Abstract

The concept of media welfare state is a combination of the democratic corporatist media system and social democratic welfare state model, describing the distinctiveness of the Nordic countries and their media systems with four basic principles. Media welfare state is based on communication services understood as public goods, freedom from editorial interference, cultural policy and economic support for media pluralism as well as preference for consensual solutions involving cooperation between main stakeholders. However, identifying a joint media welfare state model in recent media and communication policy decisions made in Nordic countries on developing communication infrastructures, media delivery and universal access turns out to be difficult. During the last three decades, none of the four largest Nordic countries has strictly followed all the four principles. In most cases, Finland has ended up with different solutions than its Nordic neighbours and sometimes also in contradiction with the Media Welfare State model. There is evidence that the Nordic media markets have been losing their distinguishability over the years. But the main reason why the present-day Nordic countries do not fit into media welfare state model is that they no longer are welfare states – not at least in the same fashion as they used to be. In Finland, this transition from the welfare state to the competition state has been more rapid and extensive than elsewhere in the Nordic region, partly because of its geopolitical position. The Finnish economy has also been exceptionally dependent on a single mobile technology corporation.

Keywords

media welfare state
Nordic media systems
media and communications policy

digitalization

marketization

globalization

Finland

Introduction

The concept of the media welfare state (Syvertsen et al. 2014) is a relatively new way to describe the special nature of the Nordic countries and their media systems, inspired by two classic studies (Engelstad et al. 2017). Its first cornerstone is the typology of three media systems (liberal, polarized pluralist and democratic corporatist) introduced by Hallin and Mancini (2004). The four largest Nordic countries (Denmark, Finland, Norway and Sweden) were the most typical examples of the democratic corporatist model and the most like one another in the entire sample, with the highest scores in every criterion used to categorize, compare and contrast different national media systems (early development and diffusion of mass media [press], independence from political groups, professionalization and self-regulation and degree of state intervention for pluralism and press freedom). However, Hallin and Mancini (2004: 67–70) saw them only as part of their North/Central European model.

Based on the same theoretical assumption about the relationship between political and media systems as Hallin and Mancini (2004), Syvertsen et al. (2014) took an additional step. They argued that there is a special media system that is typical of Nordic countries and based on their welfare state model. Besides Hallin and Mancini (2004), their other cornerstone was Esping-Andersen’s (1990) typology of liberal, conservative and social democratic welfare states, with the Nordic countries falling into the final group. As a result, the new composite model was based on four pillars: (1) universally available communication systems, (2) institutionalized editorial freedom, (3) an extensive cultural policy for the media and (4) consensual policymaking and compromise between key stakeholders. These pillars are by no means exclusive to Nordic countries, but their definitions and combinations are (Engelstad et al. 2017; Hilson 2008).

In the 1980s, it would have been easy to confirm that all four defining pillars of the media welfare state were still in place in Finland. However, the gradual transition from the postwar welfare state model towards a competition state model had already started in all advanced capitalist societies, including the Nordic countries, which also began liberalization of their societies in the 1980s (Jessop [2002] 2005; Therborn 2019). The next stage of the transition from welfare state to competition state – after an exceptionally deep recession in the early 1990s – was faster and more extensive in Finland than elsewhere in the Nordic region (Alasuutari 2004; Kananen 2017; Pelkonen 2008), and this has been reflected in Finnish policy decisions.

The most characteristic trends in the development of media and communications between 1989 and 2019 have been digitalization, marketization and globalization. The present article compares the major Finnish and Nordic media and communication policy decisions about
communication infrastructures, media delivery and universal access during those three decades and analyses them in relation to the four basic pillars of the media welfare state model. The main theoretical approach of the article is political economy and the theory of transformation of capitalist states (Jessop [2002] 2005). While the present study is partly a meta-analysis of the author’s earlier work on Finnish media policy, it also uses other relevant research literature and public documents. In addition, it is part of a larger project on communication rights, digitalization and Finnish society undertaken by the Helsinki Media Research Group.

The main research question in the present study appears in its title: can Finland still be categorized as a variant of the media welfare state, or has it deviated from the Nordic model entirely? The question is deeply relevant because Finnish media and communication policy in the last three decades has been notably distinctive; for example, its digitalization and spectrum solutions have differed from other Nordic countries and countries in the European Union. Based on my analysis, Finnish media and communication policy has violated at least three of the four pillars of the media welfare state. The main hypothesis of this study holds that there are three separate but interrelated factors behind this development that have been identified by analysing Finnish policy decisions from historical, political and economic perspectives.

