



PERTTI PESONEN AND OLAVI RIIHINEN

Dynamic Finland

The Political System and the Welfare State

Studia Fennica
Historica

Pertti Pesonen & Olavi Riihinen

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The Political System
and the Welfare State

Finnish Literature Society • Helsinki

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Studia Fennica Historica 3

The publication has undergone a peer review.



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The open access publication of this volume has received part funding via a Jane and Aatos Erkko Foundation grant.

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A digital edition of a printed book first published in 2002 by the Finnish Literature Society.

Cover Design: Timo Numminen

EPUB: eLibris Media Oy

ISBN 978- 951-746-426-0 (Print)

ISBN 978-952-222-822-2 (PDF)

ISBN 978-952-222-823-9 (EPUB)

ISSN 0085-6835 (Studia Fennica)

ISSN 1458-526X (Studia Fennica Historica)

DOI: <http://dx.doi.org/10.21435/sfh.3>

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BoD – Books on Demand, Norderstedt, Germany

Contents

FOREWORD <i>W. Phillips Shively</i>	9
PREFACE	13
1. FINNISH FEATURES	15
2. PATHWAYS TO MODERN FINLAND	20
Roots, Autonomy, and Independence	20
Emerging National Identity	24
The Rise of Civil Society	28
The Democratic Republic	34
From Preindustrial to Postindustrial Economy	37
The Arduous Road to Welfare State	42
Foreign Relations	51
3. FINNISH NATIONALISM	55
Early Nationalism	55
Nationalism vs. Communism	58
Nationalism and Globalization	62
4. SOCIAL STRUCTURE AND BASES OF CONFLICT	66
The Population	66
Language	69
Social Class and the Red-White Cleavage	73
Regional Differences	77
Other Conflicts and Cleavages	81
A Case Story: The Nuclear Power Issue	83
5. CIVIL SOCIETY	86
The Concepts	86
Labor Market Organizations	89
Other Old Movements	96

The New Movements	99
Social Welfare and Health Care Organizations	105
Political Influence	107
6. THE MASS MEDIA	112
The Press and Other Print Media	112
Radio and Television	118
The New Media	122
7. PEOPLE'S ATTACHMENT TO POLITICS	124
Political Involvement	124
Trust, Pride, and Resentment	127
A Case Story: Suspected Favoritism	133
Church and Religion	134
Government and Opposition	137
8. ELECTIONS AND POLITICAL PARTIES	139
The Electoral Systems	139
The Party System	143
Party Organizations	149
Election Campaigns and Voting Behavior	151
9. PARLIAMENT	155
Functions and Workload	155
Organization and Procedures	157
Legislative Behavior	159
The Members of Parliament	165
10. THE PRESIDENT OF THE REPUBLIC	167
The Presidency	167
Two Direct Elections	170
Eleven Presidents	173
11. THE EXECUTIVE	176
The Council of State	176
Parliamentarism	180
Central Administration	182
National Defense	186
12. LOCAL SELF-GOVERNMENT	189
The Self-Governing Municipalities	189
Local Government in Action	194
Åland's Regional Autonomy	198

13. LAW AND ORDER AND PUBLIC CONTROL	201
The Legal System	201
The Judiciary	203
The Supervisors of Legality	205
The People and Law and Order	207
14. MATERIALIZATION OF VALUES AND GOALS	211
Freedoms and Rights of Finnish Citizens	211
Goals of the Welfare State	214
Social Welfare and Social Insurance	217
Health Care	222
Financing Social Policy	225
Regional Policy and Development	230
Education	238
15. THE STATE AND THE ECONOMY	246
Performance of National Economy	246
The Public Purse	252
The State as Economic Policy-Maker	255
The State as Entrepreneur	257
A Case Story: Telecommunications	260
16. INTERNATIONAL ENVIRONMENT	263
The European Union	263
Globalization	270
Foreign Policy	276
A Case Story: Boycotting Another EU Member	280
17. FINNISH VITALITY	282
New Features in Democracy	282
Testing the Finnish Welfare State	286
Unsolved Political Issues	293
The Neomodern Country	296
REFERENCES	303
INDEX	316



