

OPINION

Finland Is a Capitalist Paradise

Can high taxes be good for business?
You bet.

Mustafah Abdulaziz for The New York Times

By Anu Partanen and Trevor Corson

Photographs by Mustafah Abdulaziz

Ms. Partanen is the author of “The Nordic Theory of Everything: In Search of a Better Life.” Mr. Corson is an author.

Dec. 7, 2019



HELSINKI, Finland — Two years ago we were living in a pleasant neighborhood in Brooklyn. We were experienced professionals, enjoying a privileged life. We'd just had a baby. She was our first, and much wanted. We were United States citizens and our future as a family should have seemed bright. But we felt deeply insecure and anxious.

Our income was trickling in unreliably from temporary gigs as independent contractors. Our access to health insurance was a constant source of anxiety, as we scrambled year after year among private employer plans, exorbitant plans for freelancers, and complicated and expensive Obamacare plans. With a child, we'd soon face overwhelming day-care costs. Never mind the bankruptcy-sized bills for education ahead, whether for housing in a good public-school district or for private-school tuition. And then there'd be college. In other words, we suffered from the same stressors that are swamping more and more of Americans, even the relatively privileged.

As we contemplated all this, one of us, Anu, was offered a job back in her hometown: Helsinki, Finland.



Helsinki Central Station during the evening commute on Tuesday.

Finland, of course, is one of those Nordic countries that we hear some Americans, including President Trump, describe as unsustainable and oppressive — “socialist nanny states.” As we considered settling there, we canvassed Trevor’s family — he was raised in Arlington, Va. — and our American friends. They didn’t seem to think we’d be moving to a Soviet-style autocracy. In fact, many of them encouraged us to go. Even a venture capitalist we knew in Silicon Valley who has three children sounded envious: “I’d move to Finland in a heartbeat.”

So we went.

We’ve now been living in Finland for more than a year. The difference between our lives here and in the States has been tremendous, but perhaps not in the way many Americans might imagine. What we’ve experienced is an *increase* in personal freedom. Our lives are just much more manageable. To be sure, our days are still full of challenges — raising a child, helping elderly parents, juggling the demands of daily logistics and work.

But in Finland, we are automatically covered, no matter what, by taxpayer-funded universal health care that equals the United States’ in quality (despite the misleading claims you hear to the contrary), all without piles of confusing paperwork or haggling over huge bills. Our child attends a fabulous, highly professional and ethnically diverse public day-care center that amazes us with its enrichment activities and professionalism. The price? About \$300 a month — the maximum for public day care, because in Finland day-care fees are subsidized for all families.

And if we stay here, our daughter will be able to attend one of the world’s best K-12 education systems at no cost to us, regardless of the neighborhood we live in. College would also be tuition free. If we have another child, we will automatically get paid parental leave, funded largely through taxes, for nearly a year, which can be shared between parents. Annual paid vacations here of four, five or even six weeks are also the norm.



Morning commuters downtown near Helsinki's Esplanadi.

Compared with our life in the United States, this is fantastic. Nevertheless, to many people in America, the Finnish system may still conjure impressions of dysfunction and authoritarianism. Yet Finnish citizens report extraordinarily high levels of life satisfaction; the Organization for Economic Cooperation and Development ranked them highest in the world, followed by Norwegians, Danes, Swiss and Icelanders. This year, the World Happiness Report also announced Finland to be the happiest country on earth, for the second year in a row.

But surely, many in the United States will conclude, Finnish citizens and businesses must be paying a steep price in lost freedoms, opportunity and wealth. Yes, Finland faces its own economic challenges, and Finns are notorious complainers whenever anything goes wrong. But under its current system, Finland has become one of the world's wealthiest societies, and like the other Nordic countries, it is home to many hugely successful global companies.