The oldest and most fundamental factor is Finland’s special geopolitical position, which is also the basis of several national political and economic distinctions (Alasuutari 2004; Hilson 2008). The second factor is Finland’s more rapid and extensive transition, when compared to other Nordic countries, from the welfare state model to the competition state model (Alasuutari 2004; Jessop [2002] 2005; Kananen 2017). The third factor is the exceptional economic dependency of the Finnish economy on a single large mobile technology corporation, Nokia (Ali-Yrkkö et al. 2016).

Taken together, these factors have shaped Finnish media and communication policy on access since the 1990s to emphasize the welfare of the state and its competitiveness instead of the welfare of citizens. For example, press subsidies for media diversity have been cut twice to address the state’s fiscal crises, and digitalization of media and communication has repeatedly been used as a tool for promoting economic and industrial policy goals instead of social and cultural goals.

The politics of the Nordic model

Ever since its introduction, the media welfare state has been a widely used concept in scholarly work on Nordic media systems. However, it has some inherent problems, even if we leave aside the original shortcomings of Hallin and Mancini’s (2004) typology (see, e.g., Norris 2009; Syvertsen et al. 2014).

As noted above, the main defining factor of the media welfare state for Syvertsen et al. (2014) was not just the European combination of a democratic corporatist media system and a welfare state regime as such, but a welfare state based on the traditional Nordic model of social democracy. This political ideology entered a crisis after the Cold War as Nordic cooperation diminished and Nordic social democratic parties adopted neo-liberal economic and social policies (Kettunen et al. 2016; Therborn 2019). Syvertsen et al. (2014) argue for the continuing relevance of the Nordic model despite the rise of neo-liberalism, because the Nordic countries
(except Iceland) remain welfare states. However, this approach appears to assume that the surviving institutions of the welfare state have not been modified to meet the needs of the competition state (Kettunen et al. 2016).

Second, both Hallin and Mancini (2004) and Esping-Andersen (1990) based their typologies on data and evidence from the twentieth century or even earlier. While Hallin and Mancini’s model of media systems is based only on the historical development of the printed press, Esping-Andersen’s idea of Nordic societies as typical social democratic welfare states best reflects the status quo in the 1980s (Engelstad et al. 2017; Hilson 2008). Thus, it is not fully accurate to describe any of the present-day Nordic media systems as following the media welfare state model, because that notion actually best describes a certain window in time that is frozen in the past.

Finally, the concept also stretches the similarity of Nordic media systems too far. Despite common cultural roots that have historically shaped the cultural sectors and national public spheres in the Nordic countries, there has always been substantial variation in political history and economic structures (Engelstad et al. 2017; Hilson 2008). There have been some attempts to identify a joint Nordic media model based on comparisons of statistical data and on a wider selection of materials. While Nord (2008) came to the conclusion that there was no typical Nordic market, Ohlsson (2015) found that Nordic media markets were no longer as different from other western countries as they once had been.

The first pillar: Communications services as public goods

According to Syvertsen et al. (2014), universally available communication systems are crucial to the media welfare state, just as universal social provisions were the central ideal of the original Nordic welfare model. Both educational and communication services in the Nordic countries were organized to provide equal and universal access to all citizens. Although the public monopolies in postal and telecommunication services and in broadcasting were abandoned in the 1980s and 1990s, a powerful obligation to provide universal services remained. Syvertsen et al. also argue that ‘in the 21st century, both public investment in infrastructures and ambitious universal service obligations are among the explanations for why the Nordic countries have placed themselves in the global lead as far as Internet and broadband coverage is concerned’ (2014: 18, emphasis added).

Digital television

In 1996, the Finnish government decided to digitalize all TV and radio broadcasting at a relatively rapid pace. The public service broadcaster Yleisradio was given a leading role in the transition, but the Social Democrat-led coalition government also decided not to provide any additional public funding for this task, so Yleisradio was forced to divest and sell its nationwide broadcast network infrastructure to finance the digitalization of television to keep up with the mandated schedule (Soramäki 2017). The new infrastructure company, Digita, was sold first to Télédiffusion de France (TDF) in 1999, but the ownership of the Finnish broadcast networks has since changed several times. In 2018, First State Investments sold Digita to Digital Colony, a firm based in the United States.
The idea of selling terrestrial broadcast networks owned by the public service broadcaster was developed in the United Kingdom by the Thatcher ministry in 1988 (Galperin 2004). This plan was put into practice in 1997, when the BBC sold its transmission networks to Castle Transmission Services (Wolmar 1997). It was brought to Finland by Yleisradio’s deputy managing director, Jouni Mykkänen, in a report about digitalization strategy for the Ministry of Transport and Communications in 1995. The arguments for separating the transmission services from the BBC and Yleisradio were remarkably similar. In both cases, it was claimed that this would reduce barriers to entry into the market and release funds for new investments (Galperin 2004; Soramäki 2017).