Foreword

Dynamic Finland is a welcome addition to political science. To those of us interested in the comparative analysis of politics – the only effective way to analyze politics! – Finland is an especially important case. It combines several phenomena in ways seen nowhere else, and in fact anchors the scale on many important aspects of politics:

- The process of building the Finnish state was relatively recent, and it is of special interest. Among other things, because its international position during its early decades as a state was contested and delicate, Finland offers a fascinating case of the impact of international politics on the domestic politics of states.
- Perhaps partly because of this history, its party system and the Finnish approach to resolving political conflict is of great interest on the broader canvas of cross-national comparison. Finland was one of the few European democracies with a large and active Communist Party during the post-war period, and was the only one to combine this with an essentially consensus-based society. All other West European states with a large Communist presence were stalemated polities; Finland was not.
- In the last sentence above, I called Finland “West European”, but that is not really true. Another virtue from the standpoint of the comparative scholar is that it is not exactly “Western” or “Eastern”, either geographically or historically. One puzzle for comparative scholars, for instance, is to assess the extent to which democratic institutions in Western Europe in the post-war years were shaped by American influence, by the emerging pan-European institutions of the Common Market, and by mutual imitation. None of these applied in the same way to Finland, so Finland serves as a very useful control.
- Finland’s political institutions are unique and interesting; more about this below.
- Finland has perhaps the most equal income distribution in the world.
- Finland has perhaps the least corrupt system of public administration and politics in the world.
- Much has been made of the pressures on the modern welfare state, from global competitive pressures and other economic dislocations that make it difficult for states to maintain comprehensive support for their citizens. In the 1990s Finland experienced greater economic dislocation and pressures than any other mature welfare state has ever experienced. The Finnish case is very important for understanding the resilience of welfare states.

I could have added many more examples, but I hope these are enough to make the picture clear: Finland provides unique phenomena of great importance in comparative political analysis.

But there is another reason why Finland is of special interest in comparative politics. The science of politics is a science of design; the reason we study politics comparatively is to assess the impact of different designs for governance, so that we can improve our political lives. It should be no surprise that, just as Finland is a leader in industrial and material design, so is it a leader in political design. Finland pioneered early in the twentieth century in the experiment of combining elements of presidential government and parliamentary government in one system, something that has been picked up and used in dozens of states in the latter part of the twentieth century, starting with France in 1958.

Finland embarked in the late 1990s on a plan of reorganization and reform that is intended to balance the president and cabinet in the way that France and many other imitators intended, but have never achieved. Perhaps because the model of hybrid executive power has so often been adopted in stalemated societies like France's, it has usually evolved into a system in which President and cabinet compete for power rather than sharing power. In France, for instance, Presidents wholly dominate cabinets unless they are forced into a situation of *cohabitation*, at which time the situation flips to one of domination by the cabinet.

In Finland, too, political leaders are not oblivious to power. Through much of the first several decades there was a polite tug-of-war between president and cabinets for power with some presidents, like Kekkonen, gathering the reins largely into their own hands. Over the last couple of decades, though, as is admirably laid out in *Dynamic Finland*, a redesign of the powers of the president and cabinet has been carried out that should leave the relationship much like what DeGaulle and his advisors originally intended for France: a president with great residual power and responsibility for the security and integrity of the state, but removed from most immediate political conflicts. As we see in the pages of this book, power has been fine-tuned in innumerable ways to produce a redesigned presidency.

For all these reasons, Finland is a case of very special interest in the comparative study of politics. But, political scientists are human too. Everywhere in the world there is a great affection for Finland, which we share. Finland is a plucky nation that has managed to thrive in a cold, forbidding climate, off the major trade and communication lines, and in an international situation throughout the twentieth century that was fraught with danger and hardship. Somehow this people have managed despite the rigors of their environment to produce a renaissance in music, success in athletic enterprise far beyond what one could expect of such a

small country, leadership in industrial design – and an original, superbly functioning democracy. In reading this book, pleasure mingles with intellectual stimulation.

