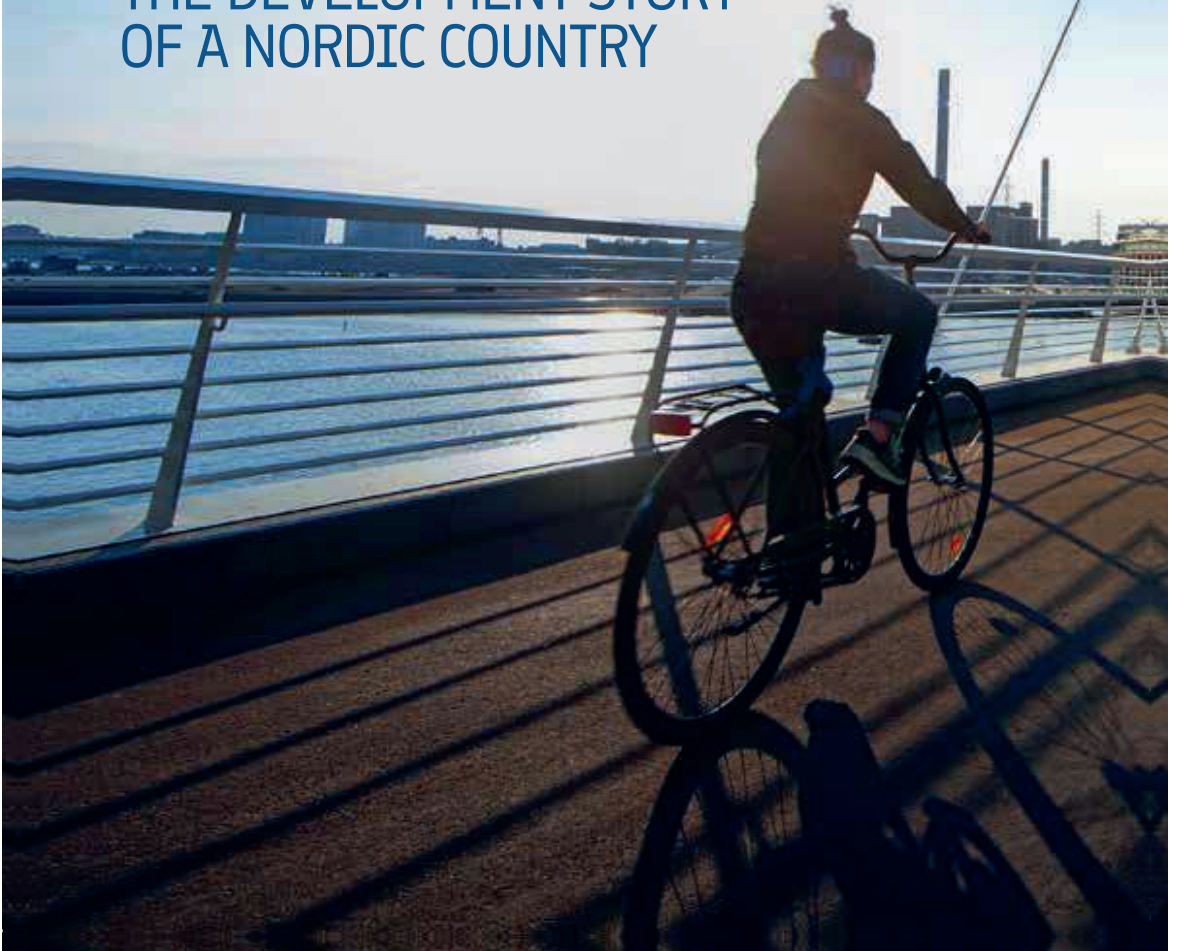


HOW FINLAND BECAME FINLAND

THE DEVELOPMENT STORY
OF A NORDIC COUNTRY



FROM MODEST BEGINNINGS

Think about Finland as it is today. The most stable, ‘the least fragile’ country in international comparisons. A happy Nordic country with good schools and one of the least corrupt governments. One of the best countries to be a mother. Modern and high-tech. Competitive and innovative, with pristine nature and lakeside summer homes.

Well, this has not always been the case. About a hundred years ago, at the dawn of its independence in the early 20th century, Finland was a poor fragile state — a rural developing country with small family farms and a large landless population. The average life expectancy was 46 years. Only five per cent of the population received more than a very basic education at school. People perished in famines during the 1800s. Seeking a better life, many Finns immigrated to the New World and, much later, to Sweden.

The gross domestic product was very low. Emerging industries provided employment only locally. Forests became a relevant natural resource for early industries.

The climate was, and still is, harsh. Summers are short and mostly on the cool side, and the growing season for crops is not as long as it is farther south. Then imagine the winters: the ground is frozen and covered in snow. Even waterways freeze over. If you want to catch fish,

you have to make a hole in the thick ice first. In the days before modern architecture, it was a real challenge to keep your house heated during the winter. It also used to be critical to gather and store enough food supplies to last nine months of the year – it was a matter of survival.

A northern country with no major natural resources, apart from forests, was not a very lucrative destination for foreign investments. Geographically, Finland was not a natural transit route for trade, either. Its early exports consisted of tar or squirrel skins.

Nor has Finland always been the most stable region. For nearly seven centuries, it was part of a larger regional Nordic entity, the Kingdom of Sweden. After a war between Sweden and Russia, the Empire of the Russian Tsar conquered Finland, although it remained an autonomous grand duchy, and kept its Nordic legislation and governance. In 1917 Finland declared independence.

Immediately after the celebration of independence, a bitter civil war broke out. The population had grown both in towns and in the countryside, and many were very poor. The Reds revolted against the better-to-do establishment, demanding better rights and living conditions. Many were inspired by the Russian revolution. The Whites fought to suppress what they thought was a rebellion and the risk of being swallowed





Photo: Brander Signe / Helsinki City Museum

by the nascent Soviet Union. Elements of foreign intervention were present on both sides. Many Russian troops had stayed in Finland, while Germany joined to support the Whites. In a few months, 40 000 people had died. Many more perished in the violent aftermath. The country was independent, but it was bitterly divided and very poor.

Democracy and institutions prevailed, however, and fascism did not gain a foothold in the 1930s. During the Second World War, after only two decades of independence, the Soviet Union attacked Finland in 1939 and Finland fought two back-to-back wars against the Soviet Union.

Although retaining its independence, Finland lost parts of its territory and had to pay war reparations. These were a huge burden on the fragile economy. But the reparations were paid in industrial goods and Finnish industries were forced to grow. Finland received development loans financed by countries that were more prosperous until the 1970s.

All in all, Finland was a remote, poor and cold place with a quiet people focusing on resilience. The starting point for the competitive, innovative, high-tech Nordic welfare society was modest, to say the least. However, as is the case of any country, there were some positive assets available.

SOME EARLY ASSETS

In the challenging natural conditions of a scarcely populated northern land, mere survival depended on careful planning and organization – a plan and do it yourself attitude. This is perhaps the reason why, in modern times, we have many engineers and patented innovations, and why we absolutely love simple, practical solutions and functionality.

Isolated local communities were forced to assume responsibilities. They began to run schools and provide some services. Step by step, some municipal autonomy and democracy emerged. It is interesting to note that the 2017 UN and World Bank report Pathways to Peace concluded that countries with a good local or regional democracy are most likely to remain stable.

A shared Nordic history was another key asset, one that provided a basic but reliable civil administration, legal system and rule of law. There was some trust in the authorities early on, at both state and municipal level. The overall integrity of the public service was no doubt an early asset. All this supported the development of a well-functioning democracy.

Widespread corruption is difficult to eradicate once it penetrates a society. Corruption never became part of Finland's culture, nor did any parallel salary system arise. The absence of corrupt practices made it easier to allocate scarce resources where they were most needed. This became a key asset for development.

Some basic education was also available early on, provided by roving countryside schools where people could learn to read and write. There was a powerful early incentive, too: both men and women needed to prove they could read, if they wanted to get married.

All women and men gained full political rights – both the right to vote and the right to be elected – in 1906. Strong women of the time used their political influence to demand better schools and health care, for example, thus contributing to a more egalitarian and stable society. Later on, during the war years, women had to work for a living and run the economy, which helped them to become a natural part of the work force and economy. Without the contribution of half of the adult population, Finland's path towards development would have looked very different.

Even the fact that, back in the old days, most Finns were equally poor and uneducated might be considered an asset of some kind. Everyone in a nation that had originally consisted of tribes and had eventually gained independence shared the desire for a better life. Education and teachers were appreciated early on, as beacons for a better future. National identity gained strength through the distinct cultural heritage and common national narrative. Finland's national epic, compiled from oral folklore and mythology towards the end of 19th century, was of great importance for self-confidence.

