

Can the Finnish Way to Reduce Homelessness Work in Canada? The Limits of Power Resource Approaches in a Time of Economic Crisis.

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Abstract

Widespread homelessness is at crisis levels amongst advanced capitalist nations, indicating that the promise of neoliberal prosperity is deeply flawed. While Canada's Liberal tradition is ineffective in combatting homelessness, Finland, a Social Democratic tradition, has successfully decreased its homeless population. This research paper evaluates the possibility of policy adoption between liberal and social democratic traditions to reduce homelessness by employing a political-economy-informed, comparative welfare state analysis. I argue that we must proceed with caution as policies do not always travel well because of the varying political and economic contexts arising from the histories of class struggle. I also argue that policies to solve homelessness are relatively limited because of the crisis-prone and contradictory nature of capitalism and the subsequent welfare state. My findings suggest that Finland's robust working-class power resources, expressed in parliamentary and extra-parliamentary power, have been vital in homelessness reduction policy development but will inevitably meet their limits.

Keywords: Homelessness, Neoliberalism, Power Resources, Social Democracy, Welfare State

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Introduction

Widespread homelessness - a condition of extreme deprivation representing the “peak” of economic desolation - shows us that our economic system is deeply flawed. There are large numbers of people who are chronically hungry, sleeping on the streets, and in crowded bedbug-infested shelters because of economic precarity and dislocation. This illustrates the inhumane character of capitalism in stark detail. But how did a system that promised widespread prosperity lead to such vast inequality?

We live in a time of growing economic inequality and deepening class struggle. Wealth flows into the hands of the top 1% or 0.1% while wages stagnate, and work is increasingly precarious for the majority. The staggering inequality rates are characteristic of our economic system that values profit over human well-being. In *Capital*, Marx (1996) outlines that the exploitation of productive labour power is foundational to capitalism because human labour power, or living labour, is the only source of new value to realize profit, the system's lifeblood. Thus, inequality is sewn into the fabric of the system because without exploiting living labour and realizing profit, the system quickly falls into a crisis.

Moreover, the system is inherently crisis-prone because of the structural tendency for the rate of profit to decline. Marx (1867a) articulates that the need for capital to accrue profit is challenged by intercapitalist competition. The introduction of labour-saving technology is used to encourage a competitive advantage. However, since new value can only be realized through the exploitation of living labour, this process leads to a decline in the system-wide rate of profit. Intensified competition, inflation, overaccumulation, recession, unemployment and wage

stagnation, are some of the observable crisis tendencies, notably the crisis that hit the capitalist world in the 1970s

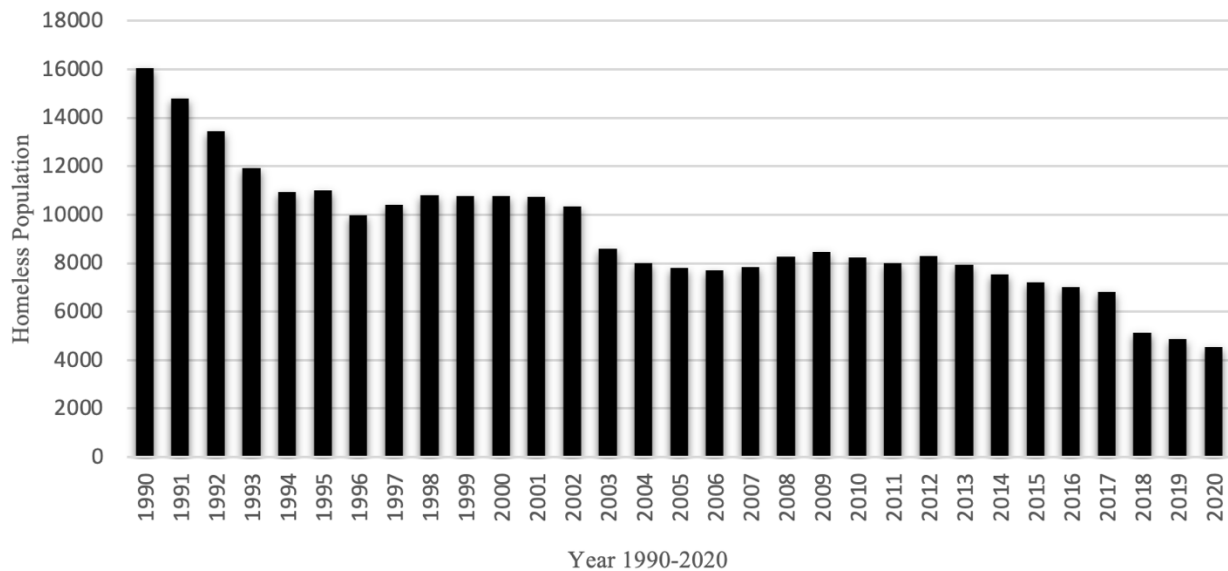
To restore profitability following the crisis, the capitalist class attacked the structures of the welfare state that were established through workers' struggle in advanced capitalist countries. The improvement in wages, working conditions and benefits gained during the "Golden Age" of the welfare state (1940s to 1960s) were limited or stripped back while welfare, unemployment insurance, and other state benefits were restricted. Working-class solidarity as expressed in unionism also declined in the face of de-industrialization, direct attacks by Thatcher and other neoliberal governments, and rising levels of under- and unemployment. As a result of the decline in the size of the social safety net, stagnation or decline in the real value of wages and salaries for a large swathe of the working population, as well as a general decline in institutionalized working-class power, homelessness increased in the 1980s, entrenching a new and complex layer of poverty.

In Canada, homelessness has steadily increased. Currently, the estimated homeless population is between 150,000 and 300,000 people (Homelesshub, 2021a). Canadian researchers, however, argue that homelessness counts are much higher (Homelesshub, 2021a) because previous homeless definitions "addressed only two forms of it - "rooflessness" and "houselessness"" (Olsen, 2021, p.47). Thus, Statistics Canada suggests that on any given night anywhere from 25,000 to 35,000 Canadians experience homelessness, although due to definitional inconsistency and poor recording methods, this number is not reliable (Strobel et al., 2021).

National policies to solve Canadian homelessness have been mostly ineffective. Since 1999 Canada implemented five national strategies to solve homelessness and yet, figures remain shockingly high. Meager federal and provincial support, poor intergovernmental cooperation, and a shelter-dominant system are some of the challenges to improving the homeless situation. Two decades of poor, incohesive policy without significant, effective revisions suggest there is a deeper issue, especially when compared to a nation such as Finland, another advanced capitalist economy that has markedly different trends.

Finland has successfully reduced homelessness rates and recently made global headlines, declaring that the Finnish government is “eradicating” homelessness by 2027 (Bloone & Poulin, 2021; Galloway, 2022; Hancock, 2022). As shown in **Figure 1**, Finland reduced their overall homeless population between the years 1990 to 2020. Between 2008 and 2020 Finland introduced four consecutive national homeless reduction policies, attributing their success to applying the Housing First strategy. The Housing First strategy is a national policy that prioritizes permanent unconditional housing. This strategy contrasts with a shelter dominant system and “staircase” model. The staircase model requires clients to complete a series of steps such as rehabilitation, total abstinence from substance use, counseling, and employment, before receiving housing (Tianio & Fredricksson, 2009).

Figure 1: Finland's Homeless Population



Source: ARA (2021)

Recently, Canada has turned to Finland for homelessness solutions. In January 2022 Canadian Broadcasting Corporation's (CBC) host, Matt Galloway, facilitated a conversation with Stephen Gaetz, Director at the Canadian Observatory on Homelessness, and Juha Kaakinen, CEO of Finland's Y-Foundation and leader of Finland's first homelessness strategy, PAAVO I. The conversation covered the key aspects of Finland's approach to homelessness including intergovernmental investment and cooperation, and the Housing First model. Gaetz suggests that we need to look seriously to Finland to solve the Canadian homelessness crisis. However, some researchers and authors such as Teppo Eskelinen and Keijo Lakkala, writers of "Finnotopia: Illusions and Incoherences," contend that because socio-political and economic contexts are different, it poses limits to policy adoption, and we should stop depicting Finland as a utopian goal. Nevertheless, Gaetz argues that "[blaming political contexts] are excuses that lead to a lack

of action,” a form of paralysis where we do not move any further in solutions (Galloway, 2022, 15:50). In essence, the challenges of transporting policy should not limit our action.

While Finland’s policy success poses as an intriguing solution for homelessness, I contend that we must proceed with caution as policies do not always travel well because of the varying political and economic contexts arising out of the histories of class struggle. The reality of the lauded Finnish welfare state does not live up to the depiction by left politicians like Bernie Sanders, the British royal Prince William, policy makers, and the media (Eskelinen & Lakkala, 2022). Like all advanced capitalist countries, Finland is immersed in a system of class exploitation, and the depiction of a just and equitable society within capitalism is inaccurate.

This research paper considers the debates above by asking, “is Canada’s working-class power and welfare regime robust enough to adopt a Finnish policy to solve homelessness?” First, I argue the success of the Finnish homelessness reduction policy is an expression of a long history of a militant working class and subsequent robust welfare state. I suggest where working-class power is strong and welfare expenditure is robust, the ability to adopt a cohesive national homelessness reduction policy can be substantial. Secondly, I argue the welfare state’s ability to embark on ambitious welfare spending and policies to solve homelessness, like the Housing First strategy, is limited by the lower levels of economic profitability during the long crisis that began in the 1970s. In short, the current condition of the welfare state in developed capitalist countries, including Canada and Finland, is undergoing substantial restructuring in response to capitalist crises. Without a strong working class and high levels of profit, social expenditure is limited. Thus, to promote a model that arose out of the context of militant class struggle in a particular

time and place may be misguided, and power resources are, in fact, limited in our current neoliberal era.

To understand the degree to which Canada can adopt a Finnish national policy, this research paper employs a political-economy-informed, comparative welfare state analysis. I use Power Resources Theory (PRT) developed by Walter Korpi to explore the relationship between class struggle – the strength of union density, left-wing parties, and strength in the welfare state – and the diverging trends in homelessness. To classify the welfare state, I use Esping-Andersen's Welfare Capitalism typology which classifies Canada and Finland as liberal and social democratic regimes respectively. Finally, I consider Marxist economics to critically engage in the limitations of power resources and the possibility of adopting another nation's homelessness reduction policy amid a declining profit system.

The purpose of this research paper is to evaluate the possibility of adopting another nation's policy to solve homelessness. Thus, this paper dives below the surface of policy and considers the political and economic landscape that makes policy adoption possible. I must emphasize that although Housing First is a dominant theme within the Finnish context and a model that Gaetz appears to support, this paper is not meant to evaluate the Housing First model per se and its applicability in Canada. Rather, this paper evaluates the possibility of policy adoption between liberal and social democratic traditions to solve homelessness.

The structure of the paper is as follows. Section One provides a detailed chronological account of homeless reduction policies and the subsequent provincial, federal, regional, and institutional support adopted by Canada and Finland to solve homelessness. I begin with Canada, which has had five national policies with no particular emphasis on a single model. I then present

Finland and its three national policies that are based on the Housing First approach. The purpose of this overview is to situate the reader within the current divergent policy contexts to solve homelessness and set the stage for my investigation.

Section Two sets the methodological and theoretical foundation that guides my research. I first define the welfare state, situating it within the context of class struggle rather than as an independent institution operating outside of class relations. By conceptualizing the welfare state as a “creature” of class struggle, I align my perspective with Marxist writer Ian Gough, arguing that while the welfare state mediates some class inequalities through social and economic redistribution, it will always maintain the priorities of the capitalist class. In this view, the welfare state is contradictory and is limited by an economic system that not only necessitates capital accumulation over well-being but is also crisis prone.

I then classify the welfare state using Esping-Andersen's Welfare Capitalism Typology. I focus on two out of the three political tradition classifications, liberal and social democratic, to illustrate the social and economic redistributive divergence between Canada and Finland. Esping-Andersen argues that each welfare regime impacts the degree to which the state intervenes in the market and mediates some of the class inequalities generated by capitalism. It is hypothesized, the higher the degree of redistribution the lower the rate of poverty.

Next, I discuss Power Resources Theory developed by Walter Korpi. Power resources and their activation through parliamentary and extra parliamentary efforts are significant in channeling working-class struggle into policymaking. Where working-class power and resources are strong via formal (unions) and informal structures (social movements), policies in favour of

the working class are translated into and through a robust welfare state. Thus, it is hypothesized, the stronger the power of the working class, the stronger the welfare state.

Following this, I situate my research within the academic literature. I identify that comparative studies of the welfare state are often “intra-regime” focused, meaning their analyses are located within one regime cluster. Additionally, the literature illustrates that policy and population focus is often singular and policy adoption within a regime cluster is highly complex. I also locate a body of literature that considers a gendered analysis of welfare state studies. With the rise of women in the workplace, economic precarity and working-class power are indeed highly gendered. By identifying these key themes in the literature, my research closes the literature gap by employing an “inter-regime” welfare state study, crossing political traditions and their policy applicability.

In Section Three I present a historical and comparative analysis of union strength, national political party affiliation, and policy adoption in Canada and Finland. I begin prior to World War I when substantial unionization and working-class power began to emerge and end with the latest phase of welfare state restructuring sparked by the 1970s economic crisis. This section provides evidence that the different contours of class struggle in each tradition explain the divergence in social and economic redistribution between each country and the ability to embark on ambitious homeless reduction policies.

The period from pre-World War I to post-World War II is power resources theory (PRT) focused. I pay specific attention to power resources mobilized and activated throughout these periods to influence policy adoption resulting in the “Golden Age” of the welfare state. After describing the Golden Age, I return to the insights of Marxist political-economy with specific

attention to the falling rate of profit. This section details the beginning of the long crisis that began when the economic turmoil of the 1970s led to welfare state restructuring in the advanced capitalist economies. Here I argue power resources hit their limits in an unstable capitalist economy. The point here is that the relative balance of class forces –and welfare state development – in the Golden Age was related to a unique period of great economic growth which is unlikely to reappear.

The Fourth Section presents a discussion of the findings and limitations of the current study. I pose the question: “why are Finland’s homeless reduction policies working, and will Canada’s? In this section I return to my thesis, arguing we cannot adopt another national policy because class struggles and contexts matter. Finland’s long history of working-class struggle, left leaning government, and subsequent strong welfare state led to its success in adopting national housing policies to solve homelessness. Comparatively, Canada’s relatively unsuccessful working class, right leaning government, and subsequent meagre welfare state pose limits to cohesively develop a plan to aggressively combat homelessness, let alone adopt another nation’s policy. I then turn back to Marxism, arguing power resources are limited because we are in an epochal shift in capitalist relations. I contend we must look beyond passive reforms if we are to eradicate homelessness.