The book presents a very clear exposition and introduction to the politics of Finland, and as such it is a real boon to the field of comparative politics. But fortunately for us, the authors also go beyond plain exposition to add a great deal of very accessible but nonetheless original and useful analysis of politics to the book. Their analysis of how Finnish nationalism developed, or their assessment of how effectively the Finnish welfare state decommodifies society, are but two examples of how they build on their excellent exposition and introduction to Finnish politics. And finally, just as this reader combined pleasure with intellectual stimulation in reading the book, it is good to see that Professors Pesonen and Riihinen, also, could not resist showing their admiration for the way Finns have built their state. It is clear as one reads this book that it was as much a pleasure for the authors, as for the reader, to reflect on the politics of this remarkable state.

W. PHILLIPS SHIVELY

Minneapolis, August 23, 2002

Preface

Finland is small and little known. Even where the name is familiar, recent changes may have passed unnoticed. But we have also observed a rising interest in Finland. And we have seen how difficult it can be to obtain a general presentation, written for an international audience, that would outline our country's political system and civil society, its development, and the services it provides for the wellbeing of its citizens.

This was our motivation in writing a book for a foreign audience about Finland and the Finnish experience. We had a variety of readers in mind: university students engaged in area studies or comparative politics, people whose professional interests create an interest in Finnish society or a need to grasp its essentials quickly, and friends of Finland who desire more knowledge about the country.

We aimed to offer a view of Finland's presence and dynamic development from political and social points of view. This is not to deny that it was enjoyable to set down our country's achievements and uniqueness and it was encouraging that Finland ranks so high among the countries of the world in cross-national comparisons, but we have sought to remain objective. We have no illusions of Finland as a model society, free of error or pressing problems.

Our general approach is descriptive and analytic. Theoretical considerations are added if they could help the reader understand certain points, but the material is not viewed through a systematic frame of analysis. The goal is to offer a description of the basis and functioning of democracy in Finland, and to present selected policy areas that are essential in a welfare state.

The book contains 17 chapters. We divided our task keeping in mind that Pesonen's academic background is in political science and Riihinen's in social policy. Pesonen wrote chapters 1, 4, 6 to 13, and 15, and Riihinen chapters 3 and 5. Four chapters (2, 14, 16, and 17) were co-written, as designated by the initials at the end of each section. As coauthors we assume responsibility for the entire text. Pesonen wrote in English, and texts by Riihinen were translated by Mikko Pitkänen, Nina Tuominen, and Pesonen. We thank Patrick Humphreys for his able and creative editing of the manuscript.

Kaisa-Riitta Puttonen assisted us in many ways and prepared the indexes and the list of references. The Research Institute for Social Sciences of the University of Tampere has kindly provided working facilities for Pesonen, and the University of Helsinki offered a place for our joint meetings.

Our work would not have been possible without the cooperative attitude of the people who have provided us with specialist information. We encountered the same willingness to help at government offices, research outfits, organizations, and companies. Without mentioning by name the

many individuals to whom we are indebted, we would like to express how inspiring it was to meet such positive understanding of our aims.

Special thanks are due to the Alfred Kordelin Foundation for financial support that covered our expenses. And we are pleased to have this book published by the Finnish Literary Society, particularly because it launched the rise of Finland's civil society 171 years ago.

At one time the authors attended the same sociology seminar at the University of Helsinki. We enjoyed working together as students. Having observed our country's changes and stability through half a century, it has been a pleasure to work together once more.

Tampere and Helsinki, July 17, 2002

Pertti Pesonen and Olavi Riihinen

1 Finnish Features

Finland, or, as the natives call it in Finnish, Suomi, is a country of lakes and islands. It is a vast continent about which strangers until lately hardly knew anything, beyond such rude facts as are learnt in school, viz., that "Finland is surrounded by the Gulfs of Finland and Bothnia on the South and West, and bordered by Russia and Lapland on the East and North," and yet Finland is larger than our own England, Scotland, Ireland, aye, and the Netherlands, all put together... Finland is not the home of barbarians, as some folk then imagined; neither do Polar bears walk continually about the streets, nor reindeer pull sledges in summer – items that have several times been suggested to the writer.

Tweedie 1913, pp. 11–12

This quotation is no longer news. It is from a travel book on Finland written before the First World War. Its British author, Mrs E. Alec Tweedie, closed her various observations with a political survey that included the following crucial facts of those days:

It is a fundamental principle of the Finnish Constitution that the country shall be governed with the assistance of native authorities only... The people of Finland are awaiting with grave anxiety further developments in the present Russian policy.

