

## Fuzzy Privatization and Decline of Democracy at the University of Helsinki

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### Abstract

Privatization is often used as a self-evident concept, overlapping with corporatization, marketization, commodification and neoliberalization. Our analysis, focusing on changes in the legal status and decision-making procedures at the University of Helsinki, explores the fuzzy nature of privatization. One of our claims is that the fuzziness helped prevent efficient resistance and therefore also enabled less democratic forms of governance.

We will explore the ambiguous nature of the privatization process. We will analyze argumentative strategies about the reforms, focusing on explicit and implicit references to the processes of privatization and corporatization. The role of fuzziness became less important once privatization had taken crucial steps. At that moment, the argument that in some important sense the university had become part of the sphere of private economy became a justification for transforming the decision-making system of the university. References to the university being increasingly private, financially autonomous, and economically responsible become justificatory tools for dismantling democratic elements of the university's decision-making system. We will also analyze how privatization can affect democracy through changes in the allocation of public funding to universities.

**Keywords:** Finland, University of Helsinki, higher education, privatization, economism, democracy

### Introduction: Political Implications of Fuzziness

Asking a simple question can lead to complicated answers. The question we like to ask our colleagues or students at the University of Helsinki is whether our Alma Mater is a public or a private institution. The responses often express confusion and ambiguity, and sometimes fall evenly into both options. This contrasts with the tendency to regard privatization as a self-evident concept, sometimes used near-synonymously with corporatization, marketization, commodification or neoliberalization.

Our analysis will explore the fuzzy nature of privatization. Focusing on changes in the legal status, decision-making and funding of the University of Helsinki, we will argue that the fuzziness helped prevent efficient resistance to the reforms that resulted in the previously public university increasingly forming part of the private economy. We will point to some changes over time in the argumentative strategies of the privatizers. Once the university had

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<sup>1</sup> We have written this article as equal partners and our names appear in alphabetical order. Taavi Sundell's work on this article was supported by a Finnish Cultural Foundation grant for doctoral research.

entered the private economic sphere, this new status became a key justification for dismantling democratic decision-making mechanisms of the university.

For struggles around university reform, and other privatizing reforms as well, it can be useful to understand how the process may go through different stages. In our case, privatization at first advanced without clearly speaking its name. There was lack of clarity about the goal of becoming an increasingly private institution. At some point, however, the previously fuzzy and unspoken goal of privatization became a more explicitly spoken premise for a further goal of transforming the decision-making system. The changes in argumentative strategies were never total, and different forms of argument coexisted in all times. In this brief analysis, we cannot provide a full explanation of the reasons for fuzziness, but we explore its strategic implications. Even if we claim that certain arguments were strategically or tactically useful for advancing certain goals, we do not make any totalizing claims about the intentions of the actors that we study.

As pointed out by Andrew McGettigan (2013, p. 5), creeping reform of higher education is inconsistent with democratic oversight. This in itself can be a reason to resist such attempts to transform universities. Add to this the recent dramatic funding cuts for higher education in Finland,<sup>2</sup> as well as the more general trend towards academic capitalism and corporate culture within the Nordic academia (*Nature*, 2016, p.315), and one can be even more troubled by these processes.

### Privatization and Democracy

Following a typology put forth by Stephen Ball and Deborah Youdell, a distinction can be made between privatization *in* public education (endogenous privatization) and privatization *of* public education (exogenous privatization).<sup>3</sup> Endogenous privatization involves “*the importing of ideas, techniques and practices from the private sector in order to make the public sector more like business and more business-like*”. Exogenous privatization entails “*the opening up of public education services to private sector participation on a for-profit basis and using the private sector to design, manage or deliver aspects of public education*” (Ball and Youdell, 2007, p.13; Verger, 2016, pp. 65–66).

Endogenous and exogenous privatization are partially overlapping categories, but for our purposes the typology is analytically useful. Our focus will be on processes of endogenous privatization in the University of Helsinki. It has often cleared the way for exogenous

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<sup>2</sup> *Times Higher Education*, “Finland funding cuts a ‘catastrophe’ for research”, 17 January 2017. Available from: <https://www.timeshighereducation.com/news/finland-funding-cuts-catastrophe-research> [accessed 22/01/17].