In Norway and Sweden, the broadcasting networks were never owned by the public broadcasters themselves and remain at least partly publicly owned. The state of Norway is the majority shareholder in Telenor (54.5%), which is the only owner of Norkring, the broadcast network company. The state of Sweden is the sole owner of Teracom, which owns the national broadcasting networks in both Sweden and Denmark. Danmarks Radio (DR) and TV2 sold their joint distribution company, Broadcast Service Denmark A/S, to Teracom in 2010. Thus, even in Denmark, although it is a neighbouring state, the broadcast networks are still state-owned.

Spectrum policy

As Manninen (2002) has pointed out, the first-generation (1G) Nordic Mobile Telephone System was very successful in the Nordic countries because of its universalism: it was designed to make mobile communication possible for a much larger part of the society than before, even across international borders. When the Nordic countries took part in the European development of a digital mobile communication standard, these principles also shaped the Global System for Mobile Communications (GSM, 2G). Consequently, the universalism built into the GSM standard design served as the foundation for a global mass market of mobile communication (and for the success of Nokia). As more people bought mobile phones and used the devices for new purposes as systems developed, the mobile business was in need of additional spectrum.

All spectrum licenses for Europe’s 1G and 2G mobile networks were essentially granted free of cost, through a political process (or so-called ‘beauty contest’) that required only a nominal fee. However, after the United Kingdom organized the first spectrum auction for third-generation (3G) mobile networks in 2000 and sold the licenses to highest bidders, spectrum auctions became a mainstream solution in Europe. Even Norway and Denmark (2001) and Sweden (2005) started to auction all licenses for mobile frequencies, but Finland actively abstained from auctioning spectrum until 2013. Besides an experimental auction in 2009, there have been only three spectrum auctions in Finland: in 2013, 2016 and 2018 (Ala-Fossi et al. 2018).

Broadband internet

From an economic standpoint, the longstanding Finnish policy of granting mobile spectrum licenses through a beauty contest was indirect public support for telecom operators’ mobile businesses. Besides making it easier for the operators to invest in mobile networks, it also made investments in fixed networks less attractive. Thanks to this special treatment, the operators were able to build extensive nationwide mobile networks to deliver both phone calls and data. This made it possible for Finland, in July 2010, to become the first country in the world to add
the availability of a 1 Mb/s broadband Internet connection to the legal rights of every household under the universal service obligation (USO). Earlier in 2010, the European Union had set an ambitious goal to make fast broadband (30 Mb/s) available for all Europeans by 2020.

Besides offering free spectrum for 3G services, Finland had also allowed the operators to utilize the existing 2G spectrum for new broadband services. By 2015, the minimum speed of USO broadband Internet was raised to 2 Mb/s. As the capacity needed for even relatively basic Internet use is constantly increasing, the Finnish Communications Regulatory Authority (FICORA) studied whether it would be possible to raise the USO broadband minimum speed to 10 Mb/s by 2021. It turned out this was not possible on purely commercial terms, so the minimum speed was kept at 2 Mb/s. In Sweden, where the government has been more determined in developing fixed broadband, the minimum speed of USO broadband Internet was set to be 10 Mb/s by March 2018 (Ala-Fossi et al. 2018).

Partly because they obtained their spectrum for free, mobile operators in Finland are now selling the cheapest unlimited mobile data packages in Western Europe (BBC 2019). Finland has also become the world leader in mobile data usage per capita. In 2016, the average monthly use of mobile data per subscription in Finland was almost 11 gigabytes; by 2018, it was almost 19.4 gigabytes. Although all this data is delivered via mobile networks, most mobile data is used in homes and offices, where mobile broadband is used as fixed broadband and – more often than anywhere else in Europe – also serves as the only broadband connection (Ala-Fossi et al. 2018; OECD 2019).

In an analysis of broadband speeds in 200 countries in 2018, only Singapore had faster average Internet speed than Sweden (46 Mb/s), Denmark (43.99 Mb/s) and Norway (40.12 Mb/s). Finland was 24th, with an average speed of 24 Mb/s (Jones 2018). The difference is relatively easy to understand, as fixed broadband connections provide faster speed than 3G or even 4G mobile broadband.