Op.cit., pp. 461, 476

Indeed, Finland had developed a political identity of its own; largely because it had been an autonomous state with its own “home rule” since 1809. For a century its head of state was an authoritarian ruler in other parts of his Russian empire, but with constitutionally limited powers in Finland. Then, in 1917, quite unexpected “further developments” dethroned Russia’s emperor, the Tsar. Finland seized the opportunity and declared its independence on December 6, 1917. Soon thereafter, in the aftermath of World War I, several more states in Europe gained independence or adopted a new constitution but, before three decades had passed,

Finland remained the only one among those states that had kept the same constitution in force without interruption.

In 1997, the eightieth year of Finland's independence, there were no fewer than 186 independent countries in the world. One of them, and since 2000 two, had more than a billion inhabitants. Forty-eight had at least 20 million, while the population of thirty-five countries was below a million. Such a comparison ranks Finland near the median of all countries. In Europe Finland is typically classified as one of the small states. Its population of 5,181,000 (in 2000) makes it smaller than Switzerland or Denmark but larger than Ireland or Norway.

Finland's area of 338,145 square kilometers (130,558 sq mi.) means that the country is relatively spacious, being 46 percent larger than Great Britain and 12 percent larger than Italy. A comparable area in the United States would cover New York, Pennsylvania, "aye," and Indiana "all put together," but it would be smaller than California.

In August 1975, the Final Act of the Conference on Security and Cooperation in Europe (CSCE) was signed in Helsinki. The number of European heads of state or government who participated in the conference was 33, and the participation of Canada and the United States increased the number of signatories to 35. Later, when Finland began to organize the fourth follow-up conference of the CSCE in 1991-1992, facilities were being prepared for only 34 delegations, because the unification of Germany had recently reduced the number of European states. But before the opening of the conference, the number of participating states had increased to no less than 51. So many newly independent states had suddenly made their appearance on the European scene. In 2000, the revamped Organization for Security and Cooperation in Europe (OSCE) included 55 states.

Such a change illustrates the fact that the number of independent countries was flexible throughout the 20th century. Some were, forcefully or otherwise, annexed by a neighbor, some disengaged themselves from an undesired ruler, and former colonies gained independence. In the entire world, there were 129 independent countries in 1965. Political scientists, as well as the leaders of great powers, had a general tendency to predict that the number would decline. What actually happened, however, was a rapid increase to 186 states by 1997, and to 194 by the year 2000.

Among the countries of the world, and even among the small European democracies, Finland is unique in many respects. It does not conveniently meet all the expectations and stereotypes of cross-national comparisons. While it is one of the five Nordic countries of Europe, often jointly called the Scandinavian countries, most Finns do not speak a Scandinavian or even an Indo-European language. It is the northernmost country in the world after Iceland – but its agriculture produces more than the country consumes.

Having gained independence, Finland shared a 1566-kilometer long land border (973 mi.) with the newly established communist superpower, the Soviet Union (1922–1991). This did not prevent Finland from developing its advanced free-market economy, and the life of Finnish citizens

Finland celebrated its 85th year of independence in 2002. It is one of the thirteen countries of the world that have preserved their democracy uninterrupted since the First World War.

Despite its modest origins and difficult wartime experiences, this dynamic country is now a world leader in many spheres. In 2001 it was named the world's most technologically advanced and also the least corrupt country.

Other studies have shown it to have one of the three most competitive economies, the best environmental sustainability, and the second most equal society.

Such rapid development has increased the need for information about Finland and what can be learned from its unique experience. This book offers an introduction to the country today, focusing on the most recent research into its politics, policies, and society, viewed in a comparative context.

Dynamic Finland has been written for a general audience by two eminent scholars.

Pertti Pesonen has been professor of political science in Tampere and Helsinki and at several American universities, and is also the former editor-in-chief of the *Aamulehti* daily and past chairman of the Finnish Academy of Science and Letters.

Olavi Riihinen served for 24 years as professor of social policy and Chairman of the Department of Social Policy at the University of Helsinki.



STUDIA FENNICA
HISTORICA 3
ISBN 978-951-746-426-0
32.18; 37; 92.7
www.finlit.fi/kirjat