Finally, I carefully select a few limitations that need recognition. These include the requirement of citizenship to retain welfare state benefits amid increasing rates of immigration, cultural and definitional divergencies in measuring homelessness between Canada and Finland, declaring the “eradication” of homelessness, and the falling rate of profit. First, the intensified conditions of capitalism caused by neoliberal globalization’s ascendancy raise significant

questions about the right of welfare based on citizenship. Any supporter of the welfare state and power resources must consider the internationalization of the capitalist market, people, and policies. Secondly, definitional differences used to measure homelessness make comparative studies complicated. Careful attention must be paid to when, how, and who measures homelessness if we are to gain an accurate understanding of policies for international adoption. Additionally, declaring the “eradication” of homelessness is a false proclamation when data shows otherwise. Finally, the falling rate of profit suggests an anemic reality for the welfare state as its lifeblood, profit, dissipates. Thus, we must look beyond an economic system that seems to be in its twilight phase (Smith et al., 2021).

Policies to Reduce and Solve Homelessness

Canada’s Approach to Homelessness: Policy Inconsistencies and Governmental Passivity

Canada has had poor intergovernmental cooperation and weak policies to solve homelessness since their inception in 1999. Canada has had five national strategies including the “National Homelessness Initiative” in 1999, “The Affordable Housing Initiative” from 2001 - 2011, the “Homelessness Partnering Strategy” in 2007, “Canada's National Strategy: A Place to Call Home” beginning in 2017 and scheduled to complete in 2028, and “Reaching Home” beginning in 2019 and also scheduled to complete in 2028. Canada also has a national movement provided by the Canadian Alliance to End Homelessness (CAEH), Built for Zero. Together, these strategies attempt to combat the Canadian homelessness crisis. However, as we will see, they have had limited success.

In 1999, the federal government launched the National Housing Initiative (NHI), dedicating \$753 million CAD to communities over three years (Evaluations National

Homelessness Initiative, 2003). The NHI broke into two streams, the Supporting Communities Partnership Initiative, and the Aboriginal and Youth Homelessness Initiative to target Canada's diverse population (Evaluations National Homelessness Initiative, 2003, p.I). The conclusions of the report provide no data on homelessness trends. Rather, the report concludes that the plan is highly flawed as it lacks government cooperation, a cohesive strategy, and research (pp.v-vii).

The Affordable Housing Initiative (AHI) of 2001-2011 was Canada's second national program to combat homelessness. Considering the lack of intergovernmental cooperation from the NHI, the AHI "established the broad parameters for bilateral agreements between CMHC [Canada's publicly owned housing agency] and all provinces and territories to increase the supply of affordable housing in Canada" (Homelesshub, 2014, para. 3). Nevertheless, the decentralization of housing and homelessness responsibility complicates the effectiveness of the AHI (Housing Services Corporation, 2014). The federal government divested housing and homelessness responsibility to the provinces and territories without providing subsidies in the mid to late 1990s. Since then, homeless reduction policies, including the AHI programs are cost matched by the provinces and territories.

In 2007 Canada adopted the Homelessness Partnering Strategy (HPS). HPS was a community-based strategy to reduce and prevent homelessness by using a Transitional Housing approach, this approach was intended to "bridge the gap between homelessness and permanent housing" (Gaetz, 2014; Homelesshub, 2021b, para 1). This program then evolved into a Housing First approach in 2014, targeting the chronic and episodic homeless (ESDC, 2018). The HPS had multiple guiding principles, including the client's right to choose housing, securing permanent

housing, monetary contributions from the client to help pay rent, networking and building relationships within the community, and skill development (pp.4-5).

HPS funding came from the federal government and local, provincial, and territorial donors. By 2014, 60% of the funding supported the Housing First approach in the larger communities, while Designated and Indigenous communities received 40% (ESDC, 2018). It appears the HPS designed a thorough strategy to target chronic and episodic homelessness. Unfortunately, the conclusions from the report once again do not provide any statistical figures detailing homeless trends thus, the strategy's effectiveness is unknown.

Canada's National Strategy: A Place to Call Home (herein referred to as “National Strategy”) was then adopted in 2017. Through a cost-matching policy, the three tiers of governments and NGOs worked "to make safe and affordable housing accessible for the most vulnerable Canadians and for those struggling to make ends meet” by 2028 (National Housing Strategy, n.d. p.22). To reach this goal, the federal government put together four targets to decrease homelessness including a 50% reduction of chronic homelessness, 530,000 households taken out of housing need, new and renewed housing units, and new community housing units across the nation. Additionally, the government incorporated a "rights-based" gendered analysis, prioritizing women and female-led households, those in the LGBTQ2+ community, and their unique barriers to retaining housing. Since the onset of the Strategy, the success of the program is unknown. However, according to a 2018 PiT count across 61 communities, approximately 32,005 individuals experience homelessness on a given night (Everyone Counts Highlights, 2019). Although it is difficult to draw conclusions, these high numbers suggest that the National Strategy was not particularly effective.

Canada then launched the Reaching Home Strategy with a committed \$4 billion CAD over nine years in 2019. Reaching Home's goal is to reduce chronic homelessness by 50% by the fiscal year of 2027-2028. The Strategy is a community-based initiative that provides funding for rural, urban, Indigenous, and remote communities (Government Canada, 2023b). Critical components of Reaching Home are its utilization of Homeless Individuals and Families Information System (HIFIS) where communities can access the program to increase the coordination between services and users (Government Canada, 2023). Reaching Home also targets Indigenous homelessness by providing funding and allowing Indigenous communities to use the funding at their discretion and in relationship with their cultural practices and needs. Currently, there are no results indicating the progress of the strategy.

Finally, Canada's national movement founded in 2012, the "Canadian Alliance to End Homelessness" (CAEH), is a crucial partner in tackling chronic homelessness in Canada. The movement launched in Toronto and partnered with 38 communities. The program collectively housed 21,252 individuals between 2015 and 2019 (Built for Zero, 2023). Based on the apparent success of this approach CAEH relaunched its movement under the title "Built for Zero" (BFZ) in 2019, which set the goal of ending chronic homelessness and veteran homelessness via a functional zero method (Built for Zero, 2023; CAEH Annual Report, 2022). Functional zero means a community matches the homeless demand through services (Turner et al. n.d). There is currently no data on the movement's progress.

As you can see, the shifting strategy titles, goals and time frames, priorities, and measurement methods complicate evaluating the strategies. It is obvious that large amounts of time and money have gone into combating Canadian homelessness. Nevertheless, Canadian

homelessness remains a chronic issue. For example, Canada's most recent 2020-2022 PiT count shows that over 32,000 people across 59 communities experience homelessness, with a 12% increase across 55 communities since 2018 (Government Canada, 2023).

Finland's Approach to Homelessness: Policy Consistency and National Cooperation

Finland's success in combating homelessness is attributed to robust intergovernmental cooperation, consistent policies, and clear research indicating homelessness trends, successes and failures. Finland adopted three national Housing First policies to address homelessness including the two-part program, "The Programme to Reduce Long-term Homelessness," abbreviated as "PAAVO I" (2008-2011) and "PAAVO II" (2012-2015) from 2008 to 2015, The "Action Plan for Preventing Homelessness in Finland 2016-2019," and the "Cooperation Programme to Halve Homelessness 2020-2022." Statistics prove that since the onset of the first PAAVO I program to the most recent Cooperation Program, homelessness has decreased. Between 2008 and 2021 single homeless individuals decreased by 50%, falling from 7,960 to 3,950, family homelessness decreased by 45%, falling from 300 to 165, and long-term homelessness decreased by 63%, falling from 3,600 to 1,318.

Formally led by Juha Kaakinen, PAAVO I and II paved the way for the Finnish Housing First model. Pleace et al (2015) state that "the Finnish programme to reduce long-term homelessness is one of the best examples in the world with regard to the functionality of the Housing First model in work to reduce long-term homelessness" (p.14). The program was administered by the Finnish Ministry of the Environment and implemented through a series of organizations on a tripartite scale including Finland's Slot Machine Association (RAY), Ministry

of Social Affairs, the Criminal Sanctions Agency, The Housing and Finance Development Centre (ARA), the State, Regional and Municipal governments. For both programs, funding was provided in the form of state subsidies, municipal contributions, and NGO funding. In effect, Finland successfully reduced their homeless population during the existence of both policies.

PAAVO I set off on one central goal; *halving* long-term homelessness by from 2008 to 2011 by targeting ten of Finland's largest cities. The program prioritized converting emergency shelters into affordable Housing First units through a communal housing model and prioritized harm reduction modes of delivery (Pleace et al., 2015; Pleace, 2017). The conversion of existing emergency shelters was crucial to the approach and one of the largest successes of the program because Finland significantly lacked a supply of affordable housing. By the end of PAAVO I, long-term homelessness was reduced by 28% and a new supply of affordable housing units became available. PAAVO II was introduced in 2012, setting the goal of *eliminating* long-term homelessness by 2015. The strategy for PAAVO II encouraged efficient use of social housing, promoted scattered site housing, increased use of prevention measures, and continued a cooperative political structure (Pleace et al., 2015). Prevention measures included coordinating social support with housing opportunities prior to psychiatric or prison release and providing "floating support" for Housing First clients. Floating support includes education on housing and budgeting skills, and incorporating social work professionals for ex-offenders, those with severe mental health, and severe substance use and abuse. Noteworthy to Finland's PAAVO II program was the utilization of housing advice, a cost-effective strategy to aid clients in retaining housing and preventing initial housing loss (Pleace et al., 2015, p.44). Long-term homelessness decreased

by only 14% despite the robust advocacy from PAVVO II (ARA, 2013; ARA, 2016).

Nevertheless, the efforts remained positive as another program came into effect.

The “Action Plan for Preventing Homelessness in Finland” (herein referred to as ‘The Action Plan’) was Finland’s second national program between 2016 and 2019. The Action Plan broadened the scope and breadth of the PAAVO program by utilizing its great successes and reforming necessary programs to better serve the community. For example, The Action Plan, developed by the Ministry of the Environment, states “[t]he organization of housing, social, health care and employment services that has been divided into sectors does not support the early identification and prevention of homelessness sufficiently; instead, at worst it even causes repeated homelessness and slows down the transition to independent living and working life” (Ympäristöministeriö Miljöministeriet, 2016, p.2). As a result, The Action Plan broadened its scope from long-term homelessness to include recently homeless, longer periods of experienced homelessness, and at risk of becoming homeless (Pleace, 2017). Additionally, the Action Plan expanded to include youth, immigrants, and families with a gendered analysis.

The Action Plan summarizes two ways of completing its goal including “[s]trengthening the prevention of homelessness and preventing the recurrence of homelessness” (Ympäristöministeriö Miljöministeriet, 2016, p.4). The plan advocated for a renewal and strengthening of their service system by siphoning investments into planned rehabilitative support within the home and increasing the quality and scope of professional support (p.3). Once again, RAY, The Ministry of the Environment, the Ministry of Justice, the Ministry of Education and Culture, the Ministry of Social Affairs and Health, the Ministry of Employment and the Economy, and the Ministry of the Interior were key institutions in the development of the Action

Plan (p.12). By the end of the program single homeless persons decreased by 32.3%, family homelessness decreased by 37.7%, and long-term homelessness decreased by 55% (ARA, 2017;2020).

The “Cooperation Program to Halve Homelessness 2020 – 2022” is Finland’s most recent program. The program emphasized “cooperation between different municipalities” (Juhila et al., 2022, p. 503) that target at-risk groups via housing services tailored to substance users and those suffering from mental health. Within one year of the program, single homelessness decreased by 9%, and family homelessness decreased by 17% (ARA, 2022). Long-term homelessness, however, increased by 25%. The increase in long-term homelessness could be due to the transition of the national program focus, moving from long-term homelessness to targeting at-risk groups. No doubt, as the homeless population is reduced, further reductions become more difficult.

Theoretical and Methodological Approach:

What is the Welfare State?

Scholars often define the welfare state “as social support systems through which states assume some measure of responsibility for the promotion and protection of their residents’, families’, and communities’ well-being” (Olsen, 2021, p.103). Nonetheless, framing the welfare state as a promotional and protective institution of citizens’ well-being is simplistic, missing the economic and political origin of the welfare state, namely its development in relation to capitalism. According to many Marxist writers, including Ian Gough and James O’Connor, the welfare state is shaped by the mode of production where it can provide economic, social, and

political benefits to the working class, but it is ultimately limited by the priorities of the capitalist class. In fact, the welfare state is wrought with contradictions. First, the higher the concentration of proletarianization, the more supplementary subsistence via the state to maintain the working and non-working population is needed. Secondly, the welfare state legitimates capital accumulation by mitigating class antagonisms. Third, the welfare state is vulnerable to reductions in the rate of profit, which is an intrinsic element of capitalism. I will expand on each of these points.

First, the welfare state supplements working-class subsistence as more people become “proletarianized” (O’Connor, 1974). The emergence of capitalism introduced waged labour via the privatization of communal spaces, a process that Marx termed “primitive accumulation” (Marx, 1867b). Privatization displaced former modes of subsistence where individuals and communities could support themselves on available land and resources. However, as land became privatized, individuals were forced to sell their labour power for subsistence. In essence, the more the population becomes dependent on wages, the fewer resources (land, time, space, energy, and human capacity) are available for subsistence exclusive of waged labour. As a result, as capitalism intensifies the state assumes responsibility to support and maintain the working class.

By maintaining the working class via the state, the state reproduces the worker for capital accumulation. For example, the introduction of maternity leave and child-tax benefits are supplementary for stay-at-home mothers to support the maintenance of her labour power until the child is old enough to enter daycare and she can return to work. At the same time, maternity leave and child tax benefits provide her with time to reproduce her child as the next generation of

labour power. Health care is also significant. Health care serves many citizens in regenerating or maintaining their health to either return to work or support their health as “able-bodied workers.” By regenerating or maintaining the health of the working class, the capitalists have a population of workers ready to work to increase surplus value. Fundamentally, both maternity leave and health care maintain and reproduce labour power for capital accumulation.