The second pillar: Institutionalized editorial freedom

According to Syvertsen et al. (2014), the powerful position of institutionalized editorial freedom in the Nordic countries is largely due to a long historical tradition and continuity in the region. As far back as 1766, Sweden (which included present-day Finland) adopted a constitution that provided for freedom of expression. Despite some setbacks in the eighteenth and nineteenth centuries, they argue that, since the twentieth century, peacetime Nordic parliamentary governments have respected the editorial independence of the media (Syvertsen et al. 2014: 18). This is an oversimplification. The state of editorial freedom and freedom of speech did not continuously improve in all Nordic countries, even in the twentieth century. Indeed, postwar Finland was a rather conservative country until the 1980s, with the media striving to avoid criticizing the Soviet Union to protect Finland’s relations with its powerful eastern neighbour (Neuvonen 2018).

Neuvonen (2018) argues that joining the European Convention on Human Rights in 1990, as well as the reform of Finnish civil rights legislation and membership in the European Union in 1995 all supported the development of freedom of speech in Finland. However, the Finnish media
was not using its new freedom to the fullest extent when writing about the new giant of the communications industry, Nokia (Lindén 2016; Wiberg 2006).

In the twenty-first century – at least since the launch of World Press Freedom Index in 2002 by Reporters Without Borders – the Nordic approach has also been reflected in international comparisons. The four largest Nordic countries – Denmark, Finland, Sweden and Norway – have continuously led the ranking. Finland even had the very top ranking in the World Press Freedom Index for seven consecutive years from 2010 to 2016. However, Finland lost this position in 2017 after a dispute between Prime Minister Juha Sipilä and Yleisradio, dropping further to the fourth position in 2018. In 2019, Finland returned to second, behind only Norway, while Sweden was third and Denmark fifth (Neuvonen 2018: 340; Reporters Without Borders 2019; Syvertsen et al. 2014: 49)

The third pillar: A cultural policy that extends to the media

According to Syvertsen et al. (2014), while the first pillar is mostly about infrastructures and the second pillar is basically a negative freedom (from editorial interference), the third pillar is about positively influencing the content of the media. This approach, as a cultural policy for the media, was originally developed for public service broadcasting on radio before the Second World War; later, it was extended to television and to commercial broadcasting. Only select private broadcasters were given licenses to operate in the national media markets; in return for this privilege, they were expected to provide certain types of content described in their license conditions. Another important positive form of regulation in cultural policy for the media is press subsidies. As the printed press cannot be rewarded or encouraged by licenses or privileges like broadcasting, media welfare states have ‘intervened in a free-market structure to safeguard that different views and opinions should also be published regionally and locally’ (Syvertsen et al. 2014: 18).

However, for certain historical reasons, public service broadcasting and all other forms of broadcasting and spectrum use – as well as press subsidies – have never been administered by the Ministry of Education and Culture in Finland, unlike other Nordic countries. Instead, all these files fall under Finland’s Ministry of Transport and Communications, which is why they are usually not even recognized as cultural policy issues in the Finnish context (Häyrynen 2006).

Press subsidies

Because of the international recession and the collapse of Finnish–Soviet trade relations, the Finnish GDP declined over 10 per cent between 1990 and 1993. At the time, it was the most severe recession any OECD country had experienced since the Second World War (Gorodnichenko et al. 2009; Hilson 2008; Kuusi 2015). One of the government initiatives to address the budget deficit was a reform of press subsidies, which had been introduced in the 1960s. At the time, the state was spending FIM 406 million (€99.8 million) to support the press (Nieminen et al. 2013; Virmavirta 1992).

The three largest parties (National Coalition Party, Centre Party and Social Democratic Party) agreed that at least selective and parliamentary support should be kept, so the centre-right coalition government led by the Centre Party first cut transport support to the postal service,
which ended by 1996. The next coalition governments – led first by Social Democrats and then by the Centre Party – continued with gradual cuts in direct press subsidies until they were totally abandoned in 2008; indirect subsidies in the form of a zero-rate value-added tax (VAT) were, however, continued (Ala-Fossi et al. 2018; Hämäläinen 2015).

In 2008, another financial crisis hit the world, especially the Eurozone that now included Finland. Therefore, the country again suffered a much deeper recession than other Nordic countries (except Iceland). This time, the Finnish GDP declined even faster than in the 1990s, dropping 8.5 per cent in just one year and creating an enormous deficit in the 2009 state budget (Savela 2013). The Finnish government again sought new ways to cut spending. In 2011, the remaining zero-rate VAT on printed and subscription papers generated about €213 million in tax refunds from the state to newspaper publishers. The Finnish government and its Social Democratic Minister of Finance, Jutta Urpilainen, agreed that the state could no longer afford this programme and decided to introduce a 9 per cent VAT on printed papers. According to the government proposal to parliament, this reduction in indirect tax support was based purely on the state’s difficult financial situation (Ala-Fossi et al. 2018; Nieminen et al. 2013; Ots et al. 2016).

