



# FINLAND'S PATH TO KEEPING SOCIETY WHOLE



EISENHOWER INSTITUTE  
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GETTYSBURG COLLEGE

Written and edited by  
Emma Erkkilä and John Austin

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# INTRODUCTION

## How did we get here?

Even as the most unsettling threat to European democracies appears to be coming from across the Atlantic, within the continent there has been for almost a decade the growing specter of right-wing nationalists gaining control of power in once stable democracies. While analysts offer numerous explanations for the growth in internal support for what often manifest as anti-democratic movements, a key causal fabric weaves together a variety of economic and social anxieties and frustrations—including inflation, war in Europe, immigration policies and the economic shock from the Covid pandemic<sup>1</sup>—leading to growing distrust of political leaders. This disillusionment affords space for voters to embrace more direct, often radical changes to the governance systems that surround them and the democratic institutions that underpin them.

In 2023, the Finnish people elected the National Coalition Party (NCP) which formed a government with the Finns Party, creating Finland's most right-wing government since the 1930s. The far-right coalition set about stripping away social security and public service spending, arguing that this social spending would aggravate rising national debt. This in turn nurtured a backlash to the cuts in Finland's highly prized inclusive social welfare state. People, especially students, are beginning to notice the impacts of inflation on goods, and housing costs, with 25% of students struggling to afford food and having to consider the reductions in housing benefits. Since then Finland has reversed course and turned away from the right. In the most recent elections voters embraced left-leaning government parties as a more attractive alternative. This reversal of political direction is significant, especially as it occurred over a short period of time.

# DIFFERENCES

## What Sets Finland Apart

A close look at the underpinnings of Finnish economy, society and culture reveal a family of purposeful public policy choices and social values that help to modulate any aggressive turn to dismantle the social welfare state. In 2024 Finns once again found themselves ranked in the World Happiness Report as the happiest country in the world, for the 7th year in a row. This high ranking on the happiness index reflects Finland's purposefully built social cohesion that helps them to resist the siren song of polarizing populism and us-versus-them politics that has bedeviled so many other democracies.

According to Business Finland, and Finish leaders such as Tytti Tuppurainen, a Social Democratic Member of Parliament, this political moderation and stability is the result of a family of public policy and social development strategies designed to nurture an equitable and inclusive economy and polity. These policies and social values include:

**a high level of trust in institutions and the rule of law;**

**a strong, innovation-led economy;**

**policies that ensure an equitable and egalitarian distribution of income;**

**a commitment to excellent, universal and comprehensive education;**

**preservation of a healthy natural environment and shared appreciation for nature and outdoors.**

# SHARED FAITH IN INSTITUTIONS

A first order contributor to Finland's high ranking in global happiness indices is the high level of trust that Finnish people place in their institutions and the rule of law. According to the Organisation for Economic Co-operation and Development or OECD, in 2023, 47% of Finnish people reported high or moderately high trust in the national government, above the OECD average of 39%. This high level of trust is not only placed in the national government, but also in the police (87), other people (78%), and the judicial system (74%). Many of the key determinants of Finns' relatively high level of trust in the institutions stems from purposeful attention to maintaining high-level responsiveness in public services and maintaining reliable and predictable policies.

Finns' high trust level stems in part from Finnish history. It is located between Sweden, a western country, and Russia, an eastern one. From Sweden Finns inherited belief in the power of rule of the law, while the legacy of the Russian bureaucracy shaped the orientation and service ethic of civil servants and state departments. To maintain this high level of trust the Finnish government pays attention to surveys done by outside institutions such as the OECD, and uses the data to improve their systems, monitoring and working deliberately to continuously improve the public's perceptions of their own abilities to impact political processes. Finland's highly competent and effective education system has also contributed to the deep respect and trust in institutions and authorities.



# EGALITARIAN ECONOMY

Finland's happiness levels and feelings of shared purpose and inclusiveness can also be linked to its strong, egalitarian economy, which has experienced strong and widely shared economic growth. A system of income guarantees and a robust set of social welfare services and supports undergird Finnish families. Observers note that the Finnish society's resilience from periods of economic downturn was due to the enabling of a strong commitment to equality, a problem-solving mindset, transparency and consensus-based political decision-making.

Nowadays, Finland's strong egalitarian economy extends to projects and initiatives that advance gender equality. In 2020 Finland set a target goal of 85% of new national developments and projects would have gender equality as a major or primary objective by this year, 2025. As a result of implementing a family of gender neutral policies and provisions, Finland has effected change in the policies and practices of multilateral organizations, made progress on gender equity indicators at the country level, and effectively integrated gender equality into domains of work. As impressive as this progress on equity has been, there are still places to improve. Equity indicators still vary by region. While the majority of the population lives in dynamic urban regions, more than 1 in 4 Finns live in areas that do not reach the same level of welfare. However, this level of inequality is expected to improve with Finland's forecasted continued economic growth in 2025 and 2026.

# EXCELLENT EDUCATION

Finland's exceptionally high-performing education systems are a major contributor to equitable economic conditions, as well as faith in government and related institutions—key correlates of Finns' high happiness ranking. According to the OECD, an overwhelming majority of people in Finland (81%) with recent experience with the education system are satisfied with it, compared to 57% on average across the OECD. Finnish teacher and educator quality and high teacher standards are ranked among the best in the world. Finnish teachers are highly trained and respected professionals, with majority of them holding master's degrees. This creates a level of trust in parents, students, and faculty.