The non-working population must also be maintained. Marx argues that the non-working population is the “reserve army of labour,” a class of non-working individuals waiting to be employed (Chibber, 2014). The production of the reserve army of labour is manifold, but at its most basic level it is produced by job insecurity, a fundamental characteristic of capitalism. Workers know that they are replaceable. By fostering job insecurity via competition not only between capitalists, but also between the workers, the reserve army of labour drives down the wage scale by encouraging a glut of workers. The reserve army can enhance productive capacity in opportune times without keeping them on the payroll as they wait to participate in waged work. Thus, the higher the degree of market competition, the more manipulative power of variable capital is available to the capitalist class.

The welfare state supports the capitalist class’s manipulative power by providing benefits to workers waiting for (or actively seeking) employment. For example, in 1941, Canada adopted the Unemployment Insurance Act (UI), later changed to Employment Insurance (EI) in 1996. Un/Employment Insurance is Canada’s most basic national social policy to protect citizens from complete poverty by providing “temporary benefit payments during periods of unemployment” (Smith, 2021, para. 1). UI was adopted because of the increasing unemployment rates characteristic of the Great Depression and World War II. The program offered benefits for a

maximum of 52 weeks based on 180 workdays over two years (CUPE, 2015). By 1971, UI covered 95% of workers' wages for 50 weeks and included benefits for illness and maternity.

Unemployment Insurance underwent substantial changes in the 1990s with tightened eligibility and reduced benefits. Ironically, this happened when demand for welfare rose rapidly in Canada (Finnie and Irvine, 2008). Labeled a "workfare policy," the federally provided benefits transitioned to employee and employer contributions (CUPE, 2015), eligibility transitioned to hours worked rather than days, and recipients must have lost their job at no fault of their own (Finnie and Irvine, 2011, p.204). Within the decade, total social expenditure for Un/Employment insurance decreased by 25% (Finnie and Irvine, 2011, p.202). Current EI eligibility is based on 420 to 700 hours worked over 52 weeks, and recipients receive a maximum of \$650 per week (based on 55% of insurable earnings on a maximum of \$61,500) for 45 weeks of pay (Government Canada, 2023a).

Provinces provide the remaining social protection for those in "financial need" via Social Assistance (SA). During the 1996 EI reform, the federal government also reformed provincial SA. Federal cost-sharing changed to a lump sum, and total federal expenditure decreased (Finnie and Irvine, 2008). At the same time, provinces disincentivized SA users with tighter eligibility and "workfare" related measures. For example, Evans (1995) notes that in 1995 the Ontario government mandated eligible SA recipients to job searches, mandatory acceptance of employment, and employment training. Current recipients of Ontario SA, Ontario Works (OW), are monitored by an OW caseworker. Candidates must participate in "work-related activities" such as employment and community placements, improve education including reading, writing,

and math help, and job education to develop their skillset and employability (Ontario, 2022a, 2022b).

These federal and provincial policies, later dubbed “workfare,” are examples of the capitalist class maintaining and manipulating the reserve army of labour until capital is ready for its use. The initial UI and SA supported a class in poverty and skyrocketing unemployment rates. However, in the wake of the 1970s crisis and the following 1990 - 1992 recession, the government needed to reignite a collapsing economy. One way to restore profitability was to reduce public expenditures which were supported by taxes on capital. As a result, UI, SA, and related benefits were reformed to reinvest capital into a collapsing economy through tightened eligibility and reduced benefits while unemployment grew. Once economic growth returned in the late 1990s, demanded work-related activities, or disincentives, to receive welfare came into existence (Finnie and Irvine, 2008, 2011). These work-related activities are used to prepare the reserve army of labour for work and push variable capital into the market to increase competition and drive down the wage scale. Thus, the new “workfare” policies encourage market dependence for capital accumulation over state dependence.

Secondly, the welfare state is an institution that operationalizes political responses to legitimize the capitalist class (Gough, 1979). Creating a state that survives in a capitalist economy requires loyalty from the majority of the population and profit. Because the proletarian population is large, it can pose significant threats to capital if some concessions are not made, such as better working and living conditions. To mediate economic threats (striking) the state must make concessions to the working class such as minimum wage laws, standard working

hours, housing subsidies, Un/Employment Insurance, and Social Assistance. Once some concessions are made, the capitalist class often becomes legitimized through majority support.

Appealing to the working class appears to be in the interest of both classes. For the capitalists, it mitigates working-class discontent, assuming a sense of control over threats. For the working-class, it creates a barrier from the hardship of market forces (Gough,1979, p.66). Nonetheless, concessions to the working class through state functions only last if profit is produced for the survival of the welfare state and capitalist system. The apparent “harmony” between the classes via policy becomes a visible illusion when surplus value becomes scarce.

The welfare state and capitalism need profit to survive. Profit, and subsequent taxation by the state, provide revenue for social expenditures to maintain the working class. However, profit runs into two barriers as capitalism intensifies and demands more profit. During economic downturns, the capitalist class initiates strategies to return more short-term profit to the system. These include diluting progressive tax policies (as in the case of Un/Employment Insurance and SA), as well as tax avoidance strategies used by capitalists. But without progressive taxation, the revenue to pay for the welfare state becomes insufficient, and the working class falls into deeper poverty against working-class interests. Thus, on the one hand, there is a higher concentration of short-term profit for the capitalists. On the other hand, the mode of production slowly collapses under deepening poverty, dissolving capital accumulation.

Additionally, Marx (1867a) illustrates capitalism's unavoidable contradiction, the falling profit rate. In its most basic form, the theory of the falling rate of profit supposes that as capitalism continues to intensify, the rate of profit will decline, leading to deepening periods of

crisis. The welfare state will become untenable because it is premised on the surplus generated by capitalist relations of production.

Marx's argument about the tendency for the rate of profit to fall is as follows. The ultimate root of value is human labour power. The evolution of capitalism will always require an increase in labour power (variable capital) because of competition between capitalist enterprises. As competition intensifies, capitalists seek to increase productivity by extending the working day and using temporary, part-time, or seasonal labour. However, this strategy always runs up against the natural limitations of human beings. The human work day cannot be extended indefinitely without destroying the humans from which labour power is extracted. Therefore, Marx theorizes that machinery is used to supplement human labour power so as to increase efficiency and, from the capitalist point of view, the higher the efficiency, the more capital is accumulated and, thus, more surplus value (the source of profit) is generated.

For Marx the problem is that this logic implies that machinery can add value to commodities, raising the rate of profit. However, Marx states that machinery is constant capital, a type of capital that cannot create any new value because:

1. Constant capital cannot be exploited.
2. Machinery is bought at relatively the same market price across the economy.
3. Machinery becomes the main source of increased productivity once the exploitation of living labour via longer working days or lower wages is exhausted.

As a result, the higher the degree of constant over variable capital, the more the rate of profit will fall. Therefore, while labour saving technology may increase productivity as a whole,

the accumulation of surplus value – measured in real money – is depreciated as machines displace living labour (Smith et al., 2021). As a result, as surplus value depreciates, capitalism and the welfare state will be met with a series of crises.

In essence, the above illustrates that the welfare state serves capital. The welfare state is “the use of state power to modify the reproduction of labour power and to maintain the non-working population in capitalist societies” (Gough, 1979, p.44-5). I have shown that with the rise in proletarianization, the more the state must supplement working-class subsistence. However, if the working class or non-working population is maintained, capital will always have a working population submitting their labour power for capital accumulation, plus a reserve army of labour that encourages the proliferation of precarious work and low wages. In this view, the welfare state always legitimates the capitalist class by conceding to working-class concessions, but, on a grand scale, contradicts the interests of the working-class.

Additionally, the welfare state meets its limits with the falling rate of profit. As profit decreases, capitalism and the welfare state become anemic. As a result, state policy to address poverty is limited. Because the welfare state is shaped by the mode of production, where there is always an inherent class imbalance, the welfare state cannot solve the problem of poverty. Solving the problem of poverty would undermine the whole capitalist system because it requires the exploitation of labour to insure the production of adequate surplus value, the ultimate source of profit. Furthermore, without profit, there is no base for state revenues to socialize subsistence to maintain the working class. Where the capitalist mode of production is dominant the welfare state is fragile in the sense that it balances on an inherently unequal economic structure.

Placing the welfare state's origin within the development of capitalism is not to say that the welfare state cannot address some of the inequalities produced by capitalism. Indeed, the welfare state does address some inequalities through taxation (Kuhlmann, 2018) and subsidizing the reproduction of labour power via social expenditures. Nevertheless, the degree to which social and economic capital is redistributed depends on the strength and activation of power resources of the antagonistic classes that will be developed below. First, I turn to classifying the welfare state.

Classifying the Welfare State: Welfare Capitalism

Esping-Andersen (1990) classifies the welfare state into three broad welfare regimes. He identifies these three regimes – conservative, liberal, and social democratic – according to three relational dimensions: (1) citizenship and its effects on decommodification; (2) the level of stratification between classes; and (3) the relationship between the public and private spheres. Liberal welfare states such as Canada, United Kingdom, and United States promote market capitalism, emphasizing privatization over institutionalization and individual labour performance and market participation over state support for the well-being of its citizens. Levels of decommodification and non-commodification are low, pushing citizens to participate in the market economy. Liberal benefits and cash transfers are “means-tested assistance, modest universal transfers, or modest social insurance” distributed horizontally across classes (Esping-Andersen, 1990. p.26). Consequently, liberal orientations have higher degrees of economic stratification and low social and economic mobility than social democratic regimes. Socially, the liberal perspective often pathologizes the working class, poor, and homeless, arguing that their socioeconomic condition is an individual weakness rather than a structural, systemic issue.

Social democratic regimes, like Finland and the Nordic nations, are the most generous welfare regimes. Social democratic regimes situate the welfare state as an intervention in the unregulated capitalist economy, promoting it for the security of their citizens (Esping-Andersen, 1998; Gough, 1979). Social democratic regimes employ generous, high-quality universal benefits with lenient eligibility. Because of the reliance on the government for social and economic security rather than the market, levels of de-commodification or non-commodification are high (Esping-Andersen, 1998). Additionally, there is low economic stratification compared to liberal traditions because social and economic resources are vertically redistributed between classes. Thus, social stigmatization is low because “all benefit; all are dependent; and all will presumably feel obliged to pay” (Esping-Andersen, 1998, p.28)

Power Resources Theory

According to Power Resources Theory, the composition of the welfare state depends on the strength and activation of power resources by the competing classes. Power resources are “the attributes (capacities or means) of actors (individuals or collectivities) which enable them to reward or to punish other actors” (Korpi, 1998, p.42). Depending on which class activates their power resources, the welfare state is either weak with modest policies, low de-commodification or non-commodification, and high stratification, or strong with universal policies, high de-commodification or non-commodification, and low stratification (Esping-Andersen, 1990; Korpi, 1998). Studies have shown that higher levels of working-class power and solidarity generate higher rates of political support for and activate policies in favour of the working class (Deeming, 2013; Graves, 2009; Rothstein, 1998; Sihvo & Uusitalo, 1995). In essence, power resources contribute to either the redistribution or withdrawal of social and economic resources.

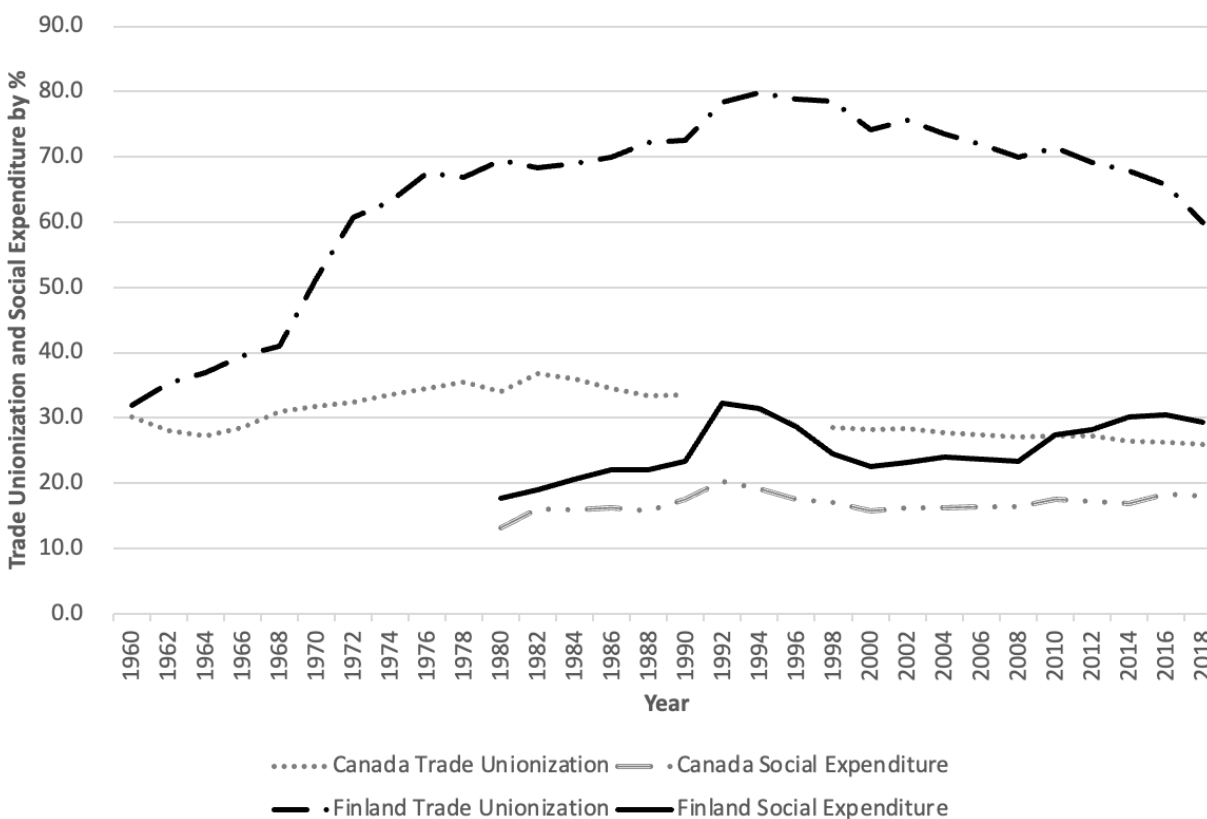
Power resources are activated via parliamentary or extra-parliamentary action (Korpi 1998; Gough, 1979). Parliamentary action advocating for expansion or retrenchment, expansive or meager expenditures, depends on the representative political party and its left-to-right-wing expression. For example, left-leaning nations with strong social democratic parties have stronger welfare states than more right-leaning liberal nations. Therefore, Esping-Andersen's (1998) typology accurately categorizes social democratic traditions as parliamentary actors that often activate power resources in favour of welfare state policies compared to liberal nations.