The amount of direct state support for the press has been cut in all Nordic countries since the 1980s, but in Norway, Sweden and Denmark, direct support of the press still exists despite the reductions. Only in Finland have direct subsidies been abolished – and Finland is also the only Nordic country that has abandoned the zero-rate VAT for the printed press after joining the European Union. Sweden introduced a 6 per cent VAT when joining the European Union in 1995, and Denmark still has a zero-rate VAT, while Norway (zero-rate VAT) and Iceland (7 per cent VAT) are not EU members (Ohlsson 2015; Ots et al. 2016).

Broadcast license conditions

When television was digitalized, the Finnish government also began to abandon most of its existing practices of content regulation of private broadcasting through license obligations. The first digital TV programme licenses in 1999 required all channels to promote freedom of speech and diversity in accord with the Act on Television and Radio Operations (744/1998), but as the number of broadcast channels available increased, the Ministry of Transport and Communications argued that content regulations could no longer be justified (Hellman 2010; Miettunen 2013).

As the new Information Society Code (917/2014) gave FICORA the right to grant broadcast licenses (the Council of State can take over if a political decision is needed) and removed general license conditions, a new TV programme license category of ‘public-interest channels’ was introduced. Operators may apply for this license with certain additional obligations as to news programming and certain text and voice services. In return, they receive nationwide coverage. In 2018, a similar type of reform was also undertaken in radio licensing.

The fourth pillar: Preference for consensual solutions involving cooperation between main stakeholders
According to Syvertsen et al., while a close relationship between the state and the people is typical of Nordic welfare states in general, in the media sector ‘a more distinguishing trait is the extent to which private and commercial operators have accepted and taken part in state-regulated schemes and policies and found them beneficial for their own corporate interest’ (2014: 19). These authors also refer to consensual and pragmatic policy formation as a general feature of the Nordic model. Finland fits this concept well, as economic pragmatism and political compromise are typical of the Finnish media and communications policy tradition (Hellman 2010; Jääsaari 2007). Syvertsen et al. appear to assume that, in this setting, the state is always the most powerful actor, as they emphasize that ‘cooperation does not mean that private companies are overly restricted in their operations or that the interests of state and industry merge’ (2014: 19).

Founded in 1865, Nokia was already long established as a company before Finland gained its independence. It has, thus, always been part of the Finnish economy, but in the 1990s, it grew into a global player and became largely responsible for the economic growth of its home country. Finland became more dependent on one single branch of an industry – and on a single large company – than any other Nordic or European country. For a while, Nokia was the most important taxpayer and employer in Finland and had a larger turnover than the annual budget of the state. At its peak in 2000, Nokia was solely responsible for 4 per cent of the Finland’s GDP. Even after Nokia sold its mobile phone business to Microsoft in 2013, within three years it was again the most significant company in the Finnish economy in terms of GDP (Ali-Yrkkö et al. 2016).

Digitalization of television

Digital television became a central part of the European vision of the information society in the 1990s, but in the other Nordic countries, there were no similar hopes related to national trade and industrial policy goals as in Finland, home of Nokia. The company had been a member of the industry-led European project for digital video broadcasting (DVB) since 1993. The Finnish government’s decision to digitalize broadcasting in 1996 has usually been explained in terms of communication and cultural policy goals, which were quite valid at the time, but that decision and the rapid schedule established for the digital switchover also supported important industrial policy interests. Finland, together with Nokia, was trying to achieve a leading role as a developer of new digital technologies and services by making ‘television’s tiger leap into digital’ (Lehmusto 2017).

This was made possible in practice by selling the publicly owned national broadcasting infrastructure to foreign investors. Finland became the first country in the world to introduce several new technologies based on the European digital TV standard (DVB-T) like the Multimedia Home Platform in 2001 and an entirely Finnish invention, Digital Video Broadcasting-Handheld (DVB-H), in 2006, but none succeeded in the consumer market. Digitalization multiplied the number of channels, but on the edges of the coverage area, actual TV reception did not improve. Increased interference and the need to replace receivers were part of the reason why 55,000 households gave up TV at the digital switchover in 2007 (Ala-Fossi 2012; Ala-Fossi et al. 2018).