CHOICES MADE

After the civil war of 1918, wounds were deep and the society badly divided. However, on both sides of the conflict, and among those who had stayed on the sidelines, there were moderate politicians who understood that the nation would neither survive nor prosper, if it remained divided. Under very difficult circumstances, some principled positions gave way to pragmatism.

Democracy had survived, after all. A new constitution was enacted in 1919 and it gave a solid republican framework for the main institutions. Political parties, rooted in different professions

or interest groups, emerged. Parties to tolerate not only their major wins but – perhaps more importantly – also their losses in elections. It became normal practice that governments change: parties would drop out of power and then return to share responsibility. A majority was needed to govern, but the majority also needed to respect the rights of the minority in opposition. Today's opposition would, in turn, become part of a ruling majority. Every new government meant new policies to further develop the country, to meet voters' expectations.



Photo: Timiriasew Ivan / Helsinki City Museum

As no single party gained a majority in Finland's parliament, the tradition of multi-party coalition governments gained ground. Initially, many governments were short-lived and political life remained unstable. But step by step, coalition governments and the need to build consensus proved to be a good way to address national problems. Today, members of parliament can be close personal friends even if they represent different political parties, be it within the government or in the opposition.

Efforts to build consensus extended also to labour markets, to stabilize economic development. Many questions were addressed between the government as well as the unions of employers and employee – a tripartite approach similar to the international negotiating structure within the ILO.

The need to tackle poverty and inequality was widely understood after the wars. Deep divisions in wellbeing would not keep the society, or its market economy, stable and strong. Internal stability depended on everyone having a stake. Providing equal opportunity to all became a key objective. Everyone would need to have rights and bear responsibilities. Children had the obligation to go to school, and children whose families belonged to warring parties in 1918 shared the same schools. Universal conscription (obligatory military service) guaranteed that the young male population shared the same barracks. Social integration gradually took place. This approach was instrumental in developing the country and strengthening Finland's external resilience

in geopolitically difficult times. In retrospect, Finland's approach appears to stand out, as an early version of the 2030 Agenda theme Leave no one behind.

Human rights were an essential building block. They have been crucial for every Finn and ensured the legitimacy of the governments. Free speech enabled civil society organisations to gain ground. While often criticizing governments, they helped articulate problems and needs of people: precisely the problems governments had to solve eventually. Demonstrations were allowed and they took place. Free speech and active non-governmental organisations have been a key part of our development narrative.

Gender equality also helped to reform the country. Free education, health care and childcare were set up. A social safety net was launched for those who did not find jobs or were unable to work. All this is costly, but Finland invested in what it had: people. It started providing education and early social services as a poor country – confident that wealth would follow.

Good infrastructure and investments were badly needed in order to become an industrialised and then a post-industrialised society. Early railroad connections and grids emerged. Like in many other countries, foreign investors, unafraid of risks, were essential to Finland's development. Some of the forestry and textile industries, even cheese and chocolate industries, got their first boost from investors abroad. However, foreign investors often stayed in Finland.



They integrated into the society and gained a personal interest in the success of the country. Over time, an open economy became a necessity and an important building block for national wealth and wellbeing.

Economically, the leave no one behind policy yielded returns in many ways. It laid the ground for higher education. Education policy was followed by science policy and finally by innovation policy. Both the government and the private sector invested in innovations. These investments turned Finland into an engineering nation, producing high-tech goods and technologies, be it ICT, sustainable technologies, medical technologies or engines and machinery. A fragile developing nation, with no major riches, became a competitive export-driven innovation economy, focusing on sustainability and digitalization. To its own surprise, Finland has topped international comparisons on topics such as competitiveness, stability and happiness.

Most elements of the Finnish development story seem to be, in retrospect, closely linked. Without improved education, reliable institutions or dedicated public sector, there would not have been as many innovative export industries. Without them, there would not have been a resilient market economy and jobs, creating tax revenues with happy – or at least consenting – taxpayers. Without a healthy economy and taxes, it would not have been possible to improve the quality of free education, health services or the safety net for a modern society. And without all this, Finland – once a failed state – could not have topped one list: to become world's 'least fragile', most stable country for many years in a row.

CHALLENGES FOR A NORDIC WELFARE STATE TODAY

This is not the end of the story. As is the case with all countries, modern Finland faces major challenges: how to prevent social exclusion and divisive trends in society, cope with an ageing population or ensure that employment remains high.

How to address better the needs of minorities. How to move forward with structural reforms, to be lean and efficient, and to best deal with multiculturalism. Like everyone else, Finland faces common global threats such as climate change: how to cut carbon emissions, be more sustainable and make sure green transition and circular economy create jobs.

Finns believe that respect for universal values helped Finland to develop, as did hard work and learning to build a society with trust. Finland still does not have a large population, a favourable climate, abundant natural resources, a long growing season or true ocean coastline. However, one thing is clear: if a fragile developing country in the high north can succeed, so can anyone else, over time.



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FINLAND HAD TO LEARN TO MAKE DECISIONS TOGETHER

FOR MANY YEARS, FINLAND HAS BEEN RANKED AS THE MOST STABLE COUNTRY IN THE WORLD, BUILT ON SOCIAL COHESION AND JUSTICE. HOWEVER, SUCH A SOCIETY WAS BORN ONLY THROUGH GREAT DIFFICULTIES AND EFFORT. GOOD GOVERNANCE, A WELL-FUNCTIONING DEMOCRATIC SYSTEM AND EQUALITY DIDN'T COME ABOUT BY THEMSELVES.

FROM THE DIVISIONS OF CIVIL WAR TO DEMOCRACY

The early foundation for political stability was laid before the country gained independence. In 1906, an institution based on four classes (nobility, clergy, middle class, and farmers) was replaced by a modern parliament. Equal suffrage was granted for all men and women. Everyone received the right to vote at the municipal level in 1917.

Finland became independent in 1917 essentially as a Nordic society. However, Finland started out from much less favourable conditions than the others; it was poorer and very divided. It was precisely Finland's experience of war – the civil war in 1918 and the wars against the expansionist Soviet Union from 1939 onwards – that forced Finns to consider thoroughly, how a stable society could be built and what resilience meant. Initially, in the first decades, it was not only a question of how Finland would survive; it was about whether Finland would survive at all.

In 1918, the nation was deeply divided, and a civil war broke out. Some 40 000 people died in a few months, which also left long-lasting wounds and a heritage of instability. Even a hundred years later, most Finns can tell you whether their forefathers participated in the civil war, and on which side they had fought. In today's mixed, modern society, many Finns would say that they had ancestors on both sides. But once a civil war breaks out, it can take a long time before the wounds heal. Nothing is wiser than

prevention.

After the civil war of 1918, there were enough moderate politicians on both sides, who understood that unification was necessary for the nation to survive and develop. Many decisions were then taken with this goal in mind.

Major reforms were made. The intention was to provide equal opportunity and improve the well-being of the entire population, and to dismantle root causes for deep divisions. A law was passed to give tenant small holder farmers the right to purchase land. In the newly independent country, compulsory education for all, as well as military conscription underlined equality and rights and responsibilities of all. Progressive taxation began in the 1920s, and better care was taken of disadvantaged people. After the II World War, hundreds of thousands who had been evacuated from the territories lost to the Soviet Union, as well as soldiers returning from the front, were helped to settle throughout the country. People from different backgrounds shared rights and obligations, and eventually, the nation became more integrated. It developed into a Nordic welfare society of today, step by step.

Coalition governments and striving for consensus became the new normal. For the country to develop and remain stable, political power had to be shared. It was not easy at first. Mutual trust was lacking, and memories were often bitter. Political parties had to learn to work together to secure livelihoods and independence, even when it was difficult to agree on the means and sometimes even on the ultimate goal. For democracy to function, political parties had to become not only good winners but also good losers in elections. Governments changed frequently.

However, key politicians of the time knew that other alternatives had already been tested, and they had proven to be worse.

As in other countries at the time, political parties formed mostly based on livelihood and historic classes (conservative, agrarian or workers' parties). A communist party was legalised, and it took part in coalition governments after the Second World War. Loaded with political responsibilities, it transformed and became part of the normal political spectrum on the left. One party represented the Swedish-speaking minority of Finns. New parties have also emerged decades later, such as the green party. Freedom of speech helped society to develop.

For a century now, Finnish governments have been formed as multiparty coalitions, and nowadays they always hold most seats in parliament. Many governments have consisted of parties with very different political orientations. The tradition of coalitions has not created unanimity on every issue, but it has contributed to the formation of a relatively strong consensus on the most fundamental political, economic, and social preferences. Through both turbulent and calm times, coalitions have made the country more resilient.

