



CHANDLER
INSTITUTE OF GOVERNANCE

CASELET 3

THE EPIC RISE OF FINLAND

LESSONS FROM HISTORY: THE RISE AND FALL OF NATIONS

The historic rise of Finland is an incredible story of a small country that overcame the odds to be one of the richest, happiest, and best governed countries in the world. But how did this poor and cold country, sandwiched between the East and West, come to be so great? Finland's history is a story of trading routes, clashes of cultures and learning to build a new nation in the shadows of its old colonial neighbours.

To better understand the origins of, and key innovations in, Finland's national governance, we can trace its history across four distinct periods:

- I. **Ancient tribal period** (c.8900 BC - Middle Ages)
- II. **Swedish period** (1323 - 1809)
- III. **Russian period** (1809 - 1917)
- IV. **Independence** (1917 - present day)



Map of Finland



Ancient tribal period: 8900 BC - Middle Ages

The earliest settlers of this freezing land of lakes and trees were hunter-gatherers, using stone tools. To survive this harsh environment, hunting and fishing were core parts of the economy for millennia, and still are common pastimes today. The principal ancient tribes were not one nation. They were the Tavastians, Karelians, the Finns Proper and the Sami of the northernmost province of Lapland. From the iron age onwards, trade with the Nordic and Baltic peoples saw exports of furs, castoreum, and falcons. It was during this period that dialects of the modern Finnish language developed. Archaeologists have uncovered indigenous weapons and jewellery, with common local features that point to what would become a common Finnish identity.



A typical silver brooch of the Finns Proper tribe, c. 12th-14th centuries.

Swedish period: 1323 – 1809

Following two centuries of violent clashes and crusades in the northern Baltic Sea, most parts of Finland gradually became part of the Kingdom of Sweden. Swedish became the dominant language of the nobility and administration. Helsinki, the current capital was established in 1555. Finland suffered a severe famine in



Helsinki cityscape with Helsinki Cathedral, South Harbor and Market Square Kauppatori, Finland

1695–1697, during which about one third of the Finnish population died, followed by a devastating plague in 1710. In the 18th century, wars between Sweden and Russia twice led to the occupation of Finland by Russian forces, times known to the Finns as the Greater Wrath (1714–1721) and the Lesser Wrath (1742–1743). It is estimated that almost an entire generation of young men was lost during the Greater Wrath, due mainly to the destruction of homes, crops, and the burning of Helsinki.

Russian period: 1809 – 1917

Following Swedish losses in the 1808-1809 Finnish War with Russia, Finland became a Grand Duchy of the Russian Empire. In 1854, Finland was impacted by Russia's involvement in the Crimean War, when the British and French navies bombed the Finnish coast during the so-called Åland War. The Finnish famine of 1866–1868 occurred when freezing temperatures ravaged crops, killing approximately 15% of the population. It was during the Russian period that the Finnish language began to gain traction as part of a burgeoning nationalist movement and at the turn of the century the desire for autonomy had grown.

Independence: 1917 – present day

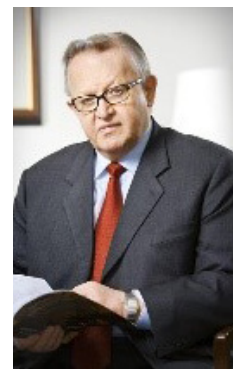
The Russian revolution of 1917 and World War I brought political and social turmoil. After the Finnish civil war of 1918, Finland finally emerged as an independent, democratic republic. It would choose to be reunited through social compromises based on a long-term culture of moderate politics, economics, and religion. But the nation was attacked yet again in two wars with the Soviet Union, one in the winter of 1939-40 and a second from 1941 to 1944. After the WWII, Finland pursued industrialisation, built an extensive welfare state and became the best at almost everything: https://www.stat.fi/tup/satavuotias-suomi/suomi-maailman-karjessa_en.html



*Carl Gustaf Mannerheim
(1867-1951)*

Among the great leaders of Finland, **Carl Gustaf Mannerheim (1867-1951)**, the “Father of Finland”, is the most recognised by Finns. He served in many state and military capacities, during Finland's formative decades of early independence. He fought in the Civil War and subsequently served as regent, but steered a centrist path for unification.

He was called back into service in his 70s and wisely led and defended Finland in battles against the Soviets during World War II and served as President (1944–46). “Great are the difficulties that we will have to overcome in order to safeguard our future (...) I hope, and I believe that, supported by parliament and the government, a unanimous people behind us, we will succeed in preserving our independence and the existence of our nation.”