Digitalization of radio
Since 1996, Finland has twice tried – without success – to introduce digital radio broadcasting. Nokia was involved in the European development of digital audio broadcasting (DAB) in the 1980s, but lost interest in the system a year before Yleisradio introduced DAB services in 1998. The private radio sector in Finland was reluctant to undertake any digital services without Nokia or public investments in the digital radio broadcasting infrastructure. Yleisradio remained the only DAB operator, and its services were shut down in 2005 as part of a cost-cutting campaign. This decision paved the way for another Nokia-led project, as the DVB-H mobile TV system was now introduced in Finland as a new platform for digital radio. This time, the driver was commercial and private radio. DVB-H also had the political support of the Finnish government and the European Commission, but that was not enough to charm consumers, so services were shut down in 2012 (Ala-Fossi 2016).

The Swedish government and major radio operators had been planning for a digital radio switchover to occur in 2022, but these plans were cancelled in 2015. However, Denmark and especially Norway have doggedly continued to develop DAB. As a result of a consensus between the state of Norway, NRK, Norkring and the country’s largest private radio broadcasters, Norway shut down nationwide FM networks and replaced them with DAB networks in 2017 (Libell 2017), which resulted in a sharp decline of radio listening. Denmark soon decided to postpone its previous plan to switch off FM radio until at least 2023 (Irwin 2018), while both Sweden and Finland have granted (in 2017 and 2018, respectively) new long-term licenses for private and commercial analogue FM radio (Ala-Fossi et al. 2018).

Spectrum policy for mobile broadband

By avoiding mobile spectrum auctions like those undertaken in all other Nordic countries, Finland protected its operators’ ability to invest in new networks and the order volumes of its large domestic network equipment manufacturer. Both Nokia and Sweden’s Ericsson had campaigned against spectrum auctions, warning European governments about the possible consequences of spectrum overpricing. In Finland, this was taken seriously because the Finnish government, then led by Social Democrats, wanted to support Nokia in global competition. The Minister of Transport and Communications, Kimmo Sasi of the National Coalition Party, originally considered an auction, but he was then convinced that what was good for Nokia was good for Finland (Lindén 2016).

The Finnish government has also actively promoted Nokia’s spectrum policy goals for releasing additional TV broadcasting spectrum for mobile use at the World Radiocommunication Conferences (WRCs) in 2007 and 2015. As all spectrum issues in Finland are concentrated in the Ministry of Transport and Communications, it does not have to consider any cultural policy perspectives (Pursiainen 2015). So, for example, before the WRC in 2015, there was almost no public discussion about the Finnish proposal to release all spectrum used by terrestrial TV broadcasting for mobile use. At that conference, Finland ended up voting against all other EU member-states and the other Nordic countries on spectrum policy (Ala-Fossi and Bonet 2018).

Discussion

Finland was the eastern part of Sweden for about 700 years, so the two societies have a lot in common, not only in culture and tradition but also in administrative structures and the legal
system. However, since Finland was taken over by the Russian Empire about 210 years ago, its political and economic development has differed from Sweden’s. While Sweden was able to start instituting necessary social and economic reforms immediately after the Napoleonic Wars, there was no progress in the Autonomous Grand Duchy of Finland for over half a century. This was because the Emperor of Russia did not call on the Diet of Finland to convene until 1863. By that time, Finland was one of the poorest places in Europe, with 80 per cent of the population employed in agriculture.

Even though the Russian Empire allowed economic reform and modernization in the Grand Duchy of Finland to begin in the late nineteenth century as ‘an experiment of organized capitalism’ (Haapala 2009) that finally permitted the rise of sawmill and paper industries, the damage had already been done. Finland ended up with a much-less-well-developed economic structure than it would have had if it had remained part of Sweden (Lähteenmäki 2017). In 1917, the Russian Revolution and the fall of the Tsar made it possible for Finland to gain independence, but unfortunately the new republic had to endure a bloody civil war in 1918.

Late start for the welfare state

After only two decades of peace, Finland fought two wars against the Soviet Union between 1939 and 1944, both of which it lost, although it remained independent. As a result of those losses, Finland had to pay large war reparations to the Soviet Union between 1944 and 1952 while also covering the expenses of its own reconstruction. This was a heavy burden, but it also accelerated the industrialization of Finland, which still lagged the other Nordic countries. In 1950, almost 50 per cent of the Finnish workforce was still employed in agriculture. Some social reforms were made in the 1950s, but the Finnish welfare model was not really created until the 1960s (Kananen 2017; Kettunen 2001).

Even then, Finland did not fit into the typology of a social democratic welfare state, as the Social Democratic Party never had the same kind of hegemonic position that similar parties had in, for example, Norway and Sweden. Some scholars have argued that Finland did not become a truly Nordic welfare state until the 1980s (Hilson 2008). In Sweden, the idea of state as the ‘people’s home’ (folkhemmet) had already been introduced in the late 1920s, and the work of Alva and Gunnar Myrdal inspired social reforms in the 1930s. After the Second World War, practically all advanced capitalist economies started their own projects for building welfare nation-states following the British example and the ideas of John Maynard Keynes in economic policy and William Beveridge in social policy.