<sup>3</sup> While focusing on primary and secondary education in their own research, Ball and Youdell note that these privatizing tendencies “are found at all levels of education.” Ball and Youdell, 2007, p. 12.

privatization (Ball and Youdell, 2007, p.13).<sup>4</sup> Both forms also share the tendency to remain hidden from public debate. In the case of endogenous privatization, according to Ball and Youdell (2007, p. 13), this is often due to the fact that its *“techniques and practices are not named as privatization”*.

Our findings mostly support the claim of Ball and Youdell about the avoidance of naming privatization. In addition, our analysis emphasizes its political usefulness. The fuzziness that characterizes some of the privatization techniques may enhance the political feasibility of crossing the boundary from public to private. Once the boundary has been crossed, however, a new set of arguments steps in.

We tentatively identify two argumentative strategies during the process that takes universities out of the public sector. Their sequencing can be an important tool for dismantling one of the aspects that has in recent decades characterized public universities in places like Finland: internal democratic governance. The first argumentative strategy involves proceeding toward privatization without stating it, creating fuzziness about the direction of the reforms. The second, however, consists of arguing that something has become necessary because a fundamental step of privatization has already been taken. In our case, the most relevant strategy of this kind means arguing that democratic elements in the decision-making system of the university need to be dismantled because the university has a new economic and legal status.

The degree of democracy has obviously never been total, but in an evaluation of the University of Helsinki just before the reforms of 2009 that we will analyse below, “democratic and participative governance” was identified as one of the university’s key strengths (Saari and Frimodig, 2009, p. 68).

We use the term “economism” to refer to the doctrine according to which private economic institutions should not be subject to democratic norms (Teivainen, 2002). The connection between privatization of an institution and the establishment of business-like and thus non-democratic forms of decision-making means that pro-privatization steps are often understood to imply anti-democratic consequences. If democratic norms are widely accepted within an institution, it is thus likely that open attempts for privatization may encounter resistance. Therefore, as we will now analyze in more detail, fuzzy steps can result in advances toward a goal that does not dare speak its name.

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<sup>4</sup> When charging tuition-fees from non-EU/EEA students, providing other forms of for-profit education, or selling consultancy services to governments bent on learning about the Finnish education system, the University of Helsinki is already profiting from exogenous privatization of education.

## Becoming Private Through Law

In the Finnish debates leading to the Universities Act of 2009, “privatization” was a term that the reformers of the law wanted to avoid. When the parliament debated the reform in April 2008, the opposition expressed its worry about privatization of the universities.<sup>5</sup> Prime Minister Matti Vanhanen strongly denied the claims: “It is not about privatization”.<sup>6</sup> One of us was head of the political science department of the University of Helsinki at the time, and engaged the rector in various debates in 2007–2009 about whether the planned reforms would mean privatization. The rector and others defending the reforms within the university’s top management avoided calling them privatization.

The near-consensus on the benefits of having a public education system meant that arguing directly for privatization of any part of Finnish education would have been politically hazardous. The consensus was stronger around secondary education, where the international PISA test comparisons had given Finnish public education an aura of excellence. Yet, even in higher education an outright campaign for privatization would have been likely to trigger considerable moral and political outrage.

Once the new law had passed, however, there were immediate novelties that made the previous this-is-not-privatization discourse seem at least partly misleading. A more anecdotal novelty was an employment form, related to a part-time administrative recruitment, that was sent back to our political science department from the municipal employment office. The original form had been sent by the head of department, as always before in similar cases, to the office dealing with public employers like the university. “As a private employer”, the response stated, “you need to address a different office”.

A related institutional novelty was that the universities had suddenly joined Employers’ Association of Private Educational Institutions. The affiliation with this private employers’ union took place over the summer holidays without any public debate. The explicit aim of the union was to advance the interests of private education providers. It soon made a set of proposals, among which was a “*significant weakening of the employees’ representative and labor protection systems*”, as described by the university employees’ unions that announced they might respond with industrial action.<sup>7</sup>

<sup>5</sup> Patomäki (2005) had already provided an early analysis of the coming privatization of Finnish universities.