*Martti Ahtisaari
(b.1937)*

More recently, **Martti Ahtisaari, (b.1937)** was the egalitarian president of Finland (1994–2000) who led Finland to join the EU. He was famous globally for his diplomatic skills and in 2008 was awarded the Nobel Prize for Peace for his efforts to resolve many international conflicts. Interestingly, these two leaders show how both winning, and then keeping the peace, after civil and European wars, were foundational to Finland's story of independence and unification.

DEFINING “FINLAND”



An illustration of a passage from the Kalevala.

The concept of “Finland” evolved through a deliberate process, led by its leaders and its elite. The Finnish **national awakening** of the mid-19th century occurred when members of the Swedish-speaking upper classes deliberately chose to promote **Finnish culture and language** as a means of nation building—to establish a feeling of unity between all people in Finland from the elite to the peasantry. This seed of national consciousness would eventually mature into Finnish Independence in 1917.

The most influential individual in this national awakening was the physician, philologist and collector of Finnish oral poetry, Elias Lönnrot (1802-1884). Lönnrot provided Finland with a **national epic**. In 1835 he published a collection of traditional stories in a mythical poem titled “**Kalevala**” that for the first time tied the Finnish people to their homeland. “Kalevala” is the name of the dwelling place of the poem’s main characters, and is a poetic name for Finland, meaning “land of heroes.” It is a tale that encompasses the creation of the world and the adventurous journeys of its protagonists. In the wake of publishing Kalevala, a vast amount of nationalist literature contributed to Finland’s growing national consciousness.

Rise of the nation - economic transformation

Finland has followed the typical evolution of most industrialised economies, from a poor agrarian economy to a modern information society. In the 1850s, Finland was very poor and underdeveloped, well behind most European nations. But then from 1860 to 2000, Finland's GDP per capita grew 21-fold, quicker than the average 11-fold rate of most EU countries. Finland joined the EU in 1995. How did they catch up? The government's perspective was that "in order to develop as a democratic society and an industrialised country, Finland must build its international position and competitiveness on knowledge and know-how. Finland cannot compete internationally with a low costs level, inadequate social security, lax environmental statutes or high industrial subsidies. In the longer-run the only way to ensure economic and social development is to rely on knowledge and know-how."



Nokia mobile phones dominated the global market in the 90s and early 2000s.

A great deal of Finland's trajectory to become a competitive economy and tech leader can be found in tracking the policies and inputs that went towards creating the famous Finnish company NOKIA

Founded in 1865 in Tampere, Nokia's innovations in business have moved with the times. They first ran a paper mill, moved into electrical generation, and then rubber production. Their tech-based inventions began in the 1930s with respirators, radios, and digital computers. They invented the transistor, the first commercial mobile phone service, the laser, and the first successful solar battery. They rose to global prominence in the late 1990s with their popular mobile phones. But this would soon decline in the face of competition and at one point the company faced bankruptcy. Nokia now produces more B2B technologies, enterprise solutions and hardware including 5G and 6G networks. And Nokia still also owns thousands of patents which are bringing a constant stream of revenue to the company.

It's success owes a lot to the accidents of Finnish history and to government policy. In 1944, the Soviets imposed \$300 million reparations on Finland for siding with the Germans for part of World War II; these were to be paid in kind, partly through cable production, which led to ramped up efficiencies. Finland was not eligible for Marshall Plan aid or technological transfers, so Nokia began to develop more in house technological capacity. Its Director/CEO from the 70s to 90s, Kari Kairamo, credits its success to expanding into international markets, the company's ability to change, and the high educational levels that allowed for the constant upgrading of personnel.

Meanwhile the government provided a favourable business environment that supported consolidation of technological competencies, industry clustering, standards setting, and advantageous public procurement.

- With a view to expanding into international markets, the Nordic governments, especially Finland and Sweden, collaborated and lobbied for Europe's first standard mobile telephone network, Nordisk MobilTelefoni (NMT), which opened in 1981 and quickly became the world's largest mobile network.
- Telecommunications deregulation in Finland in the 1980s allowed local phone companies to jointly establish a mobile phone operator Radiolinja in 1988 which became Nokia's first client and an important testbed for innovations.
- Tekes (the Finnish Funding Agency for Technology and Innovation), founded in 1983 is the main government financing and expert organisation for research and technological development. Tekes financed several challenging and risk-intensive R&D programmes that helped Nokia with product development and engineering skills, working closely with universities and research institutes. The Science and Technology Policy Council was founded in 1987, under the Ministry of Education and headed by the Prime Minister. In 1990 it launched what was, in practice, the world's first "national innovation system" to produce "new, and economically useful, knowledge".