An important factor underpinning political stability is local democracy: According to the UN and World Bank's joint 2017 report, *Pathways for Peace*, countries that remain stable and avoid conflicts usually have a strong local or regional democracy and governance. Finland is a typical example of this. Municipalities have far-reaching autonomy, and many matters related to public administration and services are handled at the

local level. Wider regions are responsible for health and social services. Municipal and regional elections and democracy enable people to influence matters important to them and to draw closer attention to their grievances.

Rule of law and reliable institutions have been a key element in Finland's development. This has been an early asset, inherited from the Nordic history. Traditions of openness and accountability, as well as lack of major corruptive practices have helped enormously in development. Resources have been channelled to the intended needs. Public salaries have remained modest but reasonable, and therefore illegal extra fees have not been requested by public servants.

Historically, free civil society and grass roots activities have had an important role in Finland, articulating problems and promoting improvements to them. They quickly became a venue for dialogue and a channel of influence. Today, there are more than 100 000 registered associations and organisations where people engage in hobbies, lobby for their causes, or do volunteer work. The government supports many non-governmental organisations, and some even carry out public functions.

Gender equality: women's participation in politics in the early decades focused political attention to the issues of equality, education, health, child-rearing, and elderly care – all issues for which effective and practical solutions had to be found. During critical decades, active women made an important contribution to the nation's wellbeing and stability, and working women helped the economy to expand in a significant way.

DISCUSSION ON DOMESTIC AFFAIRS CURRENTLY REVOLVES AROUND HOW NOT TO LEAVE ANYONE BEHIND, HOW TO ADD JOBS TO BALANCE PUBLIC SPENDING, AND HOW TO PROCEED THROUGH GREEN TRANSITION

In stable times, with a healthy economy and good job opportunities, people seem to be less interested in politics. Political party membership has decreased. Voter turnout in Finland has remained relatively high in international comparisons, but it remains a challenge to the political parties and the entire political system. Interest in politics, however, tends to increase when serious problems arise.

In modern Finland, equal opportunity is a widely shared basic value.

Even in Finland the society is never fully ready and there are always debates about how to move forward and about the role, dimensions, and costs of a welfare state. The debates concern, for example, how to attain carbon neutrality and go through a green transition without causing

economic distress especially for people with lower income. How should we view public responsibility versus the individual's responsibility? What is the right tax burden, and what services should be provided by the public or private sector?

On some issues there is a broad consensus: good education and healthcare are an important part of a society's strengths. Adequate safety nets are necessary for those who need them. Jobs and entrepreneurship are important for people's livelihoods and healthy public budgets. An innovative and open economy is pivotal, and a transition to a sustainable low-carbon economy can boost jobs and economic growth. The retirement age has been raised considerably as life expectancy has increased, to make sure that enough people are working to cover public expenditure, including future retirement benefits.



DID YOU KNOW?

Finland was the first country in the world to grant both universal and equal suffrage to men and women and to women the right to stand as candidates for election.

Finland has two official languages: Finnish and Swedish. The status of Swedish as an official language is protected by the constitution.

FROM AN INDUSTRIAL LATECOMER TO AN INNOVATION LEADER



In Finland's experience, becoming a competitive and creative economy proved to be the cherry on top of the cake. First, several founding blocks had to be put into the right place, over time.

We began with initial steps and with modest means. An education policy — basic education for all — was established, followed later by a science policy and expansion of the universities, which in turn created the base for innovation policy underpinned by research institutions and investments. Other founding elements were also needed to create a conducive environment. Good governance, trust in political and social institutions and a predictable legal system were important, as were human rights and being open to new ideas.

A well-functioning Nordic welfare society requires a healthy and dynamic economy without corruption, to pay for public services such as free education, accessible health care and a safety net for the population.

HISTORY

Compared to its Nordic neighbours, Finland was an industrial latecomer. The volume of industrial production increase significantly only during late 1940s and early 1950s with the rise of metal industries, mechanical engineering, and shipbuilding. However, until the 1970s, the exploitation of natural resources – agriculture and forestry – clearly dominated the economy.

The transformation to becoming an ‘innovation leader’ originally began in the 1940s. ‘Innovation economy’ was not the term used then, but the plan to become more industrial was clear. While Finland was still developing secondary education after the II World War, the role of science and tertiary education began to gain more attention.

Finland’s exports consisted of natural resources, especially forestry products, making the economy vulnerable. It was understood by the 1960s and 1970s that new steps needed to be taken to diversify the economy; otherwise, the country would remain relatively poor. Innovation policy started with a specific focus on supporting structural changes in the Finnish economy since the early 1980s. Political parties, including opposition, businesses and investors, trade

unions and others reached a broad consensus on how to develop the economy. But only after some crisis meetings and much effort.

Creation of the knowledge infrastructure began by establishing public research organisations such as the Technical Research Centre of Finland (VTT). The Academy of Finland was founded in 1970. In the 1960s and 1970s, the number of universities increased significantly. Consequently, today’s educational standard of Finnish labour force is among the highest.

In 1967, an independent public body supporting technological research, SITRA, was established to create new technologies, focusing on the promotion of the electronics and computer engineering industries. The government supported the building of national technological capabilities. In 1983, a new public organisation, known as TEKES (the Technological Development Centre) was created to strengthen the process. It is worth mentioning that the budget of TEKES was not cut when the economy suffered a severe downturn in the early 1990s. What followed was years of rapid growth, fanned by growing ICT industries.

Key characteristics of the Finnish innovation system have been intense public-private partnerships, a consensus mentality among different and often competing parts of society, good public governance, and networking among companies, universities, and research organisations.

Public investment in R&D and efforts to boost the quality of research have been central elements of innovation policy. To the present day, the government has continued to provide substantial economic support.

In the globalised world, the national innovation system has required continuous modification.

Therefore, reform of the universities was also necessary. By 2010 this included the creation of the large, world-class Aalto University by merging three leading universities – the Helsinki School of Economics, Helsinki University of Technology and the University of Art and Design Helsinki.

Global agenda keeps changing. Green transition and cutting carbon emissions has become a key ingredient in innovation. It opens new kinds of possibilities for green growth and jobs. The Covid-pandemic has also underlined the need for health innovations.



Photo: Mohammed Altaraj / UN/FCP

KEY LESSONS LEARNT

THE TRANSITION FROM AN AGRICULTURE-
BASED ECONOMY TO AN INNOVATIVE,
KNOWLEDGE-BASED ECONOMY



It took more than 50 years for Finland to change from an agriculture-based, marginal Northern European economy into one of the most innovative, knowledge-intensive and competitive economies. Many steps were taken and tested without being absolutely sure where they would lead or how good the results would be. With hindsight, some lessons can be learnt from our story.

First, transformation may not necessarily take 50 years. Even one generation can accomplish a lot. But there is no immediate shortcut to an innovative and competitive knowledge economy – it is indeed the cherry on top of the cake.

The first step was to develop a base of knowledge and human resources through comprehensive and inclusive basic education, coupled with vocational and tertiary education. Doing this with scarce resources calls for commitment from all of society's actors, including the whole of government and the opposition. It also requires deliberate, long-term investments by all of them. In our case the education system focuses on equal opportunities, high education for teachers, a lifelong learning policy, and the flexibility needed to adjust to new labour needs.

Second, following global trends has become increasingly important as the world continues to change rapidly. National policies on research, innovation, education and economics need to be equipped to deal with transformation in the future. All societies and economies are vulnerable to crisis and global challenges. It is critical to adjust and be ready for renewal.

Third, Finland is a country with relatively limited human and financial resources. For this reason, extensive collaboration, both nationally and internationally, and intense engagement among different actors in formulating the education, research and innovation policies have been critical. We benefitted a great deal from multi-stakeholder meetings – even crisis meetings in the 1970s – and from building consensus on the necessary long-term commitments among different governments, opposition, businesses, investors, trade unions and so on. At a crucial point, the whole society pushed for change. Becoming an innovative and competitive economy became a shared national goal.

Fourth, Finland's innovation model is a combination of decentralised implementation combined with centralised financial resources. The model also features a balanced combination of soft top-down steering by the government and the empowered bottom-up involvement of academia and industry in joint R&D and innovation activities. This made it possible to combine a strategic overview with a diverse and creative research and innovation community.

Fifth, the government has played an active role in building an innovative, knowledge-based economy. This has meant long-term financial investments both in R&D and in building the country's innovation capacities. The government has also given significant independence to the implementing agencies responsible for developing the entire innovation system, rather than simply channelling funds to the system.