In fact, a recent report by the chairman of market and investment strategy for J.P. Morgan Asset Management came to a surprising conclusion: The Nordic region is not only “just as business-friendly as the U.S.” but also better on key free-market indexes, including greater protection of private property, less

impact on competition from government controls and more openness to trade and capital flows. According to the World Bank, doing business in Denmark and Norway is actually easier overall than it is in the United States.

Finland also has high levels of economic mobility across generations. A 2018 World Bank report revealed that children in Finland have a much better chance of escaping the economic class of their parents and pursuing their own success than do children in the United States.

Sign up for the Opinion Today newsletter Get expert analysis of the news and a guide to the big ideas shaping the world every weekday morning. [Get it sent to your inbox.](#)

Finally, and perhaps most shockingly, the nonpartisan watchdog group Freedom House has determined that citizens of Finland actually enjoy higher levels of personal and political freedom, and more secure political rights, than citizens of the United States.

What to make of all this? For starters, politicians in the United States might want to think twice about calling the Nordics “socialist.” From our perch, the term seems to have more currency on the other side of the Atlantic than it does here.

In the United States, Senator Bernie Sanders and Representative Alexandria Ocasio-Cortez are often demonized as dangerous radicals. In Finland, many of their policy ideas would seem normal — and not particularly socialist.

When Mr. Sanders ran for president in 2016, what surprised our Finnish friends was that the United States, a country with so much wealth and successful capitalist enterprise, had *not* already set up some sort of universal public health care program and access to tuition-free college. Such programs tend to be seen by Nordic people as the bare basics required for any business-friendly nation to compete in the 21st century.



Trevor Corson and Anu Partanen with their daughter at their public family health clinic.



Student lockers in the the Jätkäsaari Comprehensive School in Helsinki. Finland's public schools are widely recognized as among the world's best.

Even more peculiar is that in Finland, you don't really see the kind of socialist movement that has been gaining popularity in some of the more radical fringes of the left in America, especially around goals such as curtailing free markets and even nationalizing the means of production. The irony is that if you championed socialism like this in Finland, you'd get few takers.

So what could explain this — the weird fact that actual socialism seems so much more popular in the capitalist United States than in supposedly socialist Finland?

A socialist revolution was attempted once in Finland. But that was more than a hundred years ago. Finland was in the process of industrializing when the Russian empire collapsed and Finland gained independence. Finnish urban and rural workers and tenant farmers, fed up with their miserable working conditions, rose up in rebellion. The response from Finland's capitalists, conservative landowners and members of the middle and upper class was swift and violent. Civil war broke out and mass murder followed. After months of fighting, the capitalists and conservatives crushed the socialist uprising. More than 35,000 people lay dead. Traumatized and impoverished, Finns spent decades trying to recover and rebuild.



A tram stopping at Aleksanterinkatu, a popular shopping area in Helsinki, Finland.

So what became of socialism in Finland after that? According to a prominent Finnish political historian, Pauli Kettunen of the University of Helsinki, after the civil war Finnish employers promoted the ideal of “an independent freeholder farmer and his individual will to work” and successfully used this idea of heroic individualism to weaken worker unions. Although socialists returned to playing a role in Finnish politics, during the first half of the 20th century, Finland prevented socialism from becoming a revolutionary force — and did so in a way that sounds downright American.

Finland fell into another bloody conflict as it fought off, at great cost, the Communist Soviet Union next door during World War II. After the war, worker unions gained strength, bringing back socialist sympathies as the country entered a more industrial and international era. This is when Finnish history took an unexpected turn.

Finnish employers had become painfully aware of the threats socialism continued to pose to capitalism. They also found themselves under increasing pressure from politicians representing the needs of workers. Wanting to avoid further conflicts, and to protect their private property and new industries,

Finnish capitalists changed tactics. Instead of exploiting workers and trying to keep them down, after World War II, Finland's capitalists cooperated with government to map out long-term strategies and discussed these plans with unions to get workers onboard.

More astonishingly, Finnish capitalists also realized that it would be in their own long-term interests to accept steep progressive tax hikes. The taxes would help pay for new government programs to keep workers healthy and productive — and this would build a more beneficial labor market. These programs became the universal taxpayer-funded services of Finland today, including public health care, public day care and education, paid parental leaves, unemployment insurance and the like.



