

OECD Observer Roundtable on Finland

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Roundtable Finland Flag image

To mark Finland’s 50th anniversary as a member of the OECD, we have invited a range of representatives to answer the following question: What Finnish achievement would you most celebrate from the last 50 years, and what would you see as the main policy challenge for the next 50?

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Historian, Research Director, Centre for European Studies, University of Helsinki
Anni Huhtala,

Director General, VATT Institute for Economic Research Mari Kiviniemi, Managing Director,

Kauppan liitto–Finnish Commerce Federation Pirita Näkkäläjärvi, Strategy consultant, Sámi of the Year 2017

Towards ever better marine protection

Annamari Arrakoski-Engardt, Secretary-General, John Nurminen Foundation

Roundtable Annamari Arrakoski



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Annamari Arrakoski-Engardt, Secretary-General, John Nurminen Foundation

Who owns the Baltic Sea? Well, it's everyone's and no one's, which makes its protection a formidable task! There are nine coastal states on the Baltic Sea, with close to 90 million people living in its catchment area.

Since the Second World War, in our efforts to build a brave new world, we cultivated land and put as much fertilizers as we could into it to produce good crops. We built factories and we moved to cities in great numbers.

But we have since woken up to realise that we are pushing nutrients and waste into our inland sea in amounts it couldn't handle. We caused eutrophication, which is a serious problem.

We are fighting back now, though, thanks to organisations like ours, corporations, and local authorities. Nowadays wastewaters are properly treated before they reach the Baltic Sea. In the Gulf of Finland we have managed a massive 75% reduction in the annual phosphorus load in the sea. This record achievement was the result of international co-operation, and the key was our active focus on two major hot spots in Gulf of Finland: Saint Petersburg and, also in Russia, a major fertilizer factory near the city of Kingisepp.

Looking forward to the next 50 years, we must keep the Baltic Sea clean for the future generations. After all, we and our forebears are guilty of causing this crisis, so surely we should solve it. We face complicated tasks. In agriculture, for instance, we have to figure out how to sustain the nutrients in soil. One innovation worth mentioning here is gypsum treatment of fields, which is fully a Finnish innovation. We have to find innovative methods for rescuing the Baltic Sea. Could we, for instance, find a way to retrieve the nutrients that are stored on the sea bed?

There are great ideas to be tapped in big and small businesses. We will have to introduce flexibility in administration and taxation, by creating new funding mechanisms and lowering the threshold for corporate funding. By matching funding and willingness to pay, we can set new records, with Finland leading from the front.

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Can Finland be top of the class on ageing too?

Juhana Aunesluoma, Historian, Research Director, Centre for European Studies, University of Helsinki.

Roundtable Juhana Aunesluoma



Juhana Aunesluoma, Historian, Research Director, Centre for European Studies, University of Helsinki.

Finland's top achievement in the last half-century is its education system. From the late 1960s onwards it has built a well-functioning comprehensive school system that provides high quality education for the whole population. It covers geographically the whole country, including less populated areas, and the schools are socially and culturally inclusive. Learning outcomes have been on a very high level by international comparison. In addition to this, Finland has a competitive research and development sector building on the strengths of its higher education system and on its investment in basic research. For a relatively small country, Finnish universities and Finland-trained academics and professionals punch above their weight.

The biggest challenge the country faces now is its ageing population. Current demographic trends put pressure on its labour markets and for the financing of its health and social services. Finland needs immigration to replace and renew its workforce, but faces difficulties in setting the goals and priorities regarding its

immigration policy. Its public services are under financial pressure, and a comprehensive social security reform is needed, but slow to come. The risk is that, with ageing, publicly funded health and social services will consume an increasing share of its public sector spending, allowing less room for developing its education, training and research and development systems and its economic and business infrastructure. This is crucial for the country to be able to maintain its Nordic style welfare state and social safety net, indeed, its basic social model, in the future.

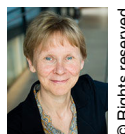
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Making progress on the environment, but what about equal rights of access

Anni Huhtala, Director General, VATT Institute for Economic Research

Roundtable Anni Huhtala



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Anni Huhtala

Finland is known as the land of a thousand lakes. As recently as in the 1960s a quarter of the population lived near badly polluted water bodies. At that time, Finland was a relatively poor country, compared with our neighbour Sweden, for example. The growth of the Finnish national economy was accompanied by a shift in environmental and industrial policy that aimed to foster improved water quality. Efficient treatment of wastewater discharges started in municipal plants in the 1970s. However, some large lakes were too polluted to swim or fish in. As new pulp and paper mills surged, providing jobs and other economic opportunities, such environmental deterioration was simply considered as the price of progress. The turning point came in 1980s. Today water quality is classified as excellent or good across 80% of the total area of Finland's lakes. In particular, waters near industrial facilities have become cleaner in recent years.