Photo: Jarno Mela

CURRENT AND FUTURE CHALLENGES

The on-going digital revolution fundamentally alters the way we live, work, and relate to one another. This transformation is probably unlike anything we have experienced before.

New frontier technologies — automation, robotics, electric vehicles, renewable energy technologies, biotechnologies, and artificial intelligence — have immense potential for fostering growth, prosperity, and environmental sustainability and for accelerating achievement of the United Nation's 2030 Agenda for Sustainable Development.

These technologies are also essential in achieving Finland's ambitious carbon neutrality objective by 2035. At the same time, progress in frontier technologies presents new and unique challenges. Alongside prosperity, these technologies involve the risks of growing unemployment, underemployment, and inequality, and they raise new ethical and moral challenges.

Thus, one of the critical questions worldwide is: What are the 21st century competencies, referring to a broad set of knowledge, skills, work habits and character traits that are thought to be critically important to success in today's world.

Building the capabilities of children and young people and cultivating innovative mind-sets to respond to a rapidly changing world, have become more important than ever.

Finding solutions to major challenges and supporting inclusive development are key priorities for all governments internationally. Innovation is pivotal for growth and wellbeing. The strategic objective of R&D and innovation is not only to support Finland's own competitiveness but also ability to bear its share of responsibility for responding to global problems.

DID YOU KNOW THAT, AFTER ALL THIS EFFORT, IN FINLAND:

The number of researchers (14.5) per thousand of total employment is the second highest in the world.

Consistency can be relevant for policy measures. For example, public R&D investment in relation to GDP (0.89% in 2021) has been one of the world's highest for a long time. R&D investment in relation to GDP (2.8%) has been among the 12 highest.

The ICT company Nokia has been one of the most advanced businesses in its field since the 1990s. Today, only ten companies within the EU invest more in research and innovation than Nokia (€3.8 billion).

According to the Global Competitiveness Report 2020, Finland tops the list on digital skills and is in the top ten for flexible work arrangements, digital legal framework and the overall ability to economic transformation.

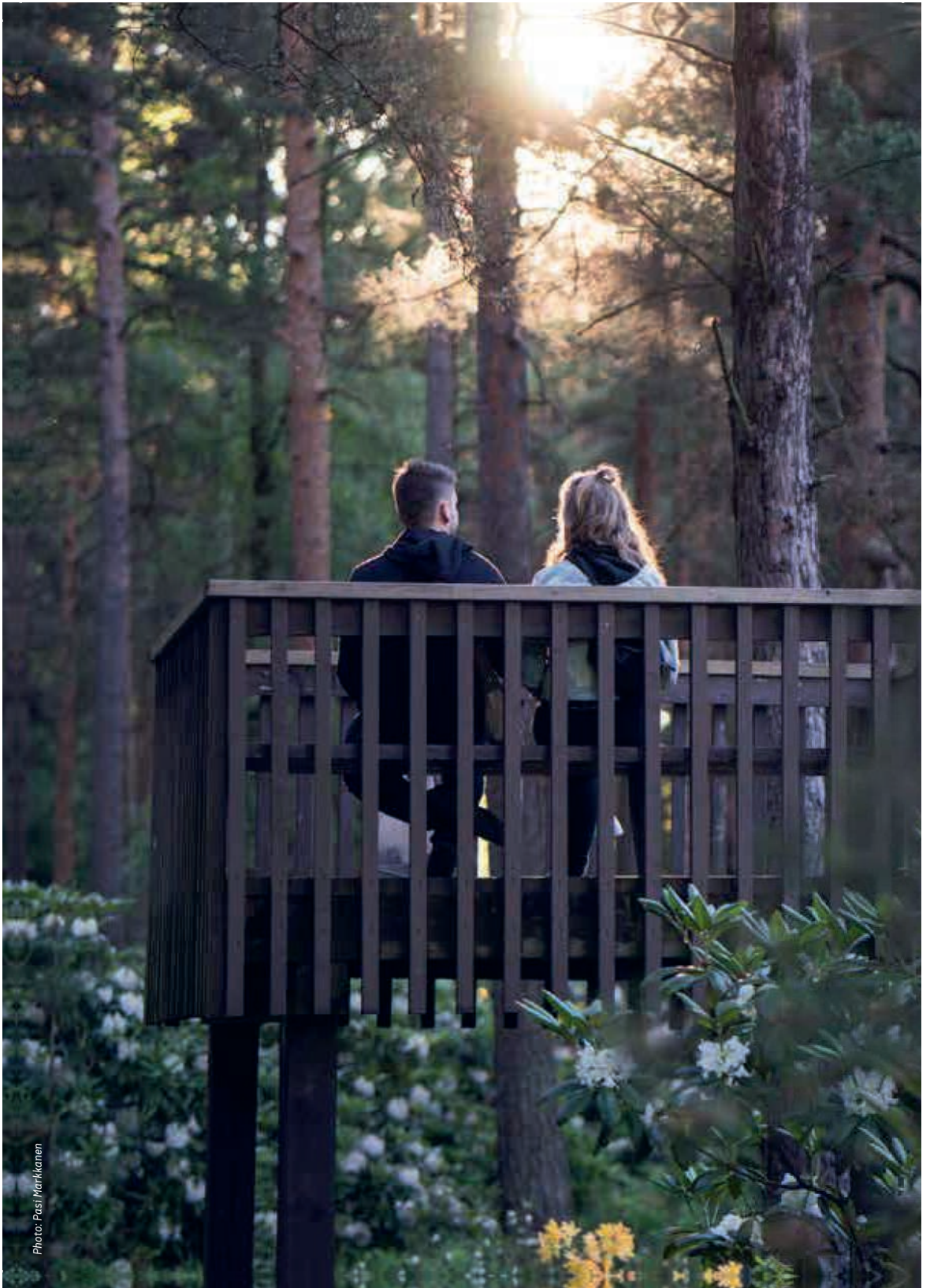


Photo: Pasi Markkanen

GENDER EQUALITY – A CORNERSTONE FOR A THRIVING SOCIETY

GENDER EQUALITY BECAME A KEY DEVELOPMENT ASSET WHEN FINLAND WAS A POOR DEVELOPING COUNTRY. WITH EARLY POLITICAL RIGHTS AND EDUCATION, WOMEN PUSHED FOR IMPORTANT REFORMS FOR THE WELL-BEING OF ALL. THEY CONTRIBUTED TO THE GROWTH OF THE ECONOMY BY BECOMING, EVENTUALLY, ABOUT HALF OF THE WORKFORCE. NONE OF THIS WAS WELL PLANNED, IN ADVANCE, BUT IT TURNED OUT TO BE ONE OF OUR MAJOR LESSONS LEARNT ON HOW TO BECOME A RESILIENT WELFARE SOCIETY.

WOMEN IN WORKING LIFE

Engaging women in economic activities has been indispensable for the economic development of Finland. It was also an absolute necessity when men were at war in the 20th century, and women kept the wheels turning on farms and in factories.

Nowadays, women make approximately half of the working force and work mostly full time. It is hard to imagine what the size of the Finnish economy would be without their contribution. It is particularly important that both women and men can have a family and a career. A more diverse workforce is also good for business, as employers can benefit from a broader spectrum of talent.

An effective social security system supports gender equality. In many societies, it is mostly women who take care of children and the elderly. Women politicians have played a major role in ensuring the equal participation of women in the working life by developing maternity benefits, low-cost childcare, and parental leave. They benefit both the economy and the society.

In Finland, low-cost childcare organized by municipalities has enabled women to work. Free school meals have played an important role in enabling women to work outside the home. Mother-child health clinics are an important part of the service. Paid parental leave is long, almost 10 months.

A family leave reform in 2022 increases the number of parental leave days and encourages fathers to take more leave. Welfare services are funded through taxation. Anyone may be a payer or a recipient at different stages of their lives.

There are no quotas for women in private companies. The number of women board members of listed companies has grown steadily for many years without specific regulation. Some listed companies have set gender parity targets for themselves.

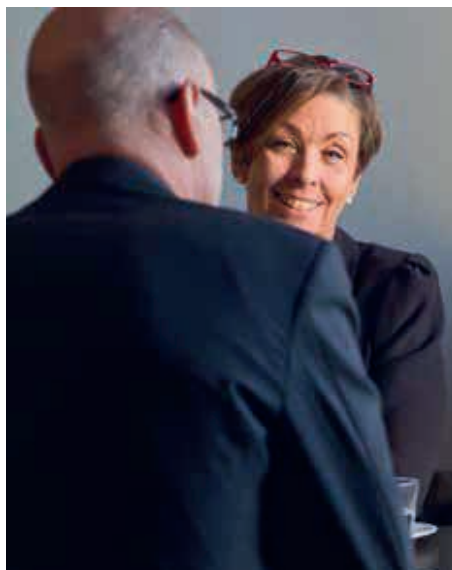


Photo: Riitta Supperi / Keksi / Team Finland

WOMEN IN POLITICS

Women's organizations and the labour movement had been promoting universal suffrage in Finland already in the 19th century. The political climate of the time, including a general strike in 1905 and fear of violent outbursts, led to the approval of universal suffrage and creation of a unicameral parliament.