Oodi, Helsinki's new central library, was built with broader civic goals in mind. It offers access to 3D printers and other high tech equipment, expansive public space, as well as traditional library services.

If these moves by Finnish capitalists sound hard to imagine, it's because people in the United States have been peddled a myth that universal government programs like these can't coexist with profitable private-sector businesses and robust economic growth. As if to reinforce the impossibility of such synergies, last fall the Trump administration released a peculiar report arguing that "socialism" had negatively affected Nordic living standards.

However, a 2006 study by the Finnish researchers Markus Jantti, Juho Saari and Juhana Vartiainen demonstrates the opposite. First, throughout the 20th century Finland remained — and remains to this day — a country and an economy committed to markets, private businesses and capitalism.

Even more intriguing, these scholars demonstrate that Finland's capitalist growth and dynamism have been helped, not hurt, by the nation's commitment to providing generous and universal public services that support basic human well-being. These services have buffered and absorbed the risks and dislocations caused by capitalist innovation.

With Finland's stable foundation for growth and disruption, its small but dynamic free-market economy has punched far above its weight. Some of the country's most notable businesses have included the world's largest mobile phone company, one of the world's largest elevator manufacturers and two of the world's most successful mobile gaming companies. Visit Finland today and it's obvious that the much-heralded quality of life is taking place within a bustling economy of upscale shopping malls, fancy cars and internationally competitive private companies.



Stockmann department store in the city center. Finland is home to a number of famous interior design brands.

The other Nordic countries have been practicing this form of capitalism even longer than Finland, with even more success. As early as the 1930s, according to Pauli Kettunen, employers across the Nordic region watched the disaster of the Great Depression unfold. For enough of them the lesson was clear: The smart choice was to compromise and pursue the Nordic approach to capitalism.

The Nordic countries are all different from one another, and all have their faults, foibles, unique histories and civic disagreements. Contentious battles between strong unions and employers help keep the system in balance. Often it gets messy: Just this week, the Finnish prime minister resigned amid a labor dispute.

But the Nordic nations as a whole, including a majority of their business elites, have arrived at a simple formula: Capitalism works better if employees get paid decent wages and are supported by high-quality, democratically accountable public services that enable everyone to live healthy, dignified lives and to enjoy real equality of opportunity for themselves and their children. For us, that has meant an increase in our personal freedoms and our political rights — not the other way around.

Yes, this requires capitalists and corporations to pay fairer wages and more taxes than their American counterparts currently do. Nordic citizens generally pay more taxes, too. And yes, this might sound scandalous in the United States, where business leaders and economists perpetually warn that tax increases would slow growth and reduce incentives to invest.

Here's the funny thing, though: Over the past 50 years, if you had invested in a basket of Nordic equities, you would have earned a higher annual real return than the American stock market during the same half-century, according to global equities data published by Credit Suisse.

Nordic capitalists are not dumb. They know that they will still earn very handsome financial returns even after paying their taxes. They keep enough of their profits to live in luxury, wield influence and acquire social status. There are several dozen Nordic billionaires. Nordic citizens are not dumb, either. If you're a member of the robust middle class in Finland, you generally get a better overall deal for your combined taxes and personal expenditures, as well as higher-quality outcomes, than your American counterparts — and with far less hassle.

Why would the wealthy in Nordic countries go along with this? Some Nordic capitalists actually believe in equality of opportunity and recognize the value of a society that invests in all of its people. But there is a more prosaic reason, too: Paying taxes is a convenient way for capitalists to outsource to the government the work of keeping workers healthy and educated.



Stora Enso, a paper and forest products firm focused on renewable and sustainable materials.