Extra-parliamentary efforts are social movements such as labour movements and formal unions. Unions are significant institutionalized movements of labour that are variables in the balance of class power as they can put pressure on the capitalist class to support working-class concessions (Gough, 1979, p.65). According to PRT, levels of unionization provide both economic and political power resources and, if wielded and activated correctly (through collective action, or coalition building), they are influential in redistributive processes and cross-class solidarity (Korpi 1998; Olsen, 2021). Thus, the higher the union density, the stronger the working-class power and the lower the levels of poverty.

The correlation between union density and social expenditures is evident when comparing Canada and Finland. **Figure 2** below shows that Canada's weak union density correlates with lower social expenditures compared to Finland. Additionally, the figure shows that in 1994, when trade union density stagnated and slightly declined in Canada, so did social spending. Moreover, by 1998 Canada had its lowest union density and social expenditure. By contrast, Finland shows a correlation between high union density and high social expenditure and

vice versa. For example, in 1992, when trade union density peaked in Finland, so did social expenditures. On the other hand, when union density declined in 1998, so did social expenditure.

Figure 2: Canadian and Finnish Trade Unionization and Social Expenditure 1960-2018



Source: OECD (2022b), OECD (2022c)

The degree to which unionization is strong depends on political institutional support for the working class (Rothstein 1998). Rothstein (1998) argues that “institutions are created with the object of giving the agent (or the interests the agent wants to further) an advantage in the future game of power” (p.285), and at formative moments in history, they can either make or break working-class power. Political institutions affect the relations of production by either promoting or constraining working-class power through legislation (Rothstein, p.286). For

example, a government may choose to either criminalize or promote unionization. By providing more working-class power in the form of negotiations in the workplace, it is unsurprising that leftward nations and union strength have a positive correlation.

The statistical significance between institutional composition, union density, and poverty is clear when comparing social democratic (Denmark, Finland, Norway, and Sweden) and liberal, Anglo-Saxon (Canada, UK, and US) traditions. In 2018 the four social democratic traditions averaged a 60.73% unionization level, a 27.1% social expenditure rate measured by GDP percentage, and a 26.7% poverty gap after taxes and transfers (OECD, 2022a; OECD, 2022c). Comparatively, the three liberal traditions averaged a statistically lower union level of 19.8%, a lower social expenditure rate of 18.83% measured by GDP percentage, and a higher poverty gap averaging 35.1% after taxes and transfers. This data demonstrates that political tradition, worker mobilization, is in fact, a power resource that substantially influences the outcome of welfare policy and class inequality.

In essence, Korpi (1998) demonstrates that parliamentary tradition and working-class power are important considerations in solving poverty or creating policies to reduce homelessness. Korpi shows that power can fluctuate to support the working class so long as parliamentary and extra-parliamentary actors mobilize with enough power and resources to activate. In this view, PRT assumes capitalism is constant, and we can adjust the dynamics and results through power resources. Gough (1979), however, demonstrates that power resources are limited because social policy, at its roots, is always for the benefit of the capitalist class. The welfare state developed in relation to capitalism and needs profit to maintain social expenditures. When profit declines, the economy falls into crises, and revenue to pay for social expenditure

decreases. Thus, despite the welfare state's ability to mitigate some working-class hardship, power resources and subsequent welfare state are limited.

Literature Review

This comparative study merges the gap between Liberal and Social Democratic welfare state discussions by applying a macro-level sociological lens to a cross-welfare regime analysis. Although there is a wealth of comparative welfare state literature, its application concerning policies related to homelessness *across* welfare regimes is limited and often “intra-regime” focused. Additionally, welfare discussions tend to be micro-level, focusing on a few selective policies as independent variables impacting homeless rates rather than looking at the macro-level political-economy context and the nature of the welfare state. Finally, many welfare state analyses consider gender, industrialization, and state responses to “women’s work.” Nevertheless, these studies also remain micro-level intra-regime focused.

Many intra-welfare regime studies illustrate the complex relationship between homelessness and welfare policy. For example, Mike Allen et al. (2021) contrasts the various approaches to measuring and reducing homelessness via a comparison of policy between two Social Democratic welfare traditions, Denmark and Finland, and that of Ireland, a “hybrid” regime classified as liberal with corporatist characteristics (Whelan, 2022). Corporatist regimes, defined by Esping-Andersen (1990), are modest in decommodification, uphold class status and traditional family and gendered norms paralleling access to rights and benefits, and have minimal social and economic redistribution. Similarly, Nikos Kourachanis (2019) evaluates homeless policy in Portugal and Greece, two Southern-European corporatist welfare regimes. On the one

hand, Allen et al. (2021) illustrate the divergent outcomes in policy and rates of homelessness in each country despite two countries having the same welfare regime. On the other hand, Kourachanis' (2019) study illustrates the similarities in each country's homeless crisis and the lack of strong policy.

Intra-welfare regime literature also considers poverty, its definition, and its operational impact within welfare regime clusters. For example, sociologist Gregg Olsen (2021) features the various operationalizations of poverty and the impacts that poverty measures, political formation, and welfare spending have on liberal traditions' - Canada, UK, and US – poverty rates. Olsen's study concludes that “[w]elfare states have been most successful tackling poverty in nations where the three pillars upon which they are built are broad and sturdy” (p.213). The policy pillars – Income Supports, Social Services, and Protective Legislation – are “closely interlocked networks of institutional provisions” (p.110) determining citizens' social and economic well-being.

Overall, the literature on intra-welfare regime clusters illustrates the complex nature of homelessness, policy adoption, and the limitations of the welfare state. Fundamentally, Allen et al. (2021), Kourachanis (2019), and Olsen (2021) conclude that welfare states and their subsequent policy strength do indeed matter as key variables to reducing homelessness. However, despite the similarities in regimes in their respective studies, “[t]here appears to be a disjuncture between the adoption of these plans to end homelessness and the fact that the numbers of people experiencing homelessness are rising or, at best, remaining stable in the majority of countries, provinces and regions” (Allen et al., 2021, p.2). Because of the complexity, unreliable results, and durability of poverty rates, Olsen (2021) suggests that a

welfare state can only alleviate poverty (under the correct policy conditions) and not solve it. Additionally, “[l]ike the welfare state, strategies for addressing poverty and inequality must start by firmly rejecting the idea that markets can fairly or effectively distribute society’s resources” (Olsen, 2021). In essence, solving homelessness requires looking beyond the welfare state to transformative approaches alternative to capitalism.

Furthermore, many studies consider a few independent variables causing homelessness. Policy research and its effects on homelessness often includes housing, health care, or unemployment insurance (Andersen, 2004; Benjaminsen, 2016; Deeming, 2013). Some studies also focus on one population and target life experiences such as degree of trauma, mental and physical health, substance use, or education level (Andersen, 2004; Benjaminsen, 2016; Deeming, 2013). While important, these studies are micro-focused, lending themselves to the subjective experiences of homelessness within specific regimes and population samples. The experience of homelessness, manifestation of trauma, welfare benefits, and the expression of health, substance use, or education level is unique to everyone. No two experiences of homelessness – or national variation in homelessness – are the same.

Finally, there are numerous gendered approaches within the welfare state literature. A significant portion of these studies consider gender as a significant variable in family welfare and care work support in both the public and private spheres (Fraser, 1994; Green & Owens, 2004; Hansen et al., 2022). Industrialization not only shifted familial responsibility of care and social reproduction by integrating women into the job market (Fraser, 1994; Savage et al., 2015), but it also began blurring the lines between commodified and unpaid care work (Bhattacharya & Vogel, 2017; Hansen et al., 2022). Care work, paid or unpaid, is imbricated in the functions of

the state. On the one hand, state revenue must support care institutions such as senior homes, daycares, hospitals, and women's homeless shelters (Hansen et al., 2022). State revenue, including child benefits, employment insurance, and maternity leave, is also vital in supporting women's labour power and the rearing of their children. On the other hand, the availability of care work, both paid and unpaid, shape welfare policy (Green & Owens, 2004). The higher the degree of industrialization and the integration of women in the job market, the more the state must step in and supplement the role of unpaid care work.

At the crux of the gendered analysis and welfare state regimes is the functions of capitalism and its inherent exploitation. For Jaffe (2023), a Social Reproduction theorist (SRT), the “logic of capital must be tied to a given capitalist society's actual organization of labor, and the actual ways such labor produces and continuously reproduces its own and others' labor powers” (p.2). SRT asserts exploited labour power is nestled in intersecting social relations such as race, gender, and ability, that condition, reproduce, and contribute to capitalist exploitation. Once we realize that care work and intersecting identities, irrespective of welfare regime, shapes and reshapes labour power for capital accumulation, we can look beyond state interventions toward a future of social solidarity (Bhattacharya & Vogel, 2017; Jaffe, 2023).

Considering this literature, I believe that as global capitalism continues ascending into every corner of the earth, albeit highly unevenly, academic discussion must be critical of the degree to which nations can adopt other national policies under a specific economic context – capitalism. The literature illustrates that poverty is complex, and solutions to homelessness within the confines of capitalism via reformative approaches are precarious. Within the literature, the question remains, how much do welfare states, and their varying socio-political and

economic contexts, matter in international policy adoption to solve homelessness? To bridge the gap in welfare state discussion, I demonstrate the divergence in welfare state developments and working-class power across two welfare regimes – liberal and social democratic – to evaluate the possibility of adopting a Finnish homelessness solution within the Canadian context.

Labour and Social Security in Canada and Finland.

Pre-World War One and the Interwar Period

The Emergence of the Canadian Working Class and Cross-Border Relations

Canadian unions developed in the 19th century wherein the early unions were organized by trade and comprised of skilled White craftsmen (Frank 2005, Ross et al., 2015). This early exclusionary structure limited pressure on employers. As a result, the early unions began linking across trade and by 1872, union pressure influenced “Conservative prime minister John A. Macdonald to pass the country’s first labour legislation, the *Trade Unions Act* of 1872” that decriminalized trade union membership (Ross et al., 2015, p.23). As industrialization grew, more craftsmen traveled back and forth to the U.S. for work, resulting in Canadian-US union affiliation. By the 1880s, the number of unions in Canada grew 165 local and international unions, many of the latter based in the United States.

Originating in Philadelphia in 1867, Canada’s first industrial union, the Knights of Labour, held their first assembly on Canadian soil in 1881 (Ross et al., 2015, p.24). The assembly allowed semi-skilled craftsmen, women, Black persons, and Irish to join a trade union under one industry irrespective of craft or trade. Additionally, the Knights fostered working-class culture and sought to change the partyism characteristic of the skilled craft unions by electing

workers to represent their interests. Nevertheless, electoral victories were nearly non-existent, and the Knights were short-lived. The changing economic environment into monopoly capitalism posed significant challenges to the Knights and their ability to embark on militant working-class struggle (Ross et al., 2015, p.25).

Monopoly capitalism instigated poor working conditions and wages, child labour, and harsh punishments (Ross et al., 2015). Most quality craftsmanship in the 19th century changed to low/deskilled work with quantity production at competitive market prices. With the rising tide of industrialization and more U.S. investments in Canada, “creating the branch-plant structure,” more Canadian workers joined U.S. unions. Some unions continued to emulate the “craft model,” dividing union workers by skilled craft. Influenced by the American Federation of Labour (AFL), these unions often imposed business-style unionism by focusing on maximizing wages, benefits, and working conditions for union members rather than questioning the logic of capitalism as a system (Ross et al., 2015, p.28). Departing from the exclusive business-style unions, other unions, such as the North American Industrial Workers of the World (IWW), adopted a more “radical” approach to working-class struggle. These syndicalist unions emerged from a significant portion of immigrant workers who began to arrive in 1886 and were often excluded from the original, racially White, unions. At its roots, the syndicalists were anti-capitalist, opposing political parties in favour of an economic system “that was democratically run by workers” (Ross et al., 2015, p.29). The division between more conservative and radical approaches would become a dominant theme in Canadian unionism.

At the same time a number of "socialist" parties emerged, forming the federal-level Socialist Party of Canada (SPC) in 1904. The SPC was anti-capitalist, promoting revolutionary

socialism to solve worker struggles. Threatened by emerging radicalism, the state crushed striking activity and dispersed union activity. Additionally, Liberal Prime Minister William Lyon Mackenzie King established the Department of Labour and passed the *Industrial Disputes Investigation Act* in 1907 (Mascovitch, 2015; Ross et al., 2015). Seeking to dampen strike activity and radical opposition to the status quo, the Act provided a mediator for employer and employee disputes in railway, utilities, and mining industries.

While working-class power began to materialize, the trajectory of social well-being remained underdeveloped. Much of the responsibility for well-being was left to the family, church, or in Nova Scotia and New Brunswick, the Poor Relief Act (Gray, 2005). In 1914, Ontario passed its first "modern" welfare provision, the *Workmen's Compensation Act* that would be emulated in Nova Scotia (1915), New Brunswick (1918), British Columbia (1916), and Alberta (1918) (Guest, 2006; Smith, 2006, para 3). Furthermore, Ontario, Saskatchewan, Manitoba, Alberta, and British Columbia adopted a form of "Public Assistance" policy that supported only the most desperate citizens between 1916 and 1921.

The Turbulent Emergence of the Finnish Working Class

Working-class struggle consolidated in Finland prior to World War I. Significant industrialization began in the 1830s with the construction of new railways and canals, as well as the growth of shipping and textile industries. In the latter half of the nineteenth century,

“The government dismantled restrictions on trade and industry: the guilds were abolished in 1868, and a law providing for freedom of occupation was passed in 1879. The obligation of workers to

remain in the service and under the authority of their employers for the duration of their hire was terminated when the employer's legal right of custody over their employees was abolished in 1883. A worker thus became entitled to sell their labour" (Bergholm, 2016, p.6).

The newfound autonomy of employees via waged labour and growth in industrialization provided an opportunity for organized labour. The first Finnish trade unions emerged in 1885, known as the Helsinki Printers, followed by various small-scale unions concentrated in Helsinki. By 1894, workers established Finland's first national trade union known as the Finnish Printers' Union (Bergholm, 2016, p.8). In a few short years, Finland, although an autonomous Grand Duchy of Russia at the time, experienced the emergence of its first Finnish Labour Party in 1899, later turned Finnish Social Democratic Party (SDP) in 1903 (Arter, 1980; Arter 2013; Bergholm, 2016; Marzec & Turunen, 2018).