Finland became a pioneer under challenging circumstances, and women were the first in the world to get full political rights – both the right to vote and to stand as candidates in 1906.

In 1907, 19 women were elected to the 200-member Parliament. Women used their political rights from the beginning and pushed for reforms. They focused largely on reforms related to the basics of a welfare society, such as children, education, health and social services.

Today, almost half of the Members of the Parliament are women, the share has been over 40% for a long time. All in all, the relatively high number of women in politics has helped further advance gender equality in Finland and strengthen the well-being of the society.

LESSONS LEARNT

Gender equality does not happen automatically or overnight. All societies have customs, and it takes political will and reforms to change.

Better gender parity in politics is a good way of developing the society, but it is also important to encourage women to run for office and to dismantle barriers. It is also important to have role models.

Sexual and reproductive health and rights have been considered crucial for development of Finland. It is important that all children have an opportunity to live their childhood as children, learn and finish their school. Thus, they will have a better life, and they will also be able to contribute to the rest of the society more fully. SRHR may be debated by some, but it is a true winning concept for development. Children are not

meant to give birth to children. They also have rights as children.

The engagement of men and boys in working for gender equality is essential. We know that attitudes are crucial for gender equality. Do we see other human beings firstly and foremost as human beings? Masculinity and femininity can be a positive thing, they should never be about suppressing others.

A gender equal society benefits women and men and enables everyone to lead a more balanced life. It also benefits the economy, which can harness the full potential of society and not just a half of it. For Finland, gender equality was a truly efficient way to develop into a more prosperous and stable society and economy.

MANY CHALLENGES REMAIN

Nowadays women's political participation reached record highs and they account for nearly half of the Parliament. However, there remains gender segregation in the society in education and professions, and to some extent this is reflected in party politics as well.

Harmful gender stereotypes and norms prevent young persons from reaching their full potential and no society has reached full gender equality yet. For example, in Finland women are somewhat more interested in politics and public administration and men somewhat more interested in business and engineering. Even today there are much fewer young women than men studying science, technology, engineering, and mathematics (STEM) in Finland.

The so-called gender digital divide is a new challenge that must be tackled. At the same time, not all boys feel they can choose their preferred job without prejudice. Many would prefer a choice free of stereotypes.

Furthermore, intimate-partner violence is a serious problem also in Finland. Finland is committed to preventing and prosecuting these crimes more effectively, including online gender-based violence.

The role of social media and digitalization have increased openness but also contributed to a new kind of societal polarization, which too often leads to hate speech against those active in public life. Online gender-based harassment and violence must be tackled. They may hinder especially women's political participation and thus be detrimental to democracy.

An ageing population is a challenge for the welfare state as there are less people working and thus funding the system. Retirement age in Finland is the same for everyone regardless of gender. New social innovations are also needed in the future, to ensure that nobody is left behind and that there is an intergenerational feeling of fairness.

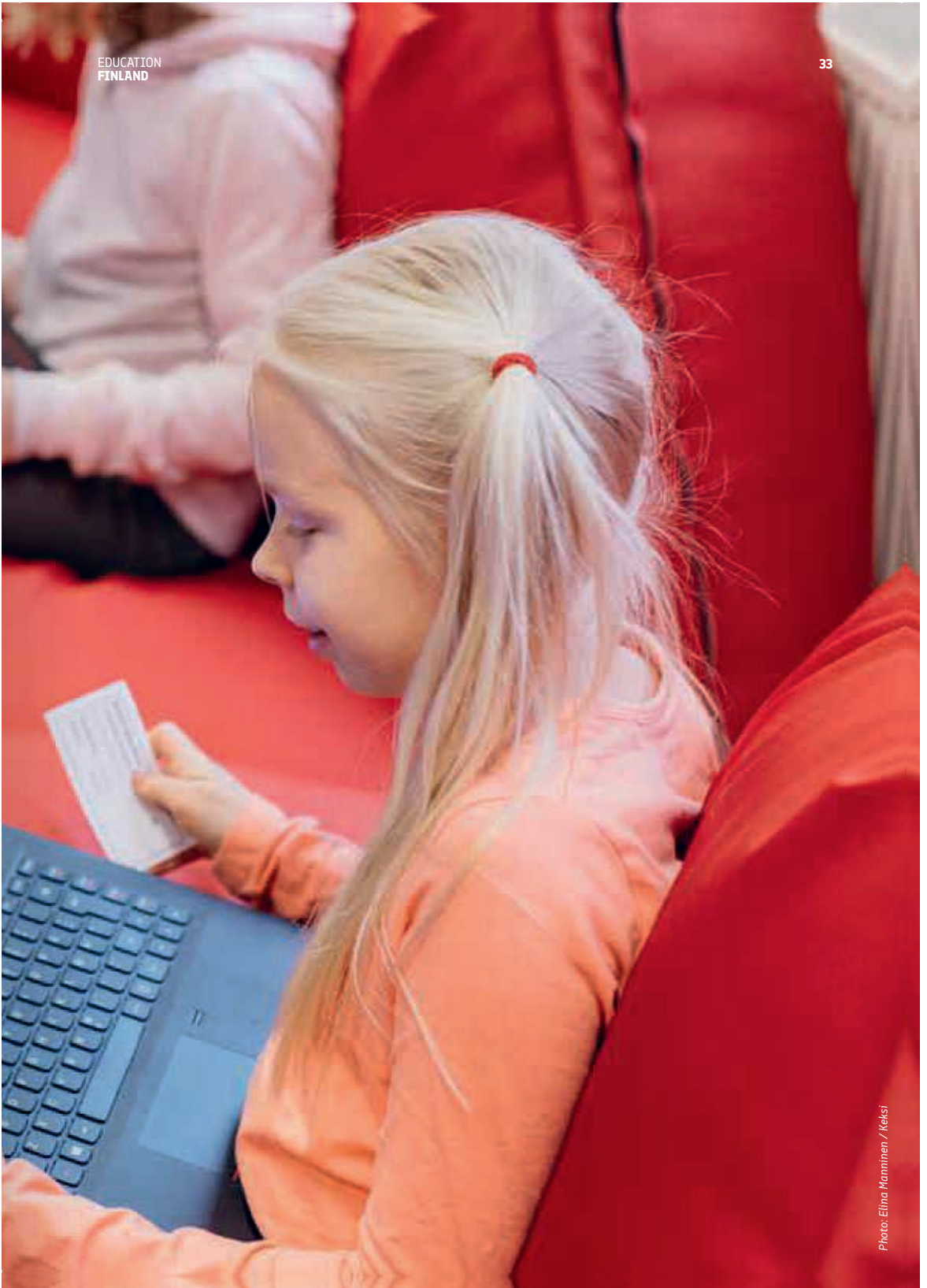
DID YOU KNOW?

In Finland, the highest political offices have been held by a woman. A woman has served as President of the Republic, Prime Minister, Minister for Foreign Affairs, Minister of Finance, Minister of Economic Affairs, Minister of Defence, Speaker of the Parliament, and President of the Supreme Court.

In 2022, more than half (58 %) of the government ministers are women. In the previous term, the proportion of women was 35% – if you want to count averages. So far, Finland has had eleven male Presidents of the Republic, and one female President, who served two terms.

EVERY CHILD HAS THE RIGHT TO A GOOD EDUCATION

TODAY, EVERY CHILD IN FINLAND HAS THE RIGHT TO FREE EDUCATION. NEARLY ALL FINNISH CHILDREN COMPLETE COMPULSORY BASIC EDUCATION, RECENTLY EXTENDED UNTIL A CHILD TURNS 18. THIS WAS NOT ALWAYS THE CASE.



RADICAL, AS WELL AS CRUCIAL REFORMS

A hundred years ago, the situation was very different. Finland was a poor agrarian country. Most adults could read, but few could write. Not all children went to school. A change was needed and, in 1921, a law was enacted which made it compulsory for 7–13-year-olds to go to school.

Did we have adequate funding for this? Not immediately. It took time before everyone had a school nearby, or bus transport to get there. In winter, many children went to school by skiing in the cold. But the law paved the right way for the government and families.