<sup>6</sup> Täysistunnon pöytäkirja 36/2008 vp, PTK 36/2008 vp 36. 10.4. 2008 kello 16, Tarkistettu versio 2.0. Available from [accessed 21/01/17]:

<https://www.eduskunta.fi/FI/vaski/sivut/trip.aspx?triptype=ValtiopaivaAsiakirjat&docid=PTK+36/2008+skt+puh+63>

<sup>7</sup> “University sector warned of industrial actions”. Press release by Negotiation Organisation for Public Sector Professionals JUKO, The Trade Union for the Public and Welfare Sectors JHL and The Federation of Salaried Employees Pardia. 4.3.2010. Available from: [http://www.pardia.fi/in\\_english/?x126=1392469](http://www.pardia.fi/in_english/?x126=1392469) [accessed 21/01/17].

The signifier “private” thereafter became “independent” in the name of the employers’ union, currently Association of Finnish Independent Education Employers.<sup>8</sup> Nevertheless, it continues to form part of the Confederation of Finnish Industries, widely considered the most important collective representative of Finnish capitalists. The main task of the Confederation is to “*make Finland an internationally attractive and competitive business environment*”.<sup>9</sup>

While these changes indicated a move from a public toward a private institution, one should not draw hasty conclusions about privatization pure and simple. When the universities ceased to be state entities and the academic employees were no longer civil servants, the University of Helsinki along with most Finnish universities became “corporations subject to public law”. Some other universities, according to the legal jargon, became “foundations subject to private law”. Whether subject to public or private law, according to the Tax Administration, all Finnish universities had ceased to be part of the state.<sup>10</sup>

A further example of the fuzziness was that even if the universities had become private employers, Statistics Finland decided that the dependence from the state was still of such magnitude that for statistical purposes they should be considered part of the public sector.<sup>11</sup> One of the main justifications for defining the universities as public entities, even after the changes of 2009, is based on the fact that their funding still comes mainly through state budget. On the other hand, the new law implied a possibility that a Finnish university could go bankrupt.<sup>12</sup> As this meant, in principle, an increased economic responsibility of the individual decision-makers of the university, it was sometimes used to justify giving more powers (and higher salaries) to individual leaders as opposed to collective departmental and faculty councils. The law itself, however, also guaranteed governmental core funding that made the possibility of bankruptcy practically nil.

According to recent figures, roughly 60% of the University of Helsinki’s operating expenses are covered by governmental core funding. Furthermore, the so-called external funding that covers 35% of these expenses – 5% being covered by revenues from investments – also comes in large part from public sources, such as the Academy of Finland and ministries.<sup>13</sup> A related indicator of publicness has been the lack of tuition fees. The latter is partially

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<sup>8</sup> The official name in Finnish is shorter, *Sivistystyönantajat*, and refers to the Humboldtian ideal of education as *Bildung*.

<sup>9</sup> Available from: <https://ek.fi/en/> [accessed 21/01/17].

<sup>10</sup> “Uusi yliopistolaki ja kansainväliset tilanteet”, issued on 27 January 2010. Available from: [https://www.vero.fi/fi-FI/Syventavat\\_veroohjeet/Kansainvaliset\\_tilanteet/Uusi\\_yliopistolaki\\_ja\\_kansainvaliset\\_til](https://www.vero.fi/fi-FI/Syventavat_veroohjeet/Kansainvaliset_tilanteet/Uusi_yliopistolaki_ja_kansainvaliset_til) [accessed 11/01/17].

<sup>11</sup> “Yliopistojen sektoriluokitus”. Tilastokeskuksen päätös 30.10.2009. Available from: [https://www.stat.fi/static/media/uploads/meta/luokitukset/yliopistot\\_paatos.pdf](https://www.stat.fi/static/media/uploads/meta/luokitukset/yliopistot_paatos.pdf) [accessed 21/01/17].

<sup>12</sup> Yliopistolainen 3/2009, “Lain molemmin puolin”, p. 9.

<sup>13</sup> University of Helsinki’s key financial figures. Available from: <https://www.helsinki.fi/en/university/the-universitys-key-financial-figures> [accessed 06/01/17].

changing with the establishment of tuition fees for degree students from outside the European Union and European Economic Area.