As the working class began to emerge, the 1905 Russian Revolution began. The Russian Revolution was considered an instigator for advancing "ism" politics, particularly the sharpening of socialism as a competitive alternative to Tsarist authority (Marzec & Turunen, 2018). The revolution presented and inspired opportunities for working-class political action. Strike activity in Russia spilled into Finland, influencing the first General Strike in 1905 represented by the socialists and nationalists defending Finland's autonomy. The results of the strike were unprecedented. Because of the political unrest, "in 1906 the Finnish Diet of the Estates and Czar Nicholas II, the Grand Duke of Finland, approved the establishment of a unicameral parliament to be elected by universal suffrage" in a 200-seat parliament (Bergholm, 2016, p.10). In the first

election in 1907, the SDP polled 40% of the votes (Arter,1980; Kirby, 1974; Marzec & Turunen, 2018). Indeed, this number was outstanding as Marzec and Turunen (2018) and Arter (1980) agree that the SDP became the largest socialist representative of its time in Europe, and Finland's first largest party. Additionally, two federations were established in 1907, including The Finnish Trade Union Federation (FLO), and the Finnish General Federation of Employers - currently known as the Finnish Confederation of Professionals (STTK).

Union membership fluctuated in the aftermath of the First Russian Revolution. Total union membership was approximately 10-15% from 1907-1912 (Bergholm, 2016, p.13), with an increase of 10,000 members from 1912-1915 for a total of 31,000. This early fluctuation and general weakness (according to Scandinavian standards) were illustrated in the reform of the previously won 8-hour workday to a 12-hour workday by employers, and total decrease in collective agreements. This reality was compounded by the First World War, when "military orders prohibited demonstrations and strikes as well as limited freedom of speech" (Bergholm, 2016, p.13). Noteworthy, is that in 1916 the SDP won 51.5% of the seats in parliament (Alapuro, 2002; Kirby, 1974). Notwithstanding, this success "was dissolved through a conflict between the Finnish government and the Russian Provisional Government in cooperation with Finnish bourgeois groups" (Alapuro, 2002,p.170-1). As such, labour faced extreme political tension via suppression by the Russian Provisional Government in close ties with the Finnish bourgeois, and internal class opposition within the Grand Dutchy.

The Second Russian Revolution in 1917 facilitated political upheaval and Finnish independence. The Revolution increased unrest in Finland, further dividing the classes. Bergholm (2016) illustrates that the uncertain times of food supply increased strike activity and a

rise in union membership, and “the lack of democracy at the local government level aggravated social disputes” (p.15). The success of the Revolution by the Bolsheviks and Finnish independence deepened class antagonisms, igniting a bourgeois rebellion. Divided into the socialist “Reds” and bourgeois “Whites,” Finland erupted into a Civil War in January 1918.

A three-month-long revolution ended in the defeat of the Reds. The Whites had massive support from the Germans, who aided in breaking up the Red’s resistance. The results were deadly, with upwards of 40,000 dead from warfare, executions by the Whites, and malnutrition in prison camps (Alapuro, 2002; Kirby, 1974). Following the Civil War, support for unions declined relatively. Many of the labour and political activists on the Finnish left fled Finland, settling in the labour movements of North America (Beaulieu et al., 2018) and Soviet Russia (Alapuro, 1970; Hodgson, 1970). Moreover, employers often opposed unions. Some employers incentivized employees to reject union membership, whereas others blacklisted or terminated union members from employment (Bergholm, 2016).

A Difficult Rise for Canadian Working-Class Power During the Interwar Period

Labour shortages, inflation, deskilling, increased work intensity, and poor living conditions inspired union growth and working-class consciousness in Canada. In a brief time, unions increased from 140,000 members in 1915 to 378,000 in 1919. Strike activity nearly doubled from 218 strikes with 50,000 workers in 1917 to 427 strikes with 150,000 workers in 1919 (Heron 1998, p.270 as cited in Ross et al., 2015, p.31). The increase in union activity met various reactions from employers. Many employers who provided wartime pensions threatened to withdraw their pensions if workers participated in strikes. Other employers offered incentives

to employees to offset the post-war discomfort and the threat of striking such as supplying workers with subsidized housing (McCallum, 2005). Despite such efforts, class conflict continued to grow with inspiration from the Bolshevik Revolution of 1917, and arguably reached its apogee with the 1919 Winnipeg General Strike.

Syndicalist and socialist radicalism joined with conservative unionists to fight for better working conditions and bargaining rights in Winnipeg, Manitoba, on May 15th, 1919. With over 35,000 Winnipeg workers and 500 non-union women, the massive six-week “revolutionary style” strike sparked smaller strikes nationwide, instigating a response from Canada’s Prime Minister, Sir Robert Laird Borden (Ross et al., 2015; Yussuff, 2019). In response to rising political tension, Borden quickly criminalized strikers and legalized the deportation of immigrant strike leaders via the *Immigration Act* (Ross et al., 2015, p.33). The Prime Minister also ordered massive police brutality, concluding the strike with arrests, two killings, and 3,500 strikers losing their jobs. Additionally, employers willingly fired those who presented any unionist behaviour, hired employees under the condition that they would abstain from unionism, and continued blacklisting anyone caught in union activity.

After the defeat of the strike, radical union activity and membership declined, and a portion of unions returned to their exclusionary roots of skilled White craftsmen. At the same time, industrial unionism struggled with tension between craft unionists, compounded by the deportation of immigrant socialists, and increased surveillance of communists and student activists by the RCMP (Ross et al., 2015, p.35). As a result, union membership fell drastically, and radical left revolutionaries all but disappeared. Indeed, efforts to extinguish labour activism continued deep into the forthcoming Great Depression as RCMP gunfire, arrests, home raids, and

evictions in Ontario, Saskatchewan, and Vancouver shattered union labour militancy from its 1919 peak.

Despite the defeat of the Winnipeg General Strike the power of the working-class was reflected in the birth of two left-leaning federal labour movements. “In 1921, the Communist Party of Canada (CPC) was formed, bringing together members from the Socialist Party of Canada, the Social Democratic Party of Canada, and the Socialist Party of North America” (Ross et al., 2015, p.35). The CPC supported industrial unionism and employed the “entryist” method, a method encouraging members to join existing unions and take up ranks in leadership roles to inspire radicalism. CPC strength was demonstrable during the 1930s when the Great Depression devastated unemployment rates. At its peak, the CPC organized 40,000 members. Nevertheless, the CPC's growing strength was met with severe conflict from the RCMP and was banned in 1931.

At the same time, social democracy shook Canada’s two-party, Liberal and Conservative, system. Canadian social democracy, an alliance between labour and farmers, achieved 67 elected members in 1921 (Ross et al., 2015, p.38). J.S Woodsworth spearheaded the political turmoil by forming the Ginger Group – an alliance with eleven Progressive Party members – and established a Canadian social democratic model. Woodsworth characterized his social democracy as having three distinctive characteristics: (1) the need to include the middle class because of Canada’s small working class, (2) the incorporation of radical Protestants with an orientation toward socialism, and (3) Fabian Socialism that emphasized “central planning and technical experts” (p.39). Combining these three distinctions, the Ginger Group formed the

Social Democratic Co-operative Commonwealth Federation (CCF), organized by a multi-class alliance in 1932.

The CCF “crystallized the political landscape of Canada’s union movement and set up the basis for serious conflict over the next twenty years” (Ross et al., 2015, p.39). The CCF was attacked from both directions as the CPC and Liberals chased working-class votes to secure their position in organized labour. Moreover, the CCF and CPC were in political contention. The CCF opposed communism as it sought proletarian revolutionary tactics compared to the CCF’s reformist methods via a multi-class alliance to reach the socialist agenda. For its part, the CPC opposed the CCF, claiming that the CCF was a contradictory and opportunistic party in that it appealed to the working class while supporting bourgeois nationalism and capitalist interests (Scott, 2021).

Despite the relatively difficult rise for Canada’s working-class, a number of social welfare policies originated from World War I to the end of the inter-war period. World War I ushered in brief state intervention for children, orphans, mothers, and widows (Mascovitch, 2015; Shillington, 2005). In 1927, the Old Age Pension law emerged as a meagre cost-shared benefit to support desperate seniors over the age of 70. It was not until the Great Depression that Canadians saw a firmer hand in state responsibility for their citizens as unemployment reached almost a quarter of the working population (Mascovitch, 2015). Furthermore, in the early 1930s, R.B Bennett provided unemployment relief camps, which provided wages –albeit minimal- for work. Finally, in 1935, the government provided housing assistance via the *Dominion Housing Act*. These policies, however, remained meagre and means-tested, targeting only the most desperate of citizens.

A Slow and Uneven Rise in Finnish Working-Class Power During the Interwar Period

Trade unionism in Finland began to shift during the early inter-war period. Because of the strength of the bourgeoisie and the decline of the left after the Civil War, the Communists (Finnish Federation of Trade Unions, SAJ) and Social Democrats joined forces in 1920 to increase labour support (Bergholm, 2016, p.25). Directed by the SAJ, a national lock-out ensued in 1927, followed by a strike from 1928 to 1929, each advocating for collective agreements. However, these strikes were merely unsuccessful. The former ended with “an active arbitration by the Social Democratic minority government and the united front presented by the workers” (Bergholm, 2016, p.25). Although initially successful with a promised pay rise, the latter was dissolved during the Great Depression.

The “peace” between the Social Democrats and Communists, and the general rise in labour did not last long. The labour movement faced significant opposition from the new extreme-right Lapua Movement established in 1929 (Berholm, 2016). The Lapua Movement violently attacked labour with “coercion, muggings, forced deportations over the border into the Soviet Union, and assassinations” (Bergholm, 2016). The results were devastating. The right was victorious with a majority in the 1930s election, and the authorities under new right-wing legislation “banned the activities of the Finnish Federation of Trade Unions as well as numerous trade unions and other left-wing socialist organizations” (Bergholm, 2016, p.27). During the attack on communism, the SDP left the SAJ, saving some union organizations as they formed the Finnish Federation of Trade Unions (SAK).

Increased economic activity, including growing industrialization and increased exports in the 1930s, facilitated new avenues for solidarity for the currently weak working class. Trade union density increased from 27,00 members and 16 affiliated unions in 1934, followed by 70,000 members and 19 affiliated unions in 1938 (Bergholm, 2016, p.29). Furthermore, “in the general elections of 1936, the SDP increased its number of parliamentary seats to 85,” and in 1937, the SDP formed a coalition with the Agrarian League and Progressive Party (Bergholm, 2016, p.28).

Social policy in inter-war Finland materialized between 1920 and World War II. The Poor Relief Act (1922), Worker’s Industrial Accident Insurance Act (1925), Health Care (1927), and National Pensions Act (1937) were reformed, and the “Employment Contracts and Employment Regulations Act (1922), Collective Agreements Act (1924),” Workers Industrial Act in (1935) and Maternity Grants (1938) were revised (Niemelä & Salminen, 2006, p.10). Together, these social policies formed the foundation for Finnish social policy. They began their trajectory from individual employee rights based on union membership to a national scope, carrying a new positive social stigma.

Post-World War II Golden Age: The Activation of Working-Class Power and Resources

Many authors agree that the “Golden Age” of the Keynesian welfare state flourished starting at the end World War II until the early 1970s in most advanced capitalist economies. Specifically, this period was characterized as a time when capital was prosperous and class relations were relatively stable. In short, the Keynesian era actively associated government intervention with a balanced economy. The “[g]overnment would use deficit spending (through a

mixture of new spending and tax cuts) to spark demand during economic downturns, and it would use boom periods to build a fiscal surplus through taxation to pay for the deficits incurred during the lean years “(Ross et al., 2015, p.47). Thus, it appeared government intervention during this period served the interests of both classes. On the one hand, worker militancy paid off in social policy; on the other hand, capital now had the institutional support it needed to reproduce and socialize labour power. In the history of the balance of class power, class power was at its peak of equilibrium in advanced capitalist countries.

The consolidation of the welfare state between the 1940s and 1970s mitigated the exploitative influence of free-market capitalism. The welfare state redistributed social and economic resources to the working class while simultaneously growing the economy by supplying labour power via subsidized social policy. Highly progressive tax policies, benefit packages, and insurance schemes redistributed some income between capitalists and the working class. The myriad benefit and insurance schemes protected some workers from the unemployment that characterized the inter-war period by providing workers with supplementary income assistance and compensating for workplace accidents via insurance schemes. In many advanced capitalist countries, the sick or disabled began to receive compensation to supplement the rise of waged labour and participation in the market economy as a means of subsistence. Moreover, it appeared social equality was in the grasp of working-class hands with formal health insurance, old-age security, sickness benefits, disability pensions and benefits, Industrial Accidents, Unemployment insurance, and later, housing and education benefits (Kuhlne & Sander, 2021; Nullmeier & Kauffman, 2021).

Division in the Canadian Left and a Muted Golden Age

From World War II to the Golden Age, trade union membership and militancy increased, with sharper division between the left. Union membership increased from 359,000 in 1939 to 724,000 in 1944 (Ross et al., 2015). This significant increase was followed by a surge in labour militancy in what Ross et al. (2015) refer to as “comparable to that of 1917-1919” (p.42). For example, “work stoppages doubled between 1941 and 1942 and again the following year. By 1943, one in every three union members in Canada was on strike” (Panitch and Swartz 2003, p.12 as cited in Ross et al., 2015, p.42). Moreover, striking increased from “274 in 1960 to a record of 617 in 1966” with approximately 661 workers in each strike (Ross et al., 2015, p.56-7)

During this surge in union membership, World War II influenced more division between Canada’s left. The CPC opposed the war effort, claiming it was a battle between capitalist nations, resulting in its illegality. However, when Hitler invaded the Soviet Union, the CPC joined the war effort and declared a no-strike pledge. In turn, this declaration influenced many unionists to side with the CCF who remained militant in striking activity. By 1943, the CCF became the “political arm of labour in Canada” as electoral support increased across the country (Ross et al., 2015, p. 43).

King responded to this early increase in labour activity with conditions. In 1944, King passed the emergency Order in Council, P.C 1003, which legalized strike activity, established a certification process for unions, and banned employers from firing workers who were in unions (Labour’s Advance, n.d; Ross et al., 2015). However, P.C 1003 also mandated that the only legal time to strike was during negotiation periods between collective agreements. While a collective

agreement existed, labour action was considered an illegal “wild cat” strike. Thus, P.C 1003 undermined radical unionism by moving union action from the streets and workplace into formal negotiations between unions and employers.