A free school meal was introduced in 1948, to support both wellbeing and learning. School meals had a significant effect on learning, and their introduction greatly improved equal opportunities, especially for children from poor backgrounds. A comprehensive school reform carried out in the 1970s transformed Finnish schooling.

The reform replaced the old two-track school system with a uniform, nine-year, obligatory, free and publicly funded basic school for all 7–16-year-olds.

Initially, this radical reform faced significant opposition, but it eventually became a success. Upper secondary education, free of charge, was also made available to all young people over 16 years of age throughout the country.

These and other educational reforms were crucial in helping the nation to transform into a modern knowledge-based economy within a relatively short time.

Today almost 90 per cent of 25–64-year-olds have completed at least a secondary-level education and over 40 per cent have a higher diploma. Adult education and lifelong learning are popular. Finland fares well in international comparisons, such as the PISA and TIMSS studies.



WHAT WERE THE LESSONS LEARNT?

Equal learning opportunities are the cornerstone of the education system and its impact for the society. The ambitious aim is that every school is equally good. All children have the right to free education, regardless of their family background or domicile. There are no tuition fees from pre-primary to higher education, and education is funded primarily from public sources.

By providing equal educational opportunities to every individual, we are closer to the goal to leave no one behind, and everyone has the chance to make full use of their potential. This benefits the individual and the whole society – and the economy. For example, Finland and the other Nordic countries have the highest social mobility in the world, meaning that a child's socioeconomic position is likelier to rise.

Teachers' role as respected professionals is a cornerstone. Teachers are required to hold a master's degree from a university, and they enjoy high social status in Finland. The profession is popular and teacher education institutions can select applicants most suitable for the profession. Highly educated teachers are trusted experts and have a great deal of autonomy.

Teachers are encouraged to create, experiment and mainstream new pedagogies and new learning environments.

Focus on wellbeing. If a pupil or a student has special needs, they receive individually tailored support. The focus is on the earliest possible support, starting already in early childhood education. In addition to school meals, children are provided with healthcare, counselling, and safety at school. Children's wellbeing is improved through different indoor and outdoor physical activities, which are integrated into the school day and often continue as after school activities.

Vocational education and training as an attractive choice for young people. After the nine-year basic education, roughly half of the 16-year-olds opts for vocational education and training as their first choice. The other half continue to the more academic upper secondary school. Vocational education is developed and delivered in close cooperation with industries, private sector, and other job providers. It emphasises broad-based competences, flexible study paths, recognition of prior learning and work-based learning. Lifelong learning has become the new normal, and skills need to be updated.

Education as highly valued agent for development. It is important to have a broad consensus across the political spectrum on the importance of education. Our reforms have been prepared in collaboration with the relevant stakeholders,

including teachers, researchers, civil society, and employers. In an education system having no dead ends, learners can also continue their studies on an upper level.

The present day: How to manage change and strengthen social inclusion. Education attracts lively public debate in Finland. An important topic of discussion is how to strengthen social inclusion and improve educational equality. Although international studies show that the Finnish system provides equal educational opportunities and learning outcomes, some children and young people are still at risk of social exclusion. Growing disparities in learning outcomes, especially between girls and boys, require increased attention. Early detection and prevention of problems is necessary to ensure that all children find their place in life.

Other topical issues include diversity in the school world, constantly changing working life

and the use of new technologies in learning. As the world around us evolves at an ever-increasing pace, the education system must respond to challenges. New learning methods are required to meet future needs.

The effects of globalisation, digitalisation and artificial intelligence, and the challenges of a sustainable future, must be considered. Skills and competences, such as problem solving, critical thinking and communication skills are becoming ever more important.

Today, education is a vital cornerstone of economic competitiveness. It must provide competencies for a continuously changing world. The education system must be fit to respond to lifelong need for upskilling and reskilling. The system needs to be flexible while also maintaining continuity and avoiding unproductive back-and-forth reforms. Investing in education and skills is considered as the best employment policy.



Photo: Elina Manninen / Keksi

CURRENT REFORMS:

- Full-time early childhood education and care will be extended to every child.
- In basic education, schools are developed as a learning community. Wellbeing, guidance, and support are given much emphasis.
- In 2021, school-leaving age was raised to 18 years, to ensure every student has an upper secondary qualification and to build stronger knowledge and skills base for all.
- Digital pedagogies are becoming increasingly important, and therefore tutor-teachers support their peers in the innovative, educational use of new technologies.
- New national core curricula support child-centred learning, interdisciplinary approach, the acquisition of analytical skills and critical thinking needed for a sustainable future. The continuum between different levels of education is strengthened.
- Vocational education and training have been updated entirely through one of the biggest education reforms. It supports flexible study paths and responds better to the needs of future working life.
- The aim is that by 2030, 50% of young people complete a higher education degree, and 4% of the GDP will be allocated for RDI.

DID YOU KNOW?

In the old days, men and women in Finland needed to prove they could read if they wanted to get married. Due to this, by the end of 19th century, almost 100 % of the population were able to read.

Finnish children begin their school later, spend less time in the classroom and have less homework than children in many other countries; yet their learning outcomes are excellent.

The joy of learning and well-being are important factors in school education. Finland is the only country where both reading proficiency and student's satisfaction with life have stayed at a high level (PISA 2018).

EVERYONE IS ENTITLED TO HEALTH SERVICES

IN FINLAND, PUBLIC AUTHORITIES ARE REQUIRED TO PROVIDE HEALTH SERVICES FOR ALL. THEY ALSO PROMOTE HEALTH BY ADDRESSING THE DETERMINANTS OF HEALTH AND REDUCING RISK FACTORS. EVERYONE, REGARDLESS OF THEIR FINANCIAL SITUATION, HAS ACCESS TO HEALTH SERVICES. FINLAND'S RESULTS IN REDUCING MATERNAL AND CHILD MORTALITY HAVE BEEN AMONG THE BEST IN THE WORLD. THIS WAS CERTAINLY NOT ALWAYS THE CASE.



FROM POOR HEALTH-CARE TO MODERN HEALTH SERVICES

When Finland gained its independence in 1917, hygiene was poor, there were few hospitals and doctors, and infectious diseases were common. Nutrition was inadequate and child mortality high. Pandemics and epidemics increased general mortality.

Finland's early investments in health comprised training of doctors, nurses and midwives. Nationwide awareness campaigns on preventing tuberculosis and better hygiene were organised. Legislation concerning health services was developed. This work was hindered by the two world wars.

Creating an extensive system of child health clinics proved to be a crucial investment in wellbeing. Clinics were founded in the 1920s and more widely after the Second World War. Today, child and maternal health clinics reach 99.7 per cent of expectant mothers and 99.5 per cent of children. Child health clinics monitor and

promote children's physical, mental and social growth and development, and support parents in looking after their child and caring for the family relationship. Clinics seek to identify families with special support needs as early as possible, in order to arrange help when needed. Children also receive vaccinations at the clinics.

APPROACHES THAT WORKED AND PRACTICAL EXAMPLES

Promoting the health of the population as an obligation grounded in law; universality of health services. The public health service system, built systematically since the 1960s, provides universal coverage of health services. It is funded by taxes and low patient fees. Finland spends almost 10 per cent of its gross domestic product on health, which is around the average level of the OECD countries. Private health services complement public ones. Public healthcare is provided in health centres, schools,

Photo: Riitta Supperi / Keksi / Team Finland



regional hospitals, and central hospitals. University hospitals are responsible for the most demanding healthcare, to which everyone has equal access regardless of their income.

Expectant mothers are given a maternity package. This simple welfare innovation introduced in the 1930s contains, among other things, baby clothes, a sleeping bag, diapers, a children's book, and toiletries. It promotes equality and draws attention to what babies need. A maternity package is only provided after a mother has attended regular health checks at a child health clinic, thus encouraging mothers to benefit from the service. The package has therefore helped reduce child mortality. Compared against its benefits, it does not cost the state much.

Children, young people and at-risk adults vaccinated in accordance with a national vaccination programme. Due to the comprehensive vaccination programme, most infectious diseases, which had previously caused death or disabilities, have virtually disappeared from Finland. Vaccinations are voluntary and largely free of charge. Depending on the vaccine, the average vaccination coverage among children is 90–99 per cent. Vaccines being seen as a normal part of life and healthcare, may also strengthen legitimacy of exceptional vaccination campaigns during pandemics.

Free school meals to all students in basic education were provided already over 70 years ago. This improved children's health and learning capacity and made school attendance more beneficial. It has also helped both parents to work outside the home.