### **De-democratization of Internal Regulations**

The internal decision-making structures of Finnish universities have since the 1970s been a combination of academic guild traditions, collegial practices and democratic mechanisms (see Välimaa, 2001, p. 38). The balance between these at times contradictory logics has varied in Finnish universities in different periods and institutions. They have also been given somewhat different definitions.

Toward the end of the 1960s, struggles for internal democracy in the University of Helsinki, as well as many other universities, typically aimed for the principle “one person, one vote” in the election of representatives for the decision-making bodies. This principle would have given the students considerable power over professors and other staff members. Not surprisingly, it was strongly opposed by the academic elite.

When a law proposal was introduced to implement democracy in this form, the *Manchester Guardian* reported that “the greatest student revolt of all time” is taking place in Finland, calling it an “academic horror story”. Even though the students received support for their demands at times even from the Ministry of Education, finally in 1973 the bill to implement democracy in this form was not passed by the parliament (Eskola, 2002, pp. 301–302).

By the late 1980s, various Finnish universities had gradually implemented partial democratic reforms, but at the University of Helsinki practically all decision-making was concentrated in the hands of the full professors. An occupation of the administration building of the university in 1990 triggered a rapid change in the Helsinki situation. The occupiers were mostly young students with slogans that sometimes compared the professorial power to the crumbling systems of rule in the Soviet Bloc. Even if the method of occupation was radical in the Finnish context of the time, the demands seemed in tune with the times of democratic reforms in Eastern Europe and Latin America. The occupiers stayed at the building until representatives of the key political parties visited them to express support for the demands. The occupation was in many ways a success.

After a new university law and internal regulations were passed, most of the decision-making bodies had a tripartite organization. It was not the one-person-one-vote system that the protesters of the 1960s and 1970s had asked for. It meant that full professors, “mid-ranking staff”, and students, each as a group, had a (mostly equal) representation in the councils that made many of the key decisions. In contrast to the democratic direction of

these reforms, the role of the rector was also transformed. The rectors were to become less like a *primus inter pares*, and more like CEOs of the university with strong executive powers (Majamäki, 1995, p. 54; Uusitalo, 1995, pp. 116–121). In any case, in retrospective the ensuing two decades can be characterized as a relatively democratic interregnum.

As described in the previous section of this article, a new university law was passed in 2009, preceded by an unwillingness to openly declare its implications. Once the law became effective, the formal status of the university metamorphosed into a fuzzy combination of public and private elements. A passionate debate on the implications of the new legal status for the internal decision-making system of the university emerged.

In the University of Helsinki, the rector and top managers argued for a new system in which the deans and heads of department would be appointed from above rather than elected by the tripartite councils as had been the case since the early 1990s. The proposal triggered a strong response by practically every representative group of the university. With the 2009 reforms that mostly followed the logic of New Public Management, the tripartite councils had already been stripped of much of their power in, for example, decision-making over academic appointments. Stripping also their power to elect their leaders (deans and heads of department) was widely perceived as destroying most of what was left of principles of academic democracy that had been inaugurated with the occupation of the administration building in 1990. Finally, for the moment, in 2009 the internal regulations of the University of Helsinki left the election of deans and heads of department mostly in the hands of the tripartite councils. In other universities of Finland, the dismantling of internal democratic decision-making had already proceeded faster and further.

In 2014, the top management of the University of Helsinki made a new and more concentrated effort to break the power of the councils in the appointment of academic leaders. One of the arguments was “flexible recruitment”. It implied that if the deans and heads of department are elected by the councils, there is not enough room for the kind of confidentiality that modern recruitment procedures in a business-like environment demand. Even if the university was no longer an old-style public entity, previous rules of transparency prevalent in Finnish public administration had been mostly maintained. Concentrating recruitment in the hands of top managers, rather than the councils, was widely perceived to decrease the level of transparency.

It was also argued that in order to have a smoothly functioning chain of command, leaders should be selected by their superiors rather than elected by their subordinates. The top management of the university sometimes used the additional argument that the power of the tripartite councils to elect deans and heads of department was in contradiction with the

new law of universities. The latter argument was used mostly in non-public contexts since its falsehood was easy to demonstrate. The Universities Act of 2009 had left questions like the election of deans to be internally decided by the universities themselves.