While one goal of these projects was to support postwar reconstruction, they also aimed to prevent wars by creating better societies in which the benefits of economic growth would be spread more evenly. Until the mid-1970s, this was relatively easy because of continuing economic growth. In Scandinavia, this is also known as the ‘Age of Social Democracy’ (Engelstad et al. 2017; Hilson 2008; Kananen 2017). But after the global recession triggered by the oil crisis in the mid-1970s, welfare state projects started to fall apart. According to Jessop (2002) 2005), all capitalist states that had been integrated into postwar ‘Atlantic Fordism’ began a transition towards a post-Fordist, Schumpeterian competition state model. To put it briefly, while the Keynesian welfare state aimed first at the welfare of the citizens, the Schumpeterian competition state prioritized the economic welfare of the state (Jessop [2002] 2005).
Rapid transition to competition state model

As part of this process, Nordic countries began deregulation, marketization and privatization in the 1980s. However, the next stage of transition in the 1990s was faster and more extensive in Finland than elsewhere in the Nordic region (Alasuutari 2004; Kananen 2017). The Finnish welfare state project had begun as a reaction to an external pressure, as the political elite was afraid that people would move to neighbouring welfare states or even the Soviet Union for a better life and create labour shortages in Finland. Therefore, Finland introduced relatively generous social benefits in the 1960s, but unlike its social democratic neighbours, it never really adopted any Keynesian economic policies (Kettunen 2001; Uschanov 2012). This means that Finland’s transition to the competition state model in the early 1990s did not require a domestic political dispute over economic policy. While Finland had geopolitical reasons to copy the development of the Nordic welfare model after the Second World War, the collapse of the Soviet Union allowed Finland to also look elsewhere for its models (Alasuutari 2004).

After the war reparations to Soviet Union had been paid, the former enemy became the most important export market for Finnish companies. In the early 1980s, about one-quarter of all foreign trade involved the Soviet Union. For 40 years, Finland sold all kinds of industrial products to its eastern neighbour and imported mostly oil. Then, in December 1990, about a year before the Soviet Union dissolved, it suddenly cancelled all its longstanding bilateral trade relations with Finland (Ollus and Simola 2006). This resulted in a steep economic recession and an urgent fiscal crisis for the Finnish state.

Alasuutari (2004) has described the changes in Finnish society during this recession as a transition from a planned economy to a competition economy. Although the overall marketization and privatization of the society had already started in the 1980s, the economic crisis now gave the Finnish government an acceptable – even urgent – reason to accelerate those efforts. The early 1990s was also the point at which the Finnish government decided that the state could no longer afford to give direct subsidies to newspapers.

Security policy through economic policy

Finland and Sweden became members of the European Union in January 1995. Sweden had tabled its intention to seek EU membership in 1990 as part of a government policy to defeat an ongoing economic crisis, while Finland filed its application in 1992, as soon as the Agreement of Friendship, Cooperation, and Mutual Assistance (1948–1992) with the Soviet Union had been nullified. Officially, Finland was not seeking any additional safety guarantee from the European Union.

However, in June 1995, a government report on national security policy stated that ‘membership in the EU strengthens the foundations of the Finnish security’ (Council of State 1995: 4). A few years later, the Finnish government decided to also seek membership in the Economic and Monetary Union (EMU) of the European Union, and this time the primary reasons were related to foreign policy and security policy (Pekkarinen 2018). Finland opted for deeper integration than any other Nordic country by adopting the new joint currency – the Euro.
This solution had unexpected consequences. In 2008, a financial crisis hit first in the United States and caused a banking crisis, which then spread throughout the world and hit the Eurozone countries, including Finland, especially hard. Therefore, Finland suffered again a much deeper recession than the other Nordic countries (except Iceland), creating a huge deficit in the 2009 state budget already (Savela 2013). Two years later, the Finnish government decided that the state could no longer afford generous indirect subsidies to newspapers in the form of zero-rate VAT.

Saved by mobile phones and Nokia

By 1987, Nokia had become the third largest TV receiver manufacturer in Europe. The company had made major acquisitions, because it believed European analogue high-definition television (HDTV) would be a great success. However, HDTV turned out to be a dead end, and analogue TV manufacturing was the largest bad investment in Nokia’s history. The collapse of the Soviet trade and a recession in Finland only made things worse. By the time Nokia’s TV division was sold in August 1996, it had generated losses of €1.3 billion; without its increasing revenues from mobile phones, the company could have faced bankruptcy (Ala-Fossi 2012, 2016; Häikiö 2001a).