THE PRESENT DAY: DISCUSSION CURRENTLY REVOLVES AROUND HEALTHCARE REFORM

An ageing population poses a challenge for Finland's healthcare system. Both the need for and the costs of healthcare services are rising while tax revenues are falling. Non-communicable diseases are increasing, caused by many common lifestyle-related risk factors. Therefore, we need to invest even more in prevention and health promotion.

The health and social services reform has been heavily debated in Finland for more than a decade before a decision on reforms was taken in 2022. The objective of the reforms was to reduce the still existing inequalities in people's wellbeing and health, improve equal access to high-quality services and curb costs. A key feature was to shift the responsibility from municipalities to larger regions. The need to develop more integrated and people-centred services was also recognised. Regional democracy was attached to the system: regional councils are elected to oversee the services.

DID YOU KNOW?

When President of the Republic Mr Sauli Niinistö and Mrs Jenni Haukio had a baby in 2018, she gave birth in a public hospital. Some 10 000 babies are born in the same Women's Hospital in Helsinki every year.

According to the Save the Children organisation, Finland is one of the best countries in the world to be a mother.

Life expectancy at birth in Finland is 79 years for boys and 84.6 years for girls (2020).





A SAFETY NET — NO ONE IS LEFT BEHIND

THE SOCIAL SAFETY NET IS A KEY COMPONENT OF THE NORDIC WELFARE MODEL. IT COVERS ALL CITIZENS THROUGHOUT THEIR LIFESPANS. BENEFITS INCLUDE, FOR EXAMPLE, HEALTH INSURANCE, UNEMPLOYMENT INSURANCE, INCOME SUPPORT AND PENSIONS. THE SOCIAL SAFETY NET CAN BE SEEN AS AN EARLY VERSION OF WHAT LATER BECAME THE WELL-KNOWN AGENDA 2030 PRINCIPLE: LEAVE NO ONE BEHIND. SUCH POLICY BECAME AN INTEGRAL ELEMENT IN PROMOTING THE WELLBEING AND RESILIENCE OF THE ENTIRE COUNTRY.

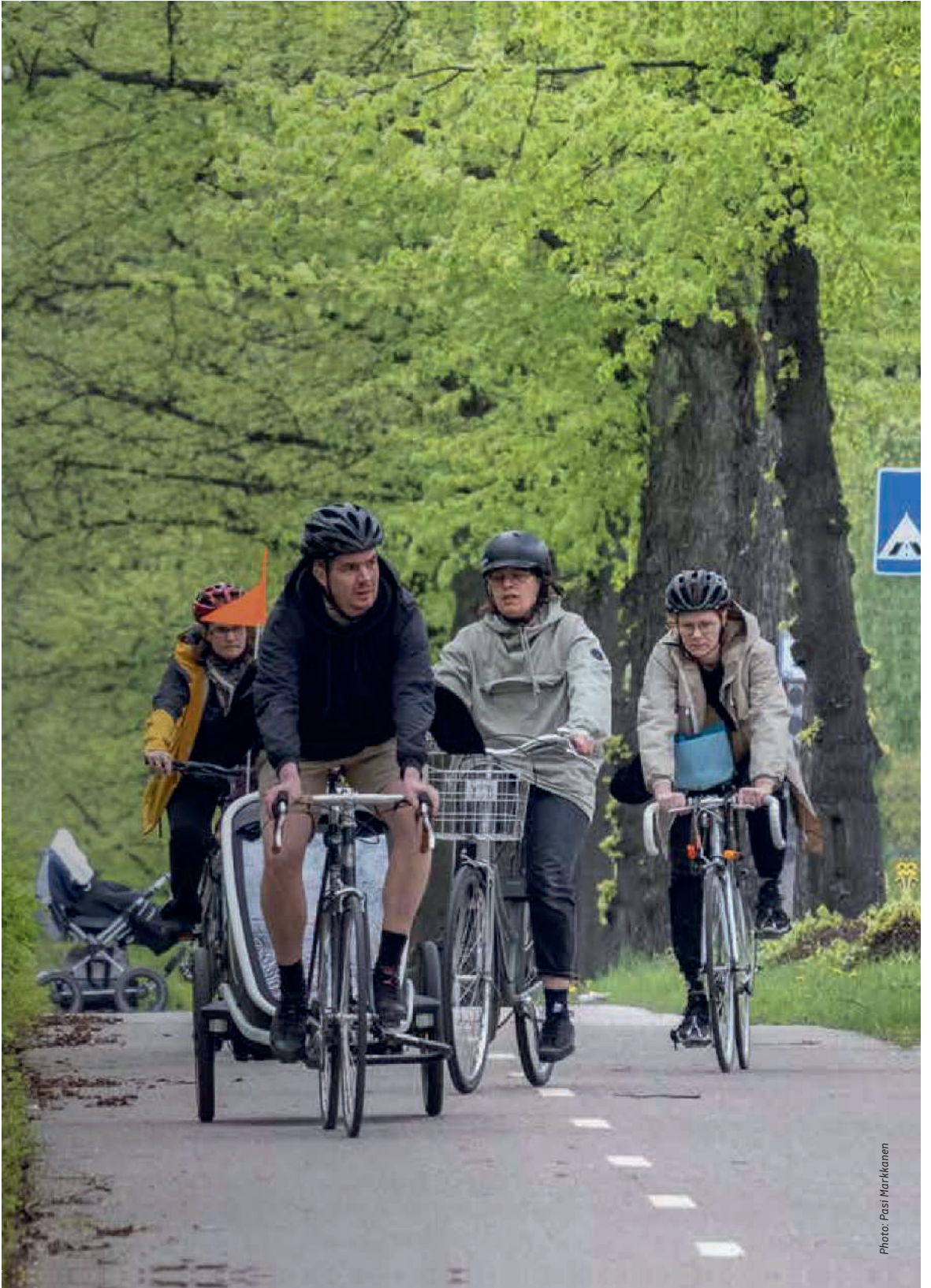


Photo: Pasi Markkanen

FROM WEAK SOCIAL SECURITY TO A WELFARE POLICY

Social security was first developed in the early years of Finland's industrialisation to improve the status of the working population. The first steps, including the Act on Occupational Injuries and Restrictions on the Use of Child Labour, were taken at the end of the 19th century. This legislation increased people's trust that the government was on their side.

For a long time, social policy focused on charity. The primary form of aid was food assistance. Having to rely on the poor relief was often seen as shameful. Public opinion slowly changed towards a sense of common responsibility. From the 1960s onwards, the public safety net was also seen as a component of economic growth and an investment in a better future.

Extensive public support systems got an early start already in the 1930s. An income support system was established, and the Maternity Grants

Act guaranteed that new mothers receive health services and a maternity package. The National Pensions Act (1956) guaranteed that everyone receives a minimum pension.

Strong expansion of welfare services began in the 1970s and 1980s, when there was a shift from redistributing income to developing services. A more extensive system took people's various needs better into account. The most important new legislation concerned children's municipal day-care, special care for people with disabilities, social welfare, child welfare, the child home care allowance and disability services.

Social services respond to actual needs. People have the constitutional right to receive social services in their home municipality, based on their individual needs.

Photo: Riitta Supperi / Keksi / Team Finland



RECIPES THAT WORKED AND PRACTICAL EXAMPLES

Universality of rights as a principle. It was agreed that society should provide at least a minimum standard of living for all Finnish citizens who are unable to sustain themselves. Relatives are important, of course, but not everyone has relatives who can afford to help. By creating a sufficiently reliable safety net, it is possible to prevent people from falling into extreme poverty. Social security also seeks to help disadvantaged people return to employment. Education is often seen as the best form of social security.

For a long time now, Finnish women have played an important role in the labour market. During the years of the II World War, women kept the wheels turning on farms and in factories and offices while the men were defending the country. When the war ended, women continued working. This was facilitated by the new social welfare and service system, including children's day-care services, which had a direct impact on the employment rate of women. Today, women's employment rate almost equals that of men.

The welfare state is funded through taxation. Finns fund welfare services together by paying taxes. Anyone may be a payer or a recipient at different stages of their lives, depending on their

situation. Students and pensioners are special groups. Welfare services are also provided by the private sector and the third sector.

A safety net improves the resilience and stability of society. It is hoped that everyone has a stake and feels part of the society. The leave no one behind policy is an integral part of the wellbeing and safety of the entire country.

Present-day discussion currently revolves around new forms of work and securing the welfare state.

Nowadays, the general perception is that Finland's social security system must be simplified.

The transformation of work and digitalisation continue. Social security is being reformed to offer unemployed people better opportunities to return to work. More complementary training and better employment services are needed.