Overall, the general line of argumentation about decision-making was that the university had an increasingly business-like nature, in both legal and practical terms, and the decision-making procedures had to be “depoliticized”<sup>14</sup> accordingly. In 2014, a new internal regulation was passed by the board of the university. It stripped the councils of the power to elect the deans and heads of department, even if this change was opposed by most of the organized bodies and unions of the university, apart from the board in which almost half of the members were from outside the university (as stipulated by the Universities Act of 2009).

### Changing Role of Public Funding

Fuzzy privatization within Finnish higher education can also be detected in the ways the government funds the universities. The funding has been reconfigured in ways that raises questions about privatization and its implications for democratic governance. Much ink has been spilled over whether external members at university boards erode the autonomy of the universities guaranteed by the Finnish constitution. Less attention has been given to how external funding has been used to privatize decision making about higher education.

One of the stated aims of the Universities Act of 2009 was to enable the Finnish universities to diversify their funding bases. Also, as the universities were detached from the state, their initial capitalization was required in order to “safeguard their financial standing, solvency and creditworthiness.”<sup>15</sup> Donations were identified as one future component of more diverse income streams. In order to help universities attract donations, the government decided to match these with public money.

To this end, organizations have been eligible for tax deductions for donations of EUR 850–250,000 since 2008. Between 2008 and 2013, the Finnish universities collected EUR 332 million, which the government matched with a 2:5 ratio, resulting in a total of EUR 831 million.<sup>16</sup> When the initial decision on tax deductibility was taken, the Minister of Education emphasized that donations will only supplement (and not replace) public funding. She attached great importance to the fact that the government was committed to providing the

<sup>14</sup> Kimmo Nuotio, “Vaali vai rekrytointi?”, 17 October 2014, accessed 20 January 2017, available from:

<http://blogs.helsinki.fi/oikeustieteellinen/2014/10/17/vaali-vai-rekrytointi-dekaanin-valinnasta-ja-tehtavasta/>

<sup>15</sup> Ministry of Education and Culture. Accessed 21/01/17, available from:

[http://www.minedu.fi/OPM/Koulutus/koulutuspolitiikka/Hankkeet/Yliopistolaitoksen\\_uudistaminen/?lang=en](http://www.minedu.fi/OPM/Koulutus/koulutuspolitiikka/Hankkeet/Yliopistolaitoksen_uudistaminen/?lang=en)

<sup>16</sup> Ministry of Education and Culture. Accessed 10/01/17, available from:

[http://www.minedu.fi/OPM/Koulutus/koulutuspolitiikka/Hankkeet/Yliopistolaitoksen\\_uudistaminen/?lang=fi](http://www.minedu.fi/OPM/Koulutus/koulutuspolitiikka/Hankkeet/Yliopistolaitoksen_uudistaminen/?lang=fi)

universities with core funding sufficient to cover their rising costs.<sup>17</sup> This was to be achieved by tying public funding to a so-called university index.

Between 2014 and 2017, the government will match donations from private donors with a 1:3 ratio up to EUR 150 million. Since 2016, also private individuals and estates have been eligible for tax deductions for donations of EUR 850–500,000 to publicly funded universities.<sup>18</sup> The current Minister of Education and Culture, Sanni Grahn-Laasonen, and her center-right National Coalition Party, have further proposed raising these figures to 1:5 and EUR 1 billion, and removing limits on the amount eligible for tax deductions for private individuals' donations. These matched funds would be covered by government divestment from companies in which it is a minority shareholder or by selling non-strategic state-owned enterprises.<sup>19</sup> In this sense, the new funding mechanisms of the universities have also been used to justify a more general privatization of the state.

Tax deductibility has not only been supported but also actively promoted by the top management of the Finnish universities.<sup>20</sup> Universities Finland UNIFI<sup>21</sup> has recently argued that the removal of limits on deductions should be turned into a permanent arrangement. This would “provide an opportunity consistent with Western university practices to enhance private individuals' role” as supporters of these institutions.<sup>22</sup> UNIFI's predecessor, Finnish Council of University Rectors argued as early as 2002 for the introduction of tax deductions.<sup>23</sup> The International Monetary Fund has also argued after its recent consultation with Finland that tax credits to boost Finnish R&D “should be explored further”.<sup>24</sup>

While tax breaks and charitable donations might be “consistent with Western university practices”, one can question their consistency with what could be called Nordic university practices based on the idea of higher education as a decommodified space. According to Rinne (2000, p. 134), the Nordic model has been characterized by its understanding of

<sup>17</sup> Ministry of Education and Culture. Available from:

<http://www.minedu.fi/OPM/Tiedotteet/2008/09/verovahennysoikeus.html> [accessed 21/01/17].