The first GSM services had been launched in 1991; a year later, Nokia introduced the first mass-produced GSM handset. Jorma Ollila took over as CEO in 1992, and Nokia soon focused on telecommunications. The rapid growth of GSM sales and Nokia revenues not only saved the company but literally pulled Finland out of the recession in the 1990s. The GSM success also turned Nokia into a global giant, which was indispensable for the Finnish economy. The exceptional relationship between a large company and a small nation-state was well identified at the time (Ali-Yrkkö et al. 2000), but the full impact of Nokia on Finnish society was not studied especially critically during the firm’s glory years (Lindén 2016; Wiberg 2006). According to one commentator, ‘we used to have the Soviet Union that we would bow to. Now that is gone and we have Nokia’ (Cowell 2002).

Conclusions

The account detailed above demonstrates that, since the 1990s, Finnish media and communication policy decisions have violated all but one of the four pillars of the media welfare state. Despite some recent challenges, the second pillar of institutionalized editorial freedom has not been seriously questioned or endangered. Based on the evidence available, this is also the case in all other Nordic countries.

Pillar one shows that Finland has sometimes made much more (neo-)liberalistic decisions than Norway, Denmark or Sweden – for example, by selling its national terrestrial broadcast networks. At the same time, none of the Nordic countries have remained strictly inside the media welfare state model either, as they have all, for instance, started to auction off mobile spectrum. Both market-oriented practices were originally introduced in Europe by the UK government.

Pillar three reflects national variation, as Finland’s different type of administrative structure means that press subsidies, public service and spectrum use are not cultural policy issues at all. Both the economic structure of Finland and its economic policy have a geopolitical dimension,
which has made Finland more sensitive to deep economic recessions than the other Nordic countries. The overnight collapse of Soviet trade in the 1990s and the Eurozone fiscal crisis hit Finland much harder than any of its nearest neighbours to the west.

Pillar four shows that consensual and pragmatist policymaking that seeks compromises between key stakeholders remains very much the dominant paradigm in the Nordic countries. However, in Finland, the state has been much more protective not only of Nokia but also of mobile operators generally than of any other sector of the media and communication industry. The state’s decisions on digital broadcasting and on domestic and international spectrum policy were made to support the interests of the mobile sector, and this was rational in the name of national competitiveness.

As a result, Finland does not really fit into the original contours of the media welfare state model, but there is no alternative ‘Finnish model’ either, just a sum of coincidences and pragmatic decisions made under different economic and political pressures. So, as a Nordic country, Finland could still be considered a variant of the media welfare state rather than a deviant from it.

But how useful would it be to define or describe present-day Finland or any other Nordic country with a model that is only a partial match with reality? The media welfare state model was already an image in the rearview mirror when it was introduced in 2014. As a combination of two typologies using data from the 1980s and 1990s, it works best in the same temporal context as the original typologies instead of a longer historical perspective (Engelstad et al. 2017; Hilson 2008). This means that it has a lasting value primarily in contextualizing the development of media systems in the Nordic countries.

As noted by Kettunen et al. (2016), the original Nordic model of the welfare state was a profoundly political and ideological creation, but the most recent interpretations of that model have been largely based on cultural explanations rather than politics. This is the case also with Syvertsen et al. (2014), whose book provides many examples of Nordic exceptionalism and historical continuity, but offers a much-less-solid comparative political analysis of Nordic societies and their contemporary media policies for citizen welfare.

References


Alasuutari, P. (2004), ‘Suunnittelutuloudesta kilpailutulouteen: Miten muutos oli ideologisesti mahdollinen?’ (‘From planned economy to competition economy: How was the change ideologically possible?’), Yhteiskuntapolitiikka, 69:1, pp. 3–16.


Miettunen, H. (2013), ‘Kaupallinen potentiaali ei riitä Suomessa kuin puoleen kapasiteetista; Tyhjän panttina 80 TV-kanavaa’ (‘Finland has commercial potential for only half of the capacity: 80 TV channels sitting empty’), Turun Sanomat, 16 November. p.14

Neuvonen, R. (2018), Sananvapauden historia Suomessa (‘The history of freedom of speech in Finland’), Helsinki: Gaudeamus.


Uschanov, T. (2012), Miksi Suomi on Suomi ('Why Finland is Finland'), Helsinki: Teos.


Marko Ala-Fossi has asserted their right under the Copyright, Designs and Patents Act, 1988, to be identified as the author of this work in the format that was submitted to Intellect Ltd.