Despite the limitations of P.C 1003, by the 1960s union density continued to increase as employment rose and women entered the workplace. Indeed, this is one of capitalism's many and most central contradictions; capitalism fosters the conditions for working-class action and solidarity as opposed to its laws of capital accumulation (Gough, 1979). “[T]he growth of large factories and other assemblies of work concentrates the members of this class, and this, in conjunction with the increasingly collective nature of their work, develops their abilities to organize and act together” (Gough, 1979, p. 59). The feminization of work led to unprecedented growth in unions as most women entered public sector jobs where union density far outweighed private union density (Ross et al., 2015). Additionally, from 1965-1975, bargaining rights were granted to all employees irrespective of gender. In essence, Canadian working-class power was arguably unshakably felt in the boom period of the welfare state.

The CCF’s early 1940 victories changed when King implemented the first building blocks of the Canadian welfare state, and when the CCF turned to what Scott (2021) considers “homefront conservatism.” First, it was clear that should the Liberals want to defeat their left-party rivals, they had to make more compelling concessions. In 1940, King enacted the *Unemployment Insurance Act*, which provided temporary cash relief to unemployed citizens. Moreover, in 1943, Leonard Marsh, Beveridge’s former research assistant, presented “The Marsh Report” to King (Béland et al., 2022, p.5). “The Marsh Report, Social Security for Canada,” detailed a social security system that included Health Insurance, Pensions, and

Unemployment Insurance (Wild 2005). Furthermore, The Report detailed the jurisdictional responsibility between federal, provincial, and municipal governments for each policy. Although the majority of the Report was disregarded, in 1944 King enacted Family Allowance, Canada's first universal social security policy. These concessions were enough to undermine the rising left and secure Liberal vote.

Secondly, Scott (2021) refers to "homefront conservatism" as a turning point when the CCF began to represent bourgeois concessions. In 1956, the CCF adopted the Winnipeg Manifesto, a document urging a class compromise between capital and labour. Upon the Manifesto, the CCF aided in splitting unionism to curb communism, and voted in favour of Canadian NATO membership (Scott, 2021, para.14). Likewise, the Canadian Labour Congress (CLC) and CCF merged to create the New Democratic Party, which scholars suggest is a party operating under the guise of working-class identity with significant concessions to capital (Morely, 2021; Panitch, 1978; Scott, 2021).

The remainder of Canada's welfare state would develop over the course of two decades led by right-leaning leaders. "Under the postwar government of Prime Minister Louis St. Laurent, public housing, federal hospital grants and assistance programs for disabled and blind persons were initiated" (Mascovich, 2015, para, 32), followed by revisions to a means-tested old age security policy and universal old age pensions. In 1961, Prime Minister John Diefenbaker enacted Medicare, Canada's current most prized universal policy. Next, Prime Minister Lester B. Pearson enacted and revised a series of welfare policies including the National Housing Act (1964) that provided loans to provinces for public housing, Canadian-Quebec Pension Plan (1965), Guaranteed Income Supplement (1965), Canadian Assistance Plan (1996), federal cost-

sharing for Medicare and day-care, and increased funding for post-secondary education (Mascovich, 2015, para 37-9).

Currently, these programs classify into three modes of delivery. Means-tested programs include Social Assistance, Guaranteed Income Supplements, and Spouse's Allowance. Contributory programs include Employment Insurance and Canadian Pension Plan. Universal programs include Family Allowance and Child Tax Benefits, Old Age Security, and Health Care. Together, these programs and modes of delivery came to characterize much of what Canada experiences today and parallel Esping-Andersen's (1990) classification as "means-tested" and "modest...catering to a clientele of low-income and usually working-class, state dependents" (p.36). As a result, class structures are highly segregated with "a relative equality of poverty among state-welfare recipients" (p.27) and a rising capitalist class.

Finnish-Soviet Relations, a Rising Left and Robust Golden Age

The first ten years of the Finnish Golden Age were relatively turbulent between political parties and the "fall" of the SDP, compounded by Soviet influence. First, newly legalized communism challenged the SDP and influenced the rise of the Finnish Centre Party (previously Agrarian League). Finnish communism became legalized following the formal Treaty of Friendship, Cooperation, and Mutual Assistance between Finland and the Soviet Union (Bergholm, 2016). With the legalization of communism in 1944, the Communist Party, the Left Socialists, and some of the former Social Democratic members established the People's Democratic League (SKDL). In the 1945 election, the SKDL and SDP won 49 and 50 seats, respectively, and formed a coalition between the Agrarian League, the SKDL, and SDP.

Moreover, membership for the Centre Party grew substantially from 30,000 members in 1945 to 280,000 in 1964 (Arter, 1999, p.170), and from 1956 to 1981, Urho Kekkonen of the Centre Party became Finland's president (Solsten and Meditz, 1988).

Secondly, the fall of the SDP was compounded by internal struggles within the SDP and its relationship with the Soviet Union. In brief, the SDP had fractured support for communism and thus, the Soviet Union. For example, during the Civil War of 1918, SDP leader Väinö Alfred Tanner influenced anti-communist sentiments. However, it was during the Continuation War of 1941-1944 that Tanner was imprisoned for his opposition to communism only to be released and re-elected as party leader a decade later (Arter, 1980; Solsten and Meditz, 1988). Additionally, in 1958, "the SKDL won the largest popular vote and the largest parliamentary representation of all Finnish parties but was not given a place in the Finnish government headed by the Social Democrat, Fagerholm" (Solsten and Meditz, 1988, para. 7). Four years later, looking to upend the Centre Party government, in 1962 the Social Democrats headed a right-leaning alliance between the Conservatives and Swedish People's Party (Arter, 1980).

The culmination of anti-communism within the SDP ignited a response from the Russian government, wherein Arter (1980) suggests the Russian government feared a "renew[ed] relationship dating back to the late Czarist era between Finland and militarist and revanchist elements in Germany. There can be no question that the Russians were alarmed at the possible resurgence of West German armed power as well as the extension of NATO activity in northern Europe" (Arter, 1980, p.374). In response, the right-leaning alliance dissolved, and President Kekkonen responded. According to Solsten and Meditz (1988), President Kekkonen resolved the conflict by committing to neutrality, expanding Soviet-Finnish trade, "and a more active

international political role in which Finland worked to promote peace in Northern Europe and around the world” (para.11). With Kekkonen’s active hand in resolving Finnish-Soviet relations, the SDP dwindled between 1958 and 1966, where in 1962, the SDP had its lowest poll with approximately 19.5% of the vote (Arter, 1980;1999). It was not until the SDP turned to support in re-electing President Kekkonen in 1968 that the party became active in Finnish parliament (Arter, 1980, p.374).

During the contentious and relatively turbulent atmosphere within parliament, labour increased. For example, the SAK acquired eleven unions in 1945, while other local unions continued to grow in the industrial building sector, service sector, and dominance in agriculture. Within the SAK alone, member participation went from 300,000 in 1945 to 340,000 in 1947 (Bergholm, 2016, p.35). Moreover, three formal confederations appealing to blue- and white-collar workers ascended: the Confederation of Intellectual Employment (formerly the Intellectual Employment Union in 1922 and later the Federation of Clerical Employees and Civil Servants Organization), The Finnish Confederation of Technical Salaried Employees in 1946, and The Confederation of Unions for Academic Professionals in 1950 (Bergholm, 2016). The rise in strength among blue- and white-collar workers instigated employer unions. For example, in the 1940s, employers established the Agricultural Employers Federation, Business Employers Confederation (LTK), and Automotive Employers Federation (Akava).

Two agreements were signed between the SAK and Finnish Industry of Employers (STK), including the General Agreement in 1946 and the Castle Peace Agreement in 1951 (Niemelä & Salminen, 2006; Solsten and Meditz, 1988). The former mandated negotiations over industrial disputes, and the latter set the foundation for price controls via price and wage freezes

(Solsten and Meditz, para. 4). However, due to rising economic issues closely related to the cost of living, in 1956 labour erupted into a nineteen-day general strike, uniting approximately 400,000 workers. “The strike ended when the employers agreed to the wage increases demanded by the unions. These wage increases, however, were largely canceled out by subsequent rises in consumer prices” (Solsten and Meditz, 1988, para 5).

Nevertheless, Finland witnessed a grand social security system emerge with reforms and new adoptions under President Kekkonen and the rise in labour. In 1948, the government adopted Universal Family Allowance, one of Finland’s most expensive welfare reforms, past and present. Additionally, in 1957 the Universal Maternity Grants of 1937 expanded to include expecting mothers, the previous Poor Relief Act serving those in absolute poverty expanded to a means-tested Social Assistance to include those in a state of relative poverty, and the supplementary National Pensions Act revised to universal along with an additional Earnings-Related Pension Act in 1961 (Bergholm, 2016; Niemelä & Salminen, 2006). In 1960, Finland also adopted an Unemployment Benefit. These revisions, reforms, and adoption characterize what Esping-Andersen (1990) defines as a welfare state with “equality of the highest standards” (p.27). Through its expansive nature, the Finnish welfare state broadens its scope, appealing to those in need and the middle class, tightening the inequality gap.

Economic Turmoil and Welfare State Restructuring

The early 1970s began with an economic recession and stagflation, bringing the prosperous Golden Age of capital to an epochal shift within the OECD nations (Bryan, 2013; Sargent, 2013; Smith et al., 2021). To many authors, including Carroll and Little (2001) and

Ross et al (2015), this “epochal shift” was the era of neoliberal consolidation. The reason for the crisis is multifaceted, however, scholars have identified that key instigators include the drastic increases in the price of oil by the Organization of Petroleum Exporting Countries (OPEC) (Ross et al., 2015, p.60) and the collapse of the 1944 Bretton Woods Agreement by Richard Nixon in 1971 (McNally, 2009; Sargent, 2013). First, OPEC’s significant increase in prices of oil “caus[ed] production and economic growth in advanced capitalist countries to slow down” (Ross et al., 2015, p.60). The results were stagflation – rising unemployment, rising inflation and low economic growth (Kuhlmann, 2018). Secondly, by collapsing the Bretton Woods agreement, international exchange rates became floating in the form of financial instruments and speculation rather than a fixed national currency (Bryan, 2013; McNally, 2009; Smith et al., 2021). The international economy became globalized and disembedded from national boundaries compounding the economic downturn. Without profitability, the economy took a major blow and with it transformed working class power and Keynesian policies.

The capitalists needed to remake the conditions for capital accumulation, but the balance of class forces made this challenging (Gough, 1979, p.136). Right wing elites, namely Margaret Thatcher and Ronald Reagan, took economic catastrophe as the key to transforming the former Keynesian economy into free market capitalism. The Keynesian welfare state was a blockade to raising the rate of surplus value because the only way to raise the level of surplus value is to increase the rate of exploitation of waged labour (Smith et al., 2021, p.130). Thatcher and Reagan began spreading neoliberal ideology - a monetarist policy that used monetary manipulation to rebalance a teetering economy (Smith et al., 2021, p.135). In other words, the

answer was to promote individualism through free market transactions, unfettering the market, and cutting social spending to inject more revenue into the economy.

Perhaps opening the markets to the world was an excellent opportunity for economic expansion and growth, reigniting an economy in crisis and ushering in prosperity for "all." Fair enough, many right-wing elites saw and made many believe that unrestrained market capitalism in a globalized economy would open doors to new job opportunities. However, new job opportunities in the technological and service sectors collapsed historic industrial manufacturing, union strength, and cheapened labour through outsourcing, displacing many working opportunities for the working class (Olsen, 2021; Smith et al., 2021). Additionally, the transition to a globalized economy led to new areas of labour investment, increasing the rate of exploitation and international competition. Large corporations now outsource work to the Global South, where labour costs are cheaper than in the Global North and labour union protection is nearly non-existent (Smith et al., 2021; Wahl, 2011). As a result, large corporations reap the benefits of cheap labour and poor labour laws while selling their products at competitive market prices within national boundaries.

The crisis also transformed the welfare state. The wide-scale decline of the welfare state was due to an economic system requiring the return of profit. As I stated earlier, reducing progressive taxation provides capital with short-term profit. Direct pathways challenging the structures of the welfare state to restore profitability include the intensification of international competition, privatization of former welfare state institutions, and attacks on unionism. As economic competition intensifies, nations must find new investment areas. By reducing taxes on public expenditure, the capitalist class retains profit to reinvest in other competitive branches of

industry (Wahl, 2011). Reinvesting in other competitive branches also includes making new investment avenues such as privatizing the welfare state (Olsen, 2021).

Privatizing the welfare state's institutional arrangements provides new investment areas and available labour power for surplus value. By privatizing institutions such as health care, daycare, and education, class inequalities increase. On the one hand, the upper class can buy into private welfare institutions. On the other hand, the social and economic mobility of the lower classes decreases and enters devastating poverty. Importantly, the privatization of the welfare state increases capital's exploitative potential. Without the welfare state as a mediator between capital, private owners deskill workers and effectively decrease the value of their wages by lengthening the working day to increase commodity quantity or supply part-time and seasonal work to reduce labour costs (Chibber, 2019; Wahl, 2011), effectively raising surplus value and short-term profitability.

Finally, a significant threat to trade unionism occurred with Thatcher's anti-trade union legislation in 1984 in the UK. As I stated early on, the composition of the welfare state depends on the strength and activation of power resources by the competing classes via parliamentary (unions) or extra-parliamentary (labour movements) action (Korpi 1998; Gough, 1979). Eliminating working-class power resources via collapsing trade unionism dilutes working-class strength. **Table 1** below shows data for liberal and social democratic traditions and their trade union density by percent from 1960 to 2020. Liberal welfare states witnessed significant decreases in union density, with their lowest rates experienced in 2015 and 2020. From 1980 to 2020, Canada's union density decreased by a total of 8.8%, the United Kingdom's union density decreased by a total of 27.5%, and the United States' union density decreased by a total of 11.8%

in their already low union density rates compared to the social democratic countries (OECD, 2023).

Union density is also decreasing in the social democratic regimes. Except for Finland and Iceland, each social democratic tradition experienced its lowest union density rates in 2015 since their peak years between 1985 to 1995. Following the decade of high union density rates, Denmark, Sweden, and Norway experienced their lowest union density, with Denmark experiencing a total decline of 9.4%, Sweden experiencing a total decline of 17.8%, and Norway experiencing a total decline of 8.7%.