<sup>18</sup> University of Helsinki. Available from: <https://www.helsinki.fi/en/cooperation/tax-deductible-donations-and-governments-matched-funding-scheme> [accessed 06/01/17].

<sup>19</sup> National Coalition Party. Available from: <https://www.kokoomus.fi/uutiset/kokoomus-esittaa-miljardin-paaomitusta-yliopistoille/> (accessed 06/01/17).

<sup>20</sup> Turun Sanomat, 4 January 2016. Available from [accessed 11/01/17]:

<http://www.ts.fi/uutiset/kotimaa/839723/Yliopistot+toivovat+verovahennyksen+piristavan+varainkeruuta>

<sup>21</sup> Universities Finland UNIFI is a co-operational organization for Finnish universities. All Finnish universities are its members. Its predecessor, Finnish Council of University Rectors was founded in 1969 to counter demands for the introduction of “one person, one vote” mode of internal governance to Finnish universities (Eskola, 2002, p. 300).

<sup>22</sup> Universities Finland UNIFI. Available from: <http://www.unifi.fi/uutiset/unifi-edellyttaa-yksityishenkiloiden-lahjoitusvahennyksen-ottamista-kayttoon-pysyvasti/> [accessed 06/01/17].

<sup>23</sup> “Yliopistojen taloudellinen autonomia”, Finnish Council of University Rectors. Available from [accessed 13/01/17]: [http://www.helsinki.fi/halvi/srno/lausunnot\\_ja\\_kannanotot/julkaisut%20raportit/autonomia.pdf](http://www.helsinki.fi/halvi/srno/lausunnot_ja_kannanotot/julkaisut%20raportit/autonomia.pdf)

<sup>24</sup> IMF Country Report No. 16/368, November 2016. Available from: <http://www.imf.org/external/pubs/ft/scr/2016/cr16368.pdf> [accessed 13/01/17].

education as an *“essential, universal civil right to be offered free of charge”*, through *“publicly organized, comprehensive provision of education”*. In this model, education is provided by the state, as it is considered the *“ultimate and indisputable ‘spearhead’ of progress, equality and affluence”* (Rinne, 2000, p. 135).

While donations to Finnish universities have thus far remained on a level which does not undermine the government’s role as the primary funder, the situation may be changing. The 2009 Universities Act guaranteed the universities sufficient public funding and tied this to an index. However, as soon as 2011, the parliament decided to cut the university index by 50 percent for 2012. For 2013 it was totally suspended. After a return to “normalcy” in 2014, the index was first halved for 2015–2016, and now it has been suspended for 2016–2019. Finnish universities have recently faced unprecedented budget cuts due to the government’s austerity measures.<sup>25</sup> Our own institution reacted to the cuts by reducing its staff by nearly a thousand.

While private donations were initially introduced as a mere supplement to sufficient government funding, one can begin to detect a slight shift in arguments regarding their future role. As one of the current government’s key strategic projects, the universities will be recapitalized. The project bearing the subtle title of *“Intensified Cooperation Between Higher Education and Business Life to Commercialize Innovations”*, sets out to *“make maximum use of scientific and research resources and to boost education exports”*. As one of the criteria for the provision of capital from public sources, *“special attention will be paid to the ability to raise external funding”*.<sup>26</sup>

Furthermore, a group of high profile economists stated in a recent report commissioned by the Minister of Finance that considering the budgetary limitations and the government programme, a further capitalization of the universities might be the most realistic way to compensate for the recent cuts. The report argued that the capitalization should be conditional on the implementation of structural reforms set by the government for the universities.<sup>27</sup> According to one of its authors, capitalization as a mode of funding could also steer the universities towards financially responsible behavior since *“when the money becomes universities’ capital, they surely consider carefully where to use it.”*

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<sup>25</sup> Times Higher Education, “Finland funding cuts a ‘catastrophe’ for research”, 17 January 2017. Available from: <https://www.timeshighereducation.com/news/finland-funding-cuts-catastrophe-research> [accessed 22/01/17].