Finland's education system also emphasizes equity along with excellence, providing equal opportunities to all students regardless of their background and abilities. One example of this is the elimination of standardized testing. The Finns' high-quality and equitable education system stems from reforms that Finland launched in the 1970s to equalize educational opportunity, increase social support for children and families, and invest in teachers. This push first gave the Finnish government strict control over most aspects of the new system; later, more autonomy and authority was given to municipalities. These reforms directly contribute to the high performance of Finnish students on international academic assessments, and have lifted the country to the 7th ranked international position in educational outcomes in 2023. In comparison, the United States was ranked 29th in 2023.

# ENVIRONMENT AND NATURE

Finland also places great emphasis on a healthy and sustainable environment and protection of Finland's abundant natural and outdoor spaces and resources. Nature has always been a key part of the Finnish way of life, with more than 80% of Finnish people saying that the forest is important to them. Nature's importance also reflected in its business practices, with Finland being a world leader in sustainable forest management. Commercial forestry must take into consideration forest biodiversity and carbon sinks. Finland is also ranked 3rd internationally with regard to environmental sustainability.

Efforts to be good stewards of the environment range from economic support to social support. For example, many Finnish companies give incentives to their staff to walk or cycle to their place of work. Many of the reasons for Finns' large enthusiasm for nature stem from the cultural significance that nature brings, as a key part of many prehistoric Finnish myths, beliefs, and practices. Because of this, Finland's nature conservation started earlier than most modern industrialized societies, already taking hold in the early 1900s. Natural areas were preserved for research purposes as well as for posterity. Care for the environment has not ebbed – Finland ranks today first in the European Union on knowledge of the impacts, causes, and solutions to climate change. This knowledge and connection is essential to making sure that Finnish nature continues to be preserved.



# INNOVATION AND HIGH-TECH ECONOMY

Finns' equitably shared high-wage economy has been enabled by a dynamic, entrepreneurial and innovative private-sector-led economy. Finland has developed a robust technology industry, with the rise of Nokia being the best-known example. Nokia was one of the world's first successful tech companies, which set off a Finnish economic boom. Since Nokia's downfall, Finland has still succeeded in nurturing a large and diverse high-tech industry, with the Information and Communication Technology (ICT) sector in Finland employing 6.8% of the workforce, the highest in the EU since 2017. The government plays a role via regulatory incentives and funding basic research to drive more innovation in the country.

Finland has also made rapid strides to digitalize broad ranges of government services, with the government allocating more than \$451 million to support various digital projects being run by the country's local authorities between 2018 and 2022. These efforts have made Finland the most technologically advanced nation in the world, according to a report from the United Nations Development Programme (UNDP). The relationship that Finns have with technology is intertwined with their education and their reverence for nature. They see the uses of technology to improve living.



# DEMOCRATIC GUIDE

## Finland as a Democratic Guide

While Finland still does have a heavy right-wing party presence in government, its politics have not cleaved into the polarized camps that now characterize many other Western Democracies. It has not suffered from, nor seems close to, the enabling of anti-democratic authoritarians. Finland has avoided authoritarians who seek and find ways to chip away at democratic institutions such as a free press, an independent judiciary, independent universities and electoral process—as seen in Hungary, Poland before it reversed course, and now most tragically in the U.S.

The broadly and equitably shared prosperity of Finns, enabled by strong public education systems, support for private sector innovation, along with the historic shared embrace of all things Finnish, most notably nature and outdoors—has kept trust in democracy and democratic institutions relatively high – and Finnish citizens happy.

This is a stark contrast to the resentment and grievance driven anti-system populism bedeviling the U.S., UK and much of the rest of Europe. Economically secure, optimistic and forward-looking citizens like the Finns are not as responsive to the scapegoating of immigrants, transgender people or any number of various “others” that right-wing populist demagogues paint as the bogeyman for their anxious citizenry.

Last year in Finland's neighbor Sweden, the Nobel Prize Committee awarded Daron Acemoglu, Simon Johnson, and James A. Robinson the Nobel Prize in Economics for their work, which documents that countries and democracies with severe economic inequities undermine citizen confidence. When the economies of democratic nations stop working for the public, they often turn to leaders willing to overthrow the institutions that undergird the system. In their seminal work, *Why Nations Fail*, Acemoglu and Robinson demonstrate that well-functioning political institutions that deliver shared economic growth—as the Finns have managed to maintain—were the prime determinants of national economic prosperity.

Such “inclusive institutions” include “representative legislatures, good public schools, open markets, and strong patent systems—inclusive institutions (that function to) educate their populations. Invest in infrastructure. Fight poverty and disease. Encourage innovation.”

The United States once was characterized by all of these features. Finland today shows that those who purposefully maintain them can stay the course on a broadly-held, shared sense of national purpose, identity and yes, happiness. Finland is by no means a perfect country; however, it does offer an example and inspiration that purposeful policy and attention to key ingredients underpinning a cohesive society can and do make a political difference.



# AUTHORS



John Austin is a Senior Fellow with the Eisenhower Institute at Gettysburg College (EI) leading the organizations' work on international economy-building and democracy strengthening.



Emma Erkkilä is a Research Assistant with the Eisenhower Institute at Gettysburg College (EI) and a student from Bates College.