Table 1: Trade Union Density by Typology Classification

Typology Classification	Country	YEAR												
		1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015	2020
<i>Liberal</i>	<i>Canada</i>	30.1	27.6	31.8	34.8	34.0	35.3	33.6	--	28.2	27.7	27.2	26.5	27.2
	<i>United Kingdom</i>	40.5	40.3	44.8	43.8	52.2	45.3	39.6	33.9	29.8	28.6	26.6	24.7	--
	<i>United States</i>	30.9	28.2	27.4	25.3	22.1	17.4	15.5	14.3	12.9	12.0	11.4	10.6	10.3
<i>Social Democratic</i>	<i>Denmark</i>	59.0	59.9	60.8	68.3	77.2	77.6	73.9	77.4	74.5	71.5	68.1	68.2	--
	<i>Finland</i>	31.9	38.3	51.3	65.3	69.4	69.1	72.6	80.0	74.2	72.7	71.4	67.5	--
	<i>Sweden</i>	64.6	65.4	66.6	74.0	78.1	81.3	81.5	84.8	81.0	75.7	68.2	67.0	--
	<i>Norway</i>	60.0	59.0	56.8	53.5	57.9	57.5	58.5	57.3	53.6	51.2	50.5	49.8	--
	<i>Iceland</i>					66.2	78.5		88.6	89.1	84.1	85.2	91.6	92.2

OECD (2023). Trade Union Density by Percent.

As shown, across liberal and social democratic traditions, working-class mobilization is declining drastically. Rather than the neoliberals' promise of individual prosperity for all, we have rising rates of international competition, declining working-class power resources, declining social support systems, and declining real wages with increased unemployment. The results are large scale poverty and inequality.

The concept and phenomenon of “homelessness” emerged during the economic crisis. “Homelessness” first appeared and became commonly used after 1981, when poverty rates across OECD countries surged (Hulchanski et al., 2009; Olsen, 2021). Homelessness as a phenomenon embodies the new emerging populations consisting of men, women, families, and children who experience a variety of substance addictions, experiences of trauma, lack of permanent residency, lack of “rootedness” in a community, and spiritual and social connection (Allen et al., 2021; McNaughton, 2008; Omerov et al., 2019; Somerville, 2013). This new term replaced the previous derogatory concepts “bums,” “hobos,” “skid rowers,” “transients,” or “vagrants,” characterized as single men, often veterans, suffering from alcohol addictions, substance use, mental illnesses, and inadequate housing (Allen et al., 2021; Hulchanski et al., 2009). So, what happened in Canada and Finland during this time?

Canadian Working-Class Struggle and Policy Retrenchment

During the 1973 crisis, the Canadian government faced two options: either attack unemployment rates for the benefit of the workers or attack inflation for the benefit of the business. The latter occurred, targeting wages as the cause of inflation. The consequences were the reversal of union gains, drastic monetary policies, welfare state clawbacks and reforms that took years to achieve, and increased inequality.

The declining profit levels influenced attacks on unions. In the earliest stages, “[c]ompanies demanded concessions from workers and unions, meaning reversals of previously won gains enshrined in collective agreements” (Ross et al., 2015, p.60). Many concessions included wage cuts, involuntary overtime, and the “exclusion of part-time and casual employees

from bargaining units” (Ross et al., 2015, p.60). To incite such concessions, companies often threatened workers with job relocations and plant closures. Prime Minister Pierre Elliott Trudeau also issued an Anti-Inflation Program, “a three-year program of compulsory wage and price controls” to combat rising debt. With success, the increased rate of wages dropped from 14% in 1975 to 6.8% in 1978 (Ross et al., 2015, p.61). Unions tried to overcome the assault on workers through various strikes over the decade. However, these assaults from unions influenced Trudeau’s mandated back-to-work legislation in 1982. As shown in **Table 1**, total union density decreased by approximately 11.2% from 1970 to 2000.

The federal government also signed two notable trade agreements, including the Canada-U.S. Free Trade Agreement (FTA) in 1985 and the North American Free Trade Agreement (NAFTA) in 1994 (Carroll and Little, 2001). The agreements removed tariffs, opening the door for U.S market authority over Canada, and Canadian participation in the American markets. For example, “in 1989 70% of Canada’s exports of goods and services went to the United States; by 2001, the volume had grown to 83%, representing 40% of Canada’s GDP.” Simultaneously, Canadian industries began privatizing and deregulating throughout the 1980s. Major industries included Energy, Finance, Transportation, and Telecommunications (Carroll and Little, 2001). These transitions and close ties to the U.S impart the “American Dream” philosophy that enhances individual competition and erodes labour solidarity. All these restructuring moves led to longer working hours, poor wages, precarious work in the form of part-time, casual, and seasonal work, job losses, and business shutdowns.

The economy in crisis and the ascendancy of neoliberalism also paid its dues to the welfare state, with significant retrenchments and clawbacks occurring between the late 1970s to

late 1990s. All programs suffered from deindexation, a process that no longer matched inflation rates and decreased the value of the benefit received (McCallum, 2005). Moreover, “in 1977, the federal government moved away from conditional grants to block funding, and by the mid-1980s, it significantly reduced its share of funding for health and social programs” (McCallum, 2005, p.4). The transition to block funding, or what Carroll and Little (2001) define as “downloading,” placed more responsibility on the provinces to allocate funding to various programs. Funding allocation became meagre for some programs while others became privatized. During this period, total expenditure decrease by all levels of government is estimated to have fallen from 40% to 35% (Carroll and Little, 2001, p.35)

Program eligibility and benefit quality decreased for most of Canada’s welfare state. The former Unemployment Insurance reformed to Employment Insurance, where eligibility and maximum length of benefits tightened between 1975 and 1998 and increased the number of weeks users must work, reducing the benefits period, and penalizing repeat users. By 1997, unemployment beneficiaries had declined by 49% since its peak in 1989 (Mckeen & Porter, 2003; Mahon, 2008). The CHST replaced the Canada Assistance Plan/Health Social Transfer which moved from cost-sharing to block funding. The shift in the program resulted in a drop in health transfers of 9.6% between 1998 and 1999 (Mahon, 2008). Finally, Canadian housing policy fell from its “peak of 1% GDP in 1975” (J.S. O’Connor, 1998, p.166) to a complete elimination in the budget in 1993 (Dalton, 2009). In essence, although the demand for assistance increased, the expenditure allocation did not.

Finally, three universal programs, Old Age Security (OAS), Family Allowance and Child Tax Benefit, and Medicare, became means-tested between 1989 and 1993. In 1989, OAS became

taxable income for recipients making more than \$50,000 CDN yearly, reducing their previously universal pension (Rice, 2005). The Child Tax and Work supplement replaced Family Allowance in 1993, where the number of children and income determined the new benefits (Béland et al., 2021; Durst, 2005; Rice, 2005). Only five years later, the program underwent another change with the New National Child Benefit Supplement, another means-tested approach guaranteeing meagre supplements that match those on social assistance. Finally, Medicare transitioned to block funding, declining federal financing by approximately 10% between 1970 and 2001 (Mahon, 2008, p.349).

This transformative era in Canada had dire consequences for the welfare of its citizens. By 1978, real wages declined by 2.2%, interest rates increased to a devastating 20% in 1982, and unemployment peaked at 11.9% in 1983 and then again at 11.3% in 1992 (Picot et al., 2003; Ross et al., 2015). Many scholars agree that poverty drastically increased continent wide (Fawcett and Scott, 2007; Hulchanski and Shapcott, 2004; Picot et al., 2003). During the 1990s, poverty increased from 16.2% to 19.7% in 1995 (Fawcett and Scott, 2007, p.4). Although this number decreased to its original standard of 16.2% in 2000, general inequality increased by approximately 10.1%. To illustrate this increase in inequality, “in 1973, the richest 10% of families with dependent children received 21 times the income of the poorest decile of Canadian families, by 1996, the richest decile received 314 times more than the poorest decile” (Social Justice 1998 as cited in Carroll and Little, 2001, p.35). In essence, the economic turmoil and neoliberalization of the late 1990s proved to be a remarkable shift in class relations.

The Retrenchment of a Militant Finnish Working-Class

In contrast to many OECD countries, Finland is a laggard in experiencing the pressure of neoliberalism. During the crisis, the threat of strikes and a potential revolution encouraged employers and the left government to support social reforms rather than retrench them.

According to Bergholm (2016) “Finland became one of the most egalitarian and equitable countries in the world” (p.76) from the 1960s to early 1970s. Finland’s unionization peaked, with 80% of the population unionized by 1995 (Bergholm & Sippola, 2022; OECD, 2023d) and the SDP became the dominant political leader between the 1970s and 1980s (Outinen, 2017).

The economic crisis hit Finland in the late 1980s and early 1990s, compounded by the dissolution of the USSR. Like Canada, the Finnish currency – the Markka – became floating in 1992 due to devaluation and the attempt to restabilize the exchange rate (Korhonen, 2003). In 1995 Finland became a member of the EU, committing itself to the mandated monetary policies and mandated liberalizing. By 1994, unemployment rose to half a million, complemented by increased striking activity to combat potential reforms, including cuts in minimum wage regulations and unemployment benefits. Notwithstanding, a new collective agreement formed that “now provided numerous opportunities for agreeing locally, at a workplace level, on flexible working hour solutions and other forms of flexibility relevant to production” (Korhonen, 2003, p.92). Thus, the mode of production took priority over employment security.

Welfare policies also changed and by 1994, union density declined from nearly 80% to approximately 60% in 2017 (Ahtianainen, 2019 as cited in Bergholm & Sippola, 2016). The pension and employment fund shifted into the hands of employee contributions rather than a mix

of state subsidies, employee, and employer contributions. Finnish citizens experienced a cut in pensions, a reduced medical reimbursement rate, and a general decline in social expenditures on health and social services for families (Niemelä & Salminen, 2006). Additionally, the decline in union density is attributable to the erosion of the Ghent system. Finland introduced its first independent unemployment fund, the General Unemployment Fund (YTK), which completely reshaped unemployment security in Finland (Böckerman & Uusitalo, 2006). By introducing an independent employment fund, unemployed citizens are no longer mandated to join a union to acquire unemployment insurance, undermining the incentive to join a union and working-class solidarity.

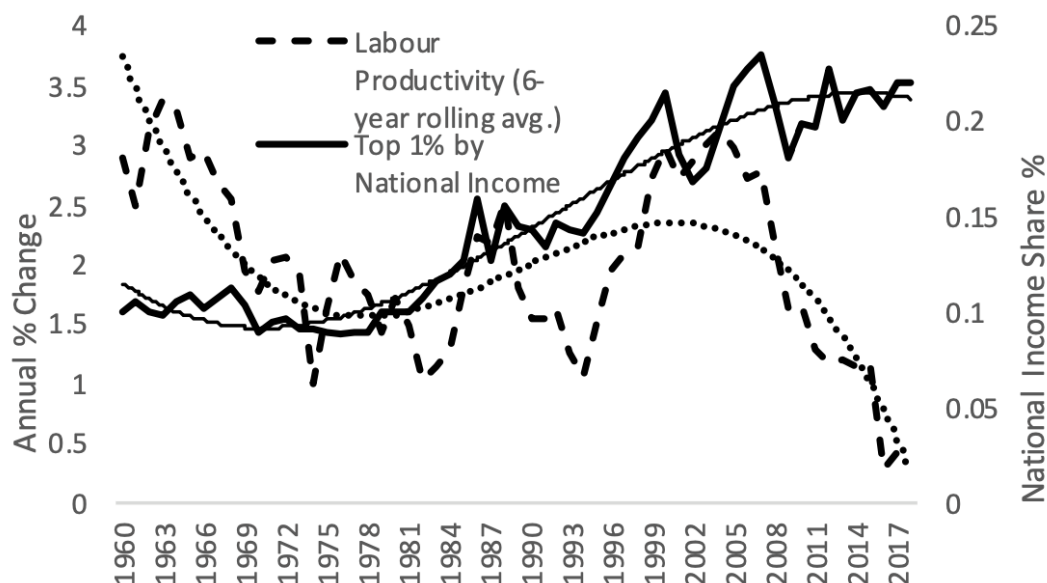
Remarkably, the Finnish government activated its power and resources to establish a national subsidized housing program prior to right-wing attacks. For example, in the 1970s state subsidized social housing began in Finland, and by 1985 the state began buying housing shares in the free market to form a subsidized rental housing market (Junto, 1992; Pleace et al., 2015; Y-Foundation, 2017). In particular, the not-for-profit Y-Foundation founded in 1985, led by PAAVO's former leader Juha Kaakinen and a national not for profit organization founded in 1985, became (and still is) one of Finland's largest small housing buyers dedicated to providing housing for the homeless via the Housing First principle (Y-Foundation, 2023). The Y-Foundation purchases housing from the private market and proceeds to rent the units to social services in municipalities (Sahlman, E & Lehtniemi, N (Eds.), 2017). The Social Democratic regime thus used its own power and resources to dip into a right wing dominated space – the private market – and actively moved power and resources from the right-wing elites into working class hands.

The Falling Rate of Profit, An Expected Crisis

To many Marxists, the economic turmoil of the 1970s is one of the many tendential crises inherent to capitalism. As I stated early on, Marx argues that the entire lifeblood of the market economy, profit, will fall because constant capital will continue to rise relative to variable capital in an attempt to restore profit. Only through surplus value, derived from the exploitation of living labour (variable capital), can profit be realized. Nevertheless, as competition intensifies and human capacity meets its limits, capitalists will turn to more labour-saving technology, and constant capital will exceed variable capital, causing the rate of profit to decline, resulting in crises such as recession, increased inequality, and increased exploitation.

Shown in **Figure 3** below, productivity measured in productive wage labour decreased, and inequality increased between 1960 and 2017. The top 1% of the US population – owners of the means of production and senior executives – increased in wealth, while “the bottom 80% to 90% of income earners either stagnated or declined in real terms between 1970 and 2015” (Smith et al., 2021, p.44). As a result, in recent decades, the working class experienced some of the steepest levels of inequality between capital and labour. This figure illustrates that working-class power faces extreme challenges as capitalist tendencies unfold. It is unlikely that working-class power resources will reverse the effect of inequality because exploitation is necessary to increase profit. Instead, the only effect of policies softening the exploitation and inequality of the working class is attenuating a deepening crisis-prone system. In this view, power resources meet their limits because the capitalist system is inherently unstable and transitory, contradicting the view of PRT. No amount of working-class power through reformist policy can stabilize an unstable system.

Figure 3: Labour Productivity Growth and Income Inequality, U.S. Economy 1960-2018
(Smith et al., 2021)



Source: Authors, based on BLS 2020 and Saez-Piketty (2003/2018).

Labour Productivity Growth and Income Inequality in U.S Economy 1960-2018 (Smith et al., 2021).