<sup>26</sup> Prime Minister’s Office, “Action plan for the implementation of the key project and reforms defined in the Strategic Government Programme”, February 2016. Available from: <http://valtioneuvosto.fi/documents/10616/1986338/Action+plan+for+the+implementation+Strategic+Government+Programme+EN.pdf/12f723ba-6f6b-4e6c-a636-4ad4175d7c4e> [accessed 21/01/17].

<sup>27</sup> “Talouspolitiikan suunta”, 25 August 2016. Available from: <http://vm.fi/documents/10623/1985149/Talouspolitiikan+suunta+-+muistio/8595fe04-3353-42b1-b38a-dd6136ba2e62> [accessed 19/01/17].

Shortly after the report was presented to the Minister of Finance, the Minister of Education and Culture announced that the government will recapitalize universities with hundreds of millions of euros. The details of the plan are yet to be announced, but as before, the Minister suggested that the funds could be made available by selling government property.<sup>28</sup> Recapitalization through privatization has become an important option to fund the universities. The Minister of Education and Culture has argued against increasing core funding from state budget because of Finland's "*weak economic growth and mounting debt*".<sup>29</sup>

A new step in these developments took place in January 2017. The Research Institute of the Finnish Economy (ETLA), whose managing director was one of the authors of the report commissioned by the Minister of Finance, released a memo addressed to the government.<sup>30</sup> It stated that while it would not be realistic to cancel the recent funding cuts, it is still necessary to strengthen the funding of education and research. The memo proposed a recapitalization along the lines of EUR 2 billion. Now, however, it was also argued that a more long-term solution for Finnish universities' funding would call for a more "sustainable solution": tuition fees also for Finnish students.

We defined economism above as a doctrine according to which private economic institutions should not be subject to democratic norms. The combination of tax deductions and matched funding means that private capital has increased possibilities to steer higher education. In this way, societal decision-making about universities is being transferred to non-democratic institutions. Economism is thus gaining ground both within the increasingly business-like universities and the increasingly business-like state.

Initial information on the 2014–2017 round of fundraising<sup>31</sup> shows that universities well connected to private capital will receive significantly more public money than might be merited by their size and standings in international rankings. No correlation necessarily exists between a university's size, ranking, and quality. As these correlations have been fetishized by recent governments, however, new privatized forms of decision making not

<sup>28</sup> Aamulehti, "Nyt putosi toinen koulutuspommi", 17 October 2016. Available from: <http://www.aamulehti.fi/kotimaa/nyt-putosi-toinen-koulutuspommi-korkeakoulujen-paaomitus-voikin-olla-miljardiluokkaa-24003848/> [accessed 21/01/17].

<sup>29</sup> Turun Sanomat, "Hallitus lupaa yliopistoille satoja miljoonia euroja", 16 October 2016. Available from: <http://www.ts.fi/uutiset/kotimaa/2962235/Hallitus+lupaa+yliopistoille+satoja+miljoonia+euroja> [accessed 22/01/17].

<sup>30</sup> ETLA, "Muistioita hallitukselle: Talouspolitiikan linjaukset keväällä 2017", 12 January 2017. Available from: <https://www.etla.fi/wp-content/uploads/ETLA-Hallitukselle-2017.pdf> [accessed 22/01/17].

<sup>31</sup> Taloussanomat, "LM: Yliopistot keränneet 102 miljoonan euron lahjoitukset", 14 January 2017. Available from: <http://www.iltasanomat.fi/taloussanomat/art-2000005045375.html> [accessed 22/01/17]; Turun Sanomat, "Yliopistot toivovat verovähennyksen piristävän varainkeruuta", 4 January 2016. Available from: <http://www.ts.fi/uutiset/kotimaa/839723/Yliopistot+toivovat+verovahennyksen+piristavan+varainkeruuta> [accessed 22/01/17].

only limit democracy but can also be counterproductive for the official higher education policies.