Steady institutions in the face of change

In 1809, Finland was transferred from Swedish rule, to be an autonomous Grand Duchy under the Russian Empire. It chose to continue to run its own public administration, retaining its previous Swedish legal system and its Lutheran religion. Native Finns were allowed to staff all civil service positions, except the Governor-General, who was the representative of the Russian Emperor. All this allowed for continuity in the administration of public institutions and in the civil service, even though the political circumstances changed radically.

One key principle that has run through Finland's public administration for centuries, and might be considered very modern by today's standards, is the principle of transparency. This goes back to 1766, when Sweden, of which Finland was then part, became the first country in the world to implement an Act on the openness of administration. Today the Finnish public administration invests heavily in transparent communication with its citizens through online tools that support open discussion of policy issues and how they are to be tackled. Online services are collected under one portal, [Demokratia.fi](https://demokratia.fi), which also provides live information on all stages of policy decision-making and law-drafting.

Building a unified community – based on equal opportunities

Like many nations with remote and inhospitable landscapes, Finns understand the importance of community and caring for others. But this is undergirded by a strong societal commitment to equal rights, recognition, and opportunity, and to consensus-based political decision-making, even in times of crisis. In 1906 Finland's parliament was the first in the world to adopt full gender equality. It granted all men and women the right to both vote and stand for election.

From the late 19th century, Finnish nationalists promoted the importance of education and lifelong learning. This was not just for increasing employability but helped people understand their rights and their own national identity. Finland was part of a Nordic phenomenon from the mid-19th century, when adult education was popularised, embodying the philosophy of Danish pastor N.F.S. Grundtvig, “the father of Western adult education”. The aim of new “folk high schools” was to educate and empower all of the adult population to become qualified, active and engaged members of society. Milestones in the movement include the Finnish Lifelong Learning Foundation (*Kansanvalistusseura*, founded in 1874), folk high schools (1889) and adult education centres (*työväenopisto*, *kansalaisopisto*, *arbetarinstitut*, 1899). The generation prior to the First World War also saw a massive expansion in the Finnish primary school system.

Today, this inclusive and accessible education system helps skill the workforce and improve social mobility. The Finnish public are more equipped to understand and evaluate the media, make decisions, and understand their rights and responsibilities. Equally, the nation's civil servants are very well educated with over 33% of central government personnel having a master's degree or higher.



Thirteen of the 19 women elected to Parliament in 1907.

How History Taught its Leaders to be Prepared to Defend the Nation

During World War II, Finland suffered great casualties, loss of territory and was cut off from imports. It vowed “never again”.



After the war they set up a “Comprehensive Security” strategy to prepare in case of a military invasion, and for natural disasters or other threats. A government commission that comprises government bodies, critical industries and NGOs meets monthly, to imagine everything that could go wrong and then plans and prepares for various scenarios. Finns are prepared for shortages of food, fuel, chemicals, medical supplies, arms, electricity failures and other eventualities. One meeting several years ago recognised the likelihood of a respiratory disease pandemic and advised the government to stockpile face masks, which were cheap at the time. Finland was ready for Covid-19.

Finland's National Emergency Supply Agency (Nesa) collects a small levy from all fossil fuel and electricity purchases in Finland to fund its supplies. Nesa's CEO notes that this gives “quite a lot of leeway so we have an ability to respond to different types of occurrence and at very short notice.

In addition, senior members of Finland's establishment understand what is at stake. They are invited to participate in what the country calls “National Defence Courses”, where four times a year, a group of several dozen politicians, business leaders, and civil society leaders meet for a month-long intensive programme involving lectures from senior military officers and government officials as well as a crisis simulation. 10,000 people have been trained in such courses and 60,000 have attended regional courses.



Opinion polls suggest three quarters of Finns are willing to fight for their country, and one third of adult Finns are reservists.

FOR REFLECTION

From very unpromising origins Finland has risen to be one of the best governed countries in the world.

- What were some of the main factors that helped to propel Finland to be one of the most prosperous nations in the world, underpinned by unified communities?
- What was the role of the Finnish government, and its leaders, in bringing about the rise of Finland?

¹Hira, A. (2012). Secrets behind the Finnish miracle: the rise of Nokia. *International Journal of Technology and Globalisation* 2012 6:1-2, 38-64

²The Marshall Plan, also known as the European Recovery Program, was a U.S. programme providing aid to Western Europe following the devastation of World War II. It was enacted in 1948 and provided more than \$15 billion to help finance rebuilding efforts on the continent.

³Lindén, C.-G. (2021). *Kingdom of Nokia: How a Nation Served the Needs of One Company*. Helsinki University Press. <https://doi.org/10.2307/j.ctv1qp9hb8>



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