Discussion, Limitations, and Conclusion

A Finnish Homelessness Reduction Policy in Canada? Left Strength Divergencies and Future Challenges

Results from the study show that Finland's long history of left strength, compared to Canada, set the standard for future policy success. Although both countries faced political and economic challenges, Finland's relatively strong left from federal governance, union strength, and labour movements produced results. Finland's left power resources correlates to a strong welfare state and the ability to withstand some attacks by the right during the 1970s crisis. As

such, Finland's current homelessness reduction policies, although robust, are indicative of a history of militant working-class power.

Prior to World War I, trade unions emerged in Finland and Canada. Although unions in Finland emerged two decades after Canada, Finnish unions were strong from the start comparatively. Rothstein (1998) argues that the strength of unionization (extra-parliamentary power) is dependent on political institutions (parliamentary power). The early Finnish unions experienced support from Social Democracy after its inception in 1899, consolidating two formal federations in the early 1900s. Two Russian Revolutions erupted "ism" politics in the Russian Empire, paving the way for Finnish Independence in 1917 with Social Democracy in leadership for the next two decades, and establishing industry-wide collective agreements. Finland also tested its left militancy in the 1918 Civil War. Although the Reds were defeated, the joining of the Communists and Social Democrats reignited left power. On the other hand, Canada began with a broadly Liberal-Conservative tradition and a disjointed union movement that ranged from American business style to socialist and communist unions. Prime Minister Mackenzie King legitimized his state power by adopting the *Industrial Disputes Investigation Act* to offset left opposition. In essence, the beginning influence of Social Democracy in Finland solidified strong working-class culture which was more muted in Canada.

During the inter-war period, working-class power in Finland increased with coalitions in extra-parliamentary and parliamentary institutions. As shown, union forces grew with the joining of the Finnish Communists and Social Democrats. The working class faced opposition from the new extreme-right Lapua Movement. However, after the division between the Communists and Social Democrats, instigated by the right, The Finnish Trade Unions Federation (SAK) became

Finland's largest union employee confederation, both past and present. Additionally, growing industrialization provided new avenues for labour growth that resulted in 3 new affiliated unions and 43,000 new members over three years. As such, parliamentary power resources translated into several policies spanning the nation.

By contrast, Canada's left remained relatively weak. The Winnipeg General Strike ended in defeat, the criminalization of radical unions, and a total decrease in union membership. Furthermore, the rise of the CCF sparked contestation from both the right and the left. Rather than joining forces with the left like the Finnish SDP, the CCF and Communists remained in opposition. Without a strong government supporting the working-class and divided labour movement, social programs in Canada were piecemeal compared to Finland's.

During the Golden Age, Canada and Finland experienced a growth in left power and resources. Union density grew for Canada and Finland, and nearly matched in 1960 with 30% and 31.9% of employees unionized, respectively (OECD, 2023d). However, the legalization of Canadian strikes was under conditions by P.C. 1003 compared to the autonomy of Finnish unions. Federally, Finland experienced a turbulent political environment with the SDP falling to its lowest point of support in 1962. Nevertheless, the initial coalition between the Agrarian League, SDP, and SKDL, and the leadership of the Centre Party with President Kekkonen to alleviate the Finnish-Soviet tension, paved the way for labour. By contrast, Canada had no significant change in the "flavour" of government, especially after the Canadian left experienced a backhand from the CCF when it conceded to right concessions. The rise in the left translated into several policies for both countries; however, Canada's were relatively meagre and less universal than Finland's. For example, the famous Canadian health care was not nationally

adopted until a decade after its first appearance, indicating strong resistance from provincial governments. Comparatively, Finland revised many policies to expand their scope and quality.

Left power internationally and nationally began collapsing in the 1970s with one of the largest economic recessions since the Great Depression. By wielding economic power, supranational superpowers, including the EU, IMF, and World Bank, exploited the very economic precarity of capitalism. Through exploitation, nation-states lost their autonomy in democratic decision-making and, as a result, a general weakening of the left, resulting in a weakened welfare state.

As I stated earlier, the weakening of the left is critical to raise the rate of surplus value and rebalance a teetering economy. Right-wing elites attacked trade unions and the welfare state. Although Finland maintained a standard of union density during the economic crisis, it began decreasing by the late 1990s with a new collective agreement adjusting working hours to the ebb and flow of productivity. For Canada, union density decreased with Trudeau's mandated back-to-work legislation in the early 1970s. Following declining union density, policies were restructured via clawbacks and block funding, while some existing welfare institutions became privatized. For Canada, eligibility tightened, and universal programs became means-tested. For Finland, many programs faced reforms with a 10% reduction in social expenditure between 1992 and 2000 (OECD, 2023). As a result, trade unions, as an effective historical instrument in social democracy's power resources, are no longer as effective of an instrument in the fight against right-wing elites (Esping-Andersen, 2017).

During the crisis, Canada and Finland diverged in their housing policies. Remarkably, the Finnish Social Democratic regime used its power and resources to dip into a right-wing dominated space – the private market – and moved power and resources into working-class hands via a subsidized housing program by the Y-Foundation. Comparatively, Canada had no ongoing subsidies as they fell from their meagre peak in 1975, and federal commitment is still lacking.

Given the divergent histories, it is unsurprising Canada's homelessness reduction policies are weak with poor intergovernmental cooperation. The initial NHI conclusions point to the struggles of Canadian homeless policy, including poor government cooperation, inadequate cohesive strategy, and lack of research. Canada's "cost-matching" policies illustrate poor federal commitment. Given Canada's history of deindexation in the 1990s, it is unclear if "flexibility" during these years was the goal or a necessity to increase national profit and divest federal responsibility. Moreover, Canada's policies have been inconsistent. Each policy has different targets and different programs. Because our homeless population is vast, we must be consistent to see results. Finally, over the years, Canada's research has been poor. Due to definitional inconsistency, Canada's homeless population is estimated. We have no foundation to compare our progress without robust research and statistical figures measuring the homeless population.

Canada's poor federal commitment contrasts with Finland, where inter-governmental cooperation, strategy dedication, and robust research exist. Finland has significant inter-governmental cooperation that supports homeless reduction policies. For example, the programs are administered by the Finnish Ministry of the Environment and implemented through a series of organizations on a tripartite scale including Finland's Slot Machine Association (RAY),

Ministry of Social Affairs, Criminal Sanctions Agency, The Housing and Finance Development Centre (ARA), the State, Regional and Municipal governments, and NGOs. Finland also remained committed to one strategy, the Housing First approach. Finally, Finland maintains robust and consistent research since their initial PiT count in 1987, providing detailed accounts of their homeless population across a large definition (ARA, 2023b). Fundamentally, Canada's federal commitment is inadequate compared to Finland due to the long and divergent histories of class struggle.

I thus argue that contexts do matter in policy adoption to combat homelessness. Given the divergencies between Canadian and Finnish contexts and power resources, Canada is unlikely to adopt a Finnish national strategy or implement a policy that eliminates homelessness. Finland's longstanding left Social Democratic tradition, union strength, and subsequent robust policy are incomparable to Canada. Despite working-class fractures, Finland had a nation with strong class solidarity open to policy, which correlates to a strong welfare state. A history of strong labour militancy and federal support also set the stage for withstanding the 1970s economic crisis. While homelessness did grow in Finland, its welfare state stayed relatively strong compared to Canada and, therefore, could implement a successful national policy to combat homelessness.

In comparison, Canada has a long history of class division, low rates of decommodification (or non-commodification in the first place), and a high degree of market dominance which are complicated, entrenched structures built into the very fabric of capitalism. Indeed, Canada experienced an iron fist over labour militancy with minimal support from the federal government, resulting in a weak welfare state with significant inequality. By the time the 1970s crisis came, the right had enough power to retrench significant welfare policies to increase

profit. As a result, poverty grew with new complexity. With this consideration, without ever experiencing robust dedication from a left federal government, strong unionism, or comprehensive social policies that provide a safety net, it is unlikely that Canada's left has the power to activate resources to attenuate a declining profit system, let alone a robust, national strategy to combat homelessness. As a result, the very structure of Canada's liberal orientation will continue to leave many desolate.

Finally, despite context divergencies, every capitalist country faces a declining profit system. The degree of left power resources is only relevant in attenuating capitalist crises. As I have shown, the welfare state is important in mediating class struggles, but it always supports capital in the end because of its dependence on ongoing profitability. The low levels of profitability during the economic crisis in both countries prove that the priorities of capital remain dominant over well-being. Because capitalism is a system necessitating profit realized through living labour, all barriers to variable capital, including the welfare state, must be dismantled to reignite an imbalanced economy. Therefore, PRT is limited in a capitalist system with inherent contradictions and crises.

Future Research Considerations

For proponents of power resource theory, future researchers must consider globalization in welfare classifications and eligibility based on citizenship. It appears that globalization is a homogenizing force that will diminish the distinguishable characteristics outlined in Esping-Andersen's (1990) Welfare Capitalism. Esping-Andersen (1990) identifies that citizenship determines welfare eligibility. Indeed, opening borders since the 1970s has transformed the context, not least of which is the population demographic in which the welfare state was born. As

a result, welfare policy reception based on citizenship faces profound complexity, especially because immigration, in the case of Canada, is one of the central sources of labour power. For example, as of 2022, approximately one-quarter of Canada's population are immigrants, and between 2016 and 2021, immigrant labour made up approximately 80% of Canada's labour growth (Statistics Canada, 2022b, para 1-3). In 2021, there were 415,418 immigrant labourers under the Temporary Foreign Worker Program and the International Mobility Program (Government Canada, 2022). However, in the same year, only 219,919 immigrants received citizenship and eligibility for social benefits.

Citizenship and the rising immigrant labour population have important implications for the future of homelessness. Data from Canada's leading homelessness research institution, Canadian Observatory on Homelessness, states that immigrants face proportionately higher rates of "at risk" homelessness because of language barriers, unrecognized education credentials, lack of access to social programs, and racism (Homelesshub, 2022). While capitalism is forcing its hand to find the cheapest labour available, it is also producing extreme inequalities that future policy research must recognize. In this view, if it is possible that the welfare state reignites in Canada, it must reconsider citizenship as a credential in receiving social benefits to support immigrant labour power.

Future comparative research on homelessness reduction policy must also consider cultural and definitional (in)consistencies. First, researchers must consider how homelessness is defined and to what degree their definition captures the total population. Secondly, researchers must consider what it means to "eradicate" homelessness.

During my research for this project, I have noticed that Canada only recently adopted a definition that includes “hidden homelessness” (Kärkkäinen, 1999; Olsen, 2021, p.47). Olsen (2021), for example, argues that the initial Canadian definition in the early 1980s only recognized two forms of homelessness, including “rooflessness,” and “houselessness” (p.47). As a result, these definitions only considered homeless individuals that were easily documentable because of their use of government and not-for-profit services such as emergency homeless shelters and hospital intakes. Additionally, these two definitions left out the hidden, highly marginalized, increasing and overrepresented homeless populations, not least of which include the racialized and discriminated, immigrants, women, children, and those with disabilities. Finland, on the other hand, is quite divergent.

From the outset of the 1980s, Finland maintained a broad homelessness definition. The Y-Foundation argues that “[h]aving a broad definition of homelessness enables all the actors who the phenomenon concerns to participate in preventing and solving it... Defining homelessness in a broader sense helps recognize and consider all [the] different paths that can lead to homelessness... Broadly defined homelessness is also easier to prevent than just street homelessness.” (Sahlman, E & Lehtniemi, N (Eds.), 2017, pp.13-14). What is crucial about the Finnish definition is that it considers “hidden” homelessness, a key subset of homeless definitions that often gets swept aside or undocumented because of the difficulty, and relative expensive task, of finding these individuals and families.

The broad Finnish definition is also operationalized consistently in their yearly PiT counts – a count that measures homelessness at one point in time during the year – compared to Canada. Where Finland remains consistent in their yearly PiT counts since 1987 (Shinn and

Khadduri, 2020; Pleace, 2017), Canada drastically lags, only producing its first national PiT count results in 2016, a second PiT count in 2018, and a third PiT count in 2021 (Employment Social Development Canada, 2019; Employment Social Development Canada, 2021).

Secondly, one must consider whether a country has truly “eradicated” homelessness. Eskelinen and Lakkala (2022) warn that Finland (like the rest of the Nordic nations) is idealized, leading to an ignorance of facts and the histories of political struggles. A quick search of “Finland and Homelessness” provides a swath of digital media articles containing “ending” “eradicated” and “zero” homelessness. However, the most recent Finnish homelessness data provided by ARA (2023a) proves otherwise, illustrating that in 2022 there were still 3,686 homeless people and 1,133 long-term homeless individuals. Finally, Finland, like the rest of the capitalist nations, experiences intense political and economic struggles. Although class antagonisms were relatively balanced until the early 1980s, they too are susceptible to capitalist contradictions. Thus Finland, although successful, is not a utopia or an example of socialism “within capitalism” (Eskilinen, and Lakkala, 2022)

In essence, future international policy research must consider definitions and their effectiveness within national borders prior to evaluating the effectiveness and potential adoption of a different national policy. If definitions are inconsistent or not clearly defined, the successes (or failures) of policy are unclear to interested policymakers. Moreover, we must caution against socialist utopian dreams projected throughout the media. Such a projection ignores the fundamental principles of capital’s trajectory.

Finally, future research must consider the impact of the falling profit rate. For supports of the “Finnish model” researchers must look closely at the evidential trends in a decreasing left, a symptom of a larger economic crisis. The latest data on unionization illustrates that unionization is decreasing (**Table 1**) and constant capital continues to rise over variable capital. Many researchers acknowledge that the welfare state, and the parliamentary and extra-parliamentary action in its corner, have been wavering in its existence since the beginning of globalization (Eskelinen & Lakkala, 2022; Esping-Andersen, 2017; Smith et al., 2021; Wahl, 2011). As I stated earlier in this research paper, the welfare state is largely a product of capitalism and therefore it needs a thriving capitalist system to survive. In this view, for a welfare state and its subsequent policies, such as Housing First, there must be enough profit supplied by working-class labour power reinvested into its social provisions. In essence, so long as profit exists, so can the welfare state and its policies. Nevertheless, the existence of a falling profit system implies limits on any policy.

To conclude, I contend that future research must look beyond the confines of the welfare state and the reformist social policies to solve enduring social problems like homelessness. The welfare state and social policies that reproduce capitalist relations reproduce the conditions for exploited labour that will only intensify until capitalism sees it through. Indeed, with the state of capitalism as crisis prone as Marx warned, we must look to different solutions. We must look to a future of true collective solidarity, not to institutional illusions built within the barricades of capitalism that keep its life-blood beating. We must now consider socialism as an alternative to our impending future of staggering inequality and homelessness.

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