While companies in the United States struggle to administer health plans and to find workers who are sufficiently educated, Nordic societies have demanded that their governments provide high-quality public services for all citizens. This liberates businesses to focus on what they do best: business. It's convenient for everyone else, too. All Finnish residents, including manual laborers, legal immigrants, well-paid managers and wealthy families, benefit hugely from the same Finnish single-payer health care system and world-class public schools.

There's a big lesson here: When capitalists perceive government as a logistical ally rather than an ideological foe and when all citizens have a stake in high-quality public institutions, it's amazing how well government can get things done.

Ultimately, when we mislabel what goes on in Nordic nations as socialism, we blind ourselves to what the Nordic region really is: a laboratory where capitalists invest in long-term stability and human flourishing while maintaining healthy profits.

Capitalists in the United States have taken a different path. They've slashed taxes, weakened government, crushed unions and privatized essential services in the pursuit of excess profits. All of this leaves workers painfully vulnerable to capitalism's dynamic disruptions. Even well-positioned Americans now struggle under debilitating pressures, and a majority inhabit a treacherous Wild West where poverty, homelessness, medical bankruptcy, addiction and incarceration can be just a bit of bad luck away. Americans are told that this is freedom and that it is the most heroic way to live. It's the same message Finns were fed a century ago.

But is this approach the most effective or even the most profitable way for capitalists in the United States to do business? It should come as no surprise that resentment and fear have become rampant in the United States, and that President Trump got elected on a promise to turn the clock backward on globalization. Nor is it surprising that American workers are fighting back; the number of workers involved in strikes last year in the United States was the highest since the 1980s, and this year's General Motors strike was the company's longest in nearly 50 years. Nor should it surprise anyone that fully half of the rising generation of Americans, aged 18 to 29, according to Gallup polling, have a positive view of socialism.



A tram operator during the evening rush hour in the Kluuvi district of Helsinki.



A room in the offices of Supercell, a mobile gaming company, in the Ruoholahti neighborhood of Helsinki.

The prospect of a future full of socialists seems finally to be getting the attention of some American business leaders. For years the venture capitalist Nick Hanauer has been warning his “fellow zillionaires” that “the pitchforks are coming for us.” Warren Buffett has been calling for higher taxes on the rich, and this year the hedge-fund billionaire Ray Dalio admitted that “capitalism basically is not working for the majority of people.” Peter Georgescu, chairman emeritus of Young & Rubicam, has put it perhaps most succinctly: He sees capitalism “slowly committing suicide.” In recent months such concerns have spread

throughout the capitalist establishment. The Financial Times rocked its business-friendly readership with a high-profile series admitting that capitalism has indeed become “rigged” and that it desperately needs a “reset,” to restore truly free markets and bring back real opportunity. Leading captains of finance and industry in the United States rocked the business world, too, with a joint declaration from the Business Roundtable that they will now prioritize not only profits but also “employees, customers, shareholders and the communities.” They are calling this “stakeholder capitalism.”

If these titans of industry are serious about finding a more sustainable approach, there’s no need to reinvent the wheel. They can simply consult their Nordic counterparts. If they do, they might realize that the success of Nordic capitalism is not due to businesses doing more to help communities. In a way, it’s the opposite: Nordic capitalists do less. What Nordic businesses do is focus on business — including good-faith negotiations with their unions — while letting citizens vote for politicians who use government to deliver a set of robust universal public services.



The OP Bank headquarters in the Vallila district of Helsinki, Finland.

This, in fact, may be closer to what a majority of people in the United States actually want, at least according to a poll released by the Pew Research Center this year. Respondents said that the American government should spend more on health care and education, for example, to improve the quality of life for future generations.

But the poll also revealed that Americans feel deeply pessimistic about the nation's future and fear that worse political conflict is coming. Some military analysts and historians agree and put the odds of a civil war breaking out in the United States frighteningly high.

Right now might be an opportune moment for American capitalists to pause and ask themselves what kind of long-term cost-benefit calculation makes the most sense. Business leaders focused on the long game could do a lot worse than starting with a fact-finding trip to Finland.

Here in Helsinki, our family is