Long-term development of the welfare state requires intergenerational trust. The ageing population is a challenge. As a smaller portion of the population is of working age, the key questions are how to fund the welfare system, and do taxpayers, who pay for it, see it as a legitimate responsibility or an unfair burden. So far, the system has enjoyed adequate support.







Photo: Pasi Markkanen

DID YOU KNOW?

Since 2018, the World Happiness Report has ranked Finland the happiest country in the world. Relevant factors contributing to this seem to be Finland's social safety net combined with personal freedom and a good work-life balance.

A hundred years ago, before the social security system, the life expectancy of Finns was 49 years for women and 43 years for men. Nowadays, it is 84 years for women and 79 years for men.

FOREIGN POLICY AND INTERNATIONAL COOPERATION

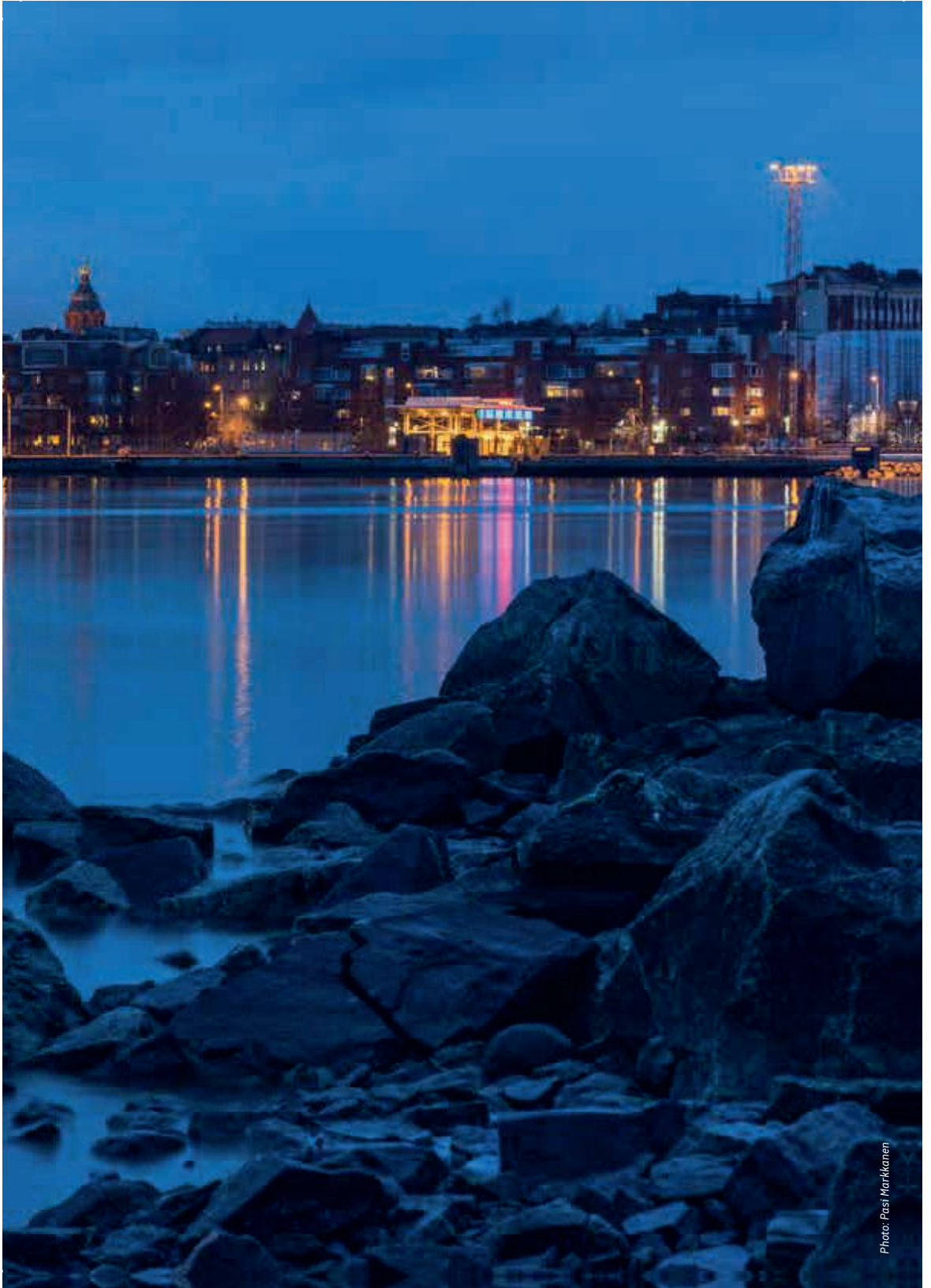


Photo: Pasi Markkanen

Historically, Finland's neighbourhood used to be quite rough despite its distant location in the north. For centuries, its position as the easternmost part of the larger Nordic kingdom of Sweden brought with it turbulence and wars. Survival was not self-evident during the first decades of independence, either.

As a nation, Finland has always leaned on international law for its sovereignty and wellbeing. First, the Covenant of the League of Nations, and later the principles of the UN Charter, have provided the foundations for the foreign policy, focusing on problem solving. Having suffered from wars and extreme poverty, Finland believes that a well-organised, rules-based multilateral cooperation and a well-behaving international community is the best guarantee of wellbeing for any country, large or small. Openness and predictability create confidence, and confidence is necessary for peace and prosperity.

Neighbourhood has always been pivotal to Finland's foreign policy. For any country to be truly successful, a peaceful, dynamic and well-meaning neighbourhood is of crucial importance. Not only the safety of Finland but also the pace of its development has been dependent on the overall situation in the region. Therefore, an important element of Finland's foreign policy has been the promotion of regional cooperation.

This has not always been an easy path: getting along with neighbours must be a deliberate, strategic goal – on all sides of the borders. Neighbours do not always think alike or make the same choices, but they should never threaten each other's independence or sovereignty. After a war, people and nations tend to remember, and

building confidence takes a very long time.

After Finland became independent in 1917, Finland had a territorial dispute with Sweden over Åland Islands located in the Baltic Sea. In 1921 the sovereignty question was decided by the League of Nations in favour of Finland. However, the Islands, populated by Swedish speakers, was granted far-reaching autonomy. As a guarantee to Sweden, the Islands were demilitarized. This peaceful conflict resolution is called the Åland example and has ever since raised international attention, as a solution that proved to be sustainable.

International trade accounts for about 40% of modern Finland's GDP. Regional trade was a key to the early diversification and growth of the economy. Today, for a country with a more developed economy, global trade with international value chains is of great importance. The success and openness of the global economy supports national economies. Consequently, free trade, a smoothly functioning multilateral trade system as well as comprehensive free trade and investment agreements are a lifeline for Finland. What's more, they promote development across continents.

Far beyond trade, regional cooperation and integration have strengthened Finland's position. They have brought safety and dynamism to the society.

The five Nordic countries established a passport union and freedom of movement over half a century ago and set up structures for close cooperation. Today they meet to discuss almost everything, at all levels. Through close contacts,

they keep up with developments together, compare experiences and improve the way the countries are run. Even if their international institutional choices have varied over time, the Nordics have remained a close regional family. All Nordic countries started out poor, but have strengthened their wellbeing in close cooperation, comparing notes to learn from each other. The Nordics provide an interesting case study.

Finland joined the European Union in 1995 for reasons of security and wellbeing. The free movement of people, goods, services, and finances have been central. The whole Finnish society has benefitted from close European integration, be it for security, mobility, economic opportunities, or food safety, for example. Based on its own experience, Finland became a true believer in regional integration to build prosperity and peace. Economic integration can be a powerful tool for promoting peace and stability. The origins of the EU itself lie in efforts to prevent a new conflict between two European powers after the Second World War, by integrating their economies. Within the present-day EU, Finland can work to strengthen the Union as a constructive global partner in promoting peace, sustainable development, and dynamic trade relations.

Regional infrastructure and hub-building have become a catalyst for economic growth and the movement of people and goods. Countries can become profitable hubs in unexpected ways. Who would have guessed that an important air transport route between many Asian cities and Europe would go via the northern city of Helsinki? Or that a city at the inner Baltic Sea would become one of the world's biggest maritime destinations – for cruise ships. Not to mention

how digitalization enables us to provide services to each other across very long distances.

This may sound very Nordic, but evidence shows that an important way to strengthen internal development can be problem-solving in foreign policy. Current major challenges – such as climate change, poverty, or many conflicts – can only be solved together, through hard work multilaterally and regionally. Well-functioning, rules-based international cooperation became the vision for Finland, against the background of its own history with conflicts and poverty.



Photo: Sakari Pippo

SUOMI FINLAND



Ministry for Foreign
Affairs of Finland

2022