### **First as a Tragedy, Then as a Farce**

In 2016, fuzziness re-emerged. The Ministry of Finance surprised many by suddenly defining the universities as public institutions, even if the Universities Act of 2009 had established their legal status as private employers. A key reason for this redefinition was to exclude the universities from a set of public benefits aimed for the private sector. These benefits were part of the “Competitiveness Pact” of 2016, a tripartite labour market agreement, that had assumed the universities belonged to the private sector.

The arguments of the Ministry of Finance triggered a critical reaction from the universities and their unions. Universities Finland UNIFI argued that it was simply wrong to classify the universities as part of the public sector.<sup>32</sup> The Finnish Union of University Professors and the Finnish Union of University Researchers and Teachers stated that the government was engaged in a cherry picking exercise made possible by the universities’ “odd” legal status. The unions argued that since the universities are “*subject to the forces of the wider international science and education markets*”, they should be entitled to benefits aimed for the private sector.<sup>33</sup>

The Finnish public sector employees’ holiday bonuses were reduced by 30 percent for the years 2017–2019.<sup>34</sup> Nevertheless, this was not applied to universities. In other words, and to make matters more confusing, even if the Ministry of Finance had redefined the universities as public institutions, in this case the universities were excluded from measures aimed at public sector employers. The University of Helsinki’s Director of Administration concluded that “*at times the university’s role as a public or private institution is hazy.*”<sup>35</sup>

While privatization is a useful analytical concept, it is not always clear when something has been privatized to the extent that we should consider it “private”. Emphasizing the fuzziness of the process may sound like nothing out of the ordinary, as all debates include at least some lack of conceptual clarity.<sup>36</sup> Our analysis, however, also regarded the lack of clarity as a political tool.

<sup>32</sup> Available from [accessed 27/16/16]: [http://www.unifi.fi/wp-content/uploads/2016/10/SiV\\_UNIFI\\_HE\\_valtion\\_talousarvioksi\\_vuodelle\\_2017\\_03102016.pdf](http://www.unifi.fi/wp-content/uploads/2016/10/SiV_UNIFI_HE_valtion_talousarvioksi_vuodelle_2017_03102016.pdf)

<sup>33</sup> Available from: <http://www.professoriliitto.fi/in-english/?x492864=559108> [accessed 27/12/16].

<sup>34</sup> Helsingin Sanomat, 10 November 2016, “Yliopiston lomarahat säästyvät täysin kiky-sopimuksen leikkurilta”. Available from: <http://www.hs.fi/kaupunki/art-2000002929510.html> [accessed 27/12/16].

<sup>35</sup> *Ibid.*

<sup>36</sup> See, for example, Kauppinen (2014), on various meanings of commodification in the context of higher education.

Our case study also lends support to Antoni Verger's (2016, p. 65) proposition that the way in which educational privatization has developed in most parts of the world does not necessarily imply "drastic transfer of the 'ownership' of the education service from public to private hands". According to him, privatization of education is a process taking place at different levels and with multiple policy manifestations. What these have in common is that they bring in private actors to participate in a range of activities which traditionally have been the responsibility of the state.

The processes and arguments leading towards further privatization of higher education can be fuzzy. One basis for resistance in the Finnish debates has been a defense of the Humboldtian *Bildungsideal*. Some of it was captured vividly in a demonstration against the recent funding cuts by a banner that stated bluntly: "Rogamus urgeatis innovationes in culos vestros".<sup>37</sup> Resistance can also at times result in an unwarranted nostalgia toward the "good old times", when the professors still yielded considerable power over students and other staff, and the university was an elitist institution not yet "ruined" by the massification of higher education. While modes of resistance can and should be many, we believe that the formulation of alternatives needs to go beyond nostalgia and imagine forms of academic democracy suitable for universities of the 21st Century.<sup>38</sup>

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<sup>37</sup> Helsingin Sanomat, 8 May 2016, "Älymystön kapina on kirjoja, latinan kieltä ja lyyran soittoa". Available from: <http://www.hs.fi/kulttuuri/art-2000002900041.html> [accessed 13/01/17].

<sup>38</sup> For one such attempt, see, Santos (2006), pp. 78–97. For an attempt to conceptualize the way in which universities are simultaneously embedded in, and affected by, intersecting global, national, and local forces, see, Marginson and Rhoads, 2002.

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