8; Julkunen, *Suunnanmuutos*, 112–5.
93. e.g. *Finnish parliamentary protocols 1991*, 2173, 3445.
94. e.g. Koskela, "Suomi killuu kuilun partaalla".
95. Lappalainen, "Suominen tyrmää markkinaopit".
96. Kansallinen kokoomus, *Vaaliohjelma 1991–1995*.
97. Kansallinen kokoomus, *Periaateohjelma 1993*.
98. Kansallinen kokoomus, *Tavoiteohjelma 1995–1999*.
99. Kantola, *Markkinakuri ja managerivalta*, 168–74.

100. Kauppi, "Holhouksen aika on ohi".
101. Euro, "Liittokokouskannanotto arvioi julkiset tehtävät uudelleen".
102. Kansallinen kokoomus, *Periaateohjelma 1993*; *Tavoiteohjelma 1995–1999*.
103. Kansallinen kokoomus, *Tavoiteohjelma 1999–2003*.
104. Moderata samlingspartiet, *Handlingsprogram 1993*; *Valmanifest 1998*.
105. Nilsson, *Hundra år av svensk politik*, 179.
106. Outinen, "From Steering Capitalism to Seeking Market Acceptance," 400–2.
107. Kärrylä, "The Young Finns Party".
108. Kansallinen kokoomus, *Periaateohjelma 1993*; *Tavoiteohjelma 1995–1999*.
109. Perkiö, *Framing Basic Income*, 42–3, 77–81; Outinen, *Sosiaalidemokraattien tie*, 285–8.
110. Kantola and Kananen, "Seize the Moment"; Outinen, "Syrjäyttikö aktivointi aktiivisen työvoimapolitiikan?"; Kansallinen kokoomus, *Tavoiteohjelma 1995–1999*.
111. Moderata samlingspartiet, *Valmanifest 1994*; *Valmanifest 1998*.
112. Outinen, *Sosiaalidemokraattien tie*, 289–96.
113. Kärrylä, 'Työntekijöiden osallistumista vai pakotettua joustavuutta?'; Lundh, *Spelets regler*, 237–45, 256–60.
114. Kansallinen kokoomus, *Tavoiteohjelma 1995–1999*.
115. Kansallinen kokoomus, *Tavoiteohjelma 1999–2003*.
116. Moderata samlingspartiet, *Valmanifest 1998*.
117. Bergh and Erlingsson, "Liberalization without Retrenchment"; Julkunen, *Suunnanmuutos*. The role of Social Democrats in this liberalization process has been studied extensively; see studies mentioned in Ref. 4.
118. Nilsson, *Mellan arv och utopi*, 71–2, 293–6; Nilsson, *Hundra år av svensk politik*, 143, 177–9.
119. Nilsson, *Mellan arv och utopi*, 297–8; Nilsson, *Hundra år av svensk politik*, 145–6, 177–9.
120. Moderata samlingspartiet, *Handlingsprogram 2007*.
121. Edling, "The Languages of Welfare in Sweden," 107–12; Lindbom, "Moderaterna och välfärdsstaten".
122. Kansallinen kokoomus, *Program of principles 2006*; *Vastuullinen markkinatalous ja sen vaikutukset Suomen tulevaisuuteen*.
123. Kärrylä, Strang, and Wuokko, "Fragments of Libertarianism".
124. Blyth, *Great Transformations*, Ryner, *Capitalist Restructuring*; Julkunen, *Suunnanmuutos*.
125. Marttila, *Hillitty markkinatalous*, 307–8; Kari, *Suomen rahoitusmarkkinoiden murros*, 514–8.

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