An interesting question is who actually benefits most from this improved water quality and the increased recreational opportunities. Do the rich benefit more than the poor? Nordic countries like ours differ fundamentally from many other countries in that their institutions include a common right of access to all natural areas. Undesirable, unequal provision of environmental amenities can be avoided only if such distributive issues are taken into account in environmental planning. This is one of the key challenges for future Finnish environmental policy, as we address global warming and work towards a reduction of greenhouse gases.

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Reforms to maintain our well-being

Mari Kiviniemi, Managing Director, Kaupan liitto–Finnish Commerce Federation*

Roundtable Mari Kiviniemi



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Mari Kiviniemi, Managing Director, Kaupan liitto–Finnish Commerce Federation*

Finland has become one of the world's best performing countries in so many areas, it is hard to single out just one. The country scores highly in most dimensions of the OECD's Better Life Index. It stands out for well-being, education and skills, environmental quality and personal security. Also, Finland's income inequality, as measured by the Gini coefficient, is among the lowest in the OECD. Finland tops many unofficial ratings, too, like the Good country index and the UN's global happiness index.

These results tell the same story: that Finns have been able to develop their country, their economy and the whole of their society in a comprehensive and inclusive manner.

Still, Finland faces both external and domestic challenges. As a small open economy Finland's future development and economy can be harmed by geopolitical tensions and protectionism, both of which are growing. Free trade and active participation in global value chains is a prerequisite of guaranteeing Finland's future well-being. And the EU's weakened ability to deal with multiple challenges could have negative effects on Finland's future as well.

The major domestic challenge is how to maintain our high level of well-being. To reach this objective, structural reforms restoring competitiveness, raising productivity and boosting employment will be needed. The labour market needs to function better and work incentives need to be further strengthened. Science, technology and innovation are more than ever crucial to boosting growth and

jobs, and to addressing the grand challenges of our time, from development, to climate change to global health. That’s why continued support and sufficient financial resources will be needed for R&D and education.

Maintaining our willingness and capacity for reform, and keeping Finland’s economy and society operating at a high level, will also be a challenge. The OECD's role in informing and inspiring our efforts will be needed again in the future.

*Mari Kiviniemi is a former deputy secretary-general of the OECD

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The achievement of Sámi parents

Pirita Näkkäljärvi, Strategy consultant, Sámi of the Year 2017

Roundtable Pirita Näkkäljärvi



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Pirita Näkkäljärvi

One of the most important achievements in Finland is the teaching of Sámi languages in basic education to Sámi children and in the Sámi region. This is a right, and it would have never happened without the initiative of their parents.

We Sámi are an indigenous people. The borders of the Finnish, Norwegian, Swedish and Russian nation states divided up the Sámiland. Our culture, language, history and worldview are distinct from the majority populations. In Finland we speak Northern, Inari and Skolt Sámi languages.

Our parents are the heroes of this story. They fought to ensure that we have an opportunity to learn how to read and write in our mother tongue, and to receive tuition in Sámi.

When the basic education was established in the 1970s, legislation was passed to organise teaching of the Sámi language—if parents so demanded. Due to anti-Sámi sentiments and racist undertones in Finland, it required a lot of courage to demand Sámi-language teaching for your child.

Since then, the development of the teaching has been a joint effort of parents, teachers, Finnish authorities, and the Sámi parliament. When I was eight years old in 1986, my cousin and I were the first two children in Finland to receive tuition in Sámi—when my nieces started school after 2015, Sámi-speaking classes were already bigger than the Finnish-speaking classes in Inari.

A lot remains to be done. For example, there is lack funding for Sámi teaching materials. Most text books are quite old, some of them pushing 20 years. We

expect the government to assume more responsibility in our joint effort by making sure that the three Sámi languages in Finland are maintained and developed.

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This article is part of a series celebrating Finland's 50th anniversary as a member country of the OECD: www.oecdobserver.org/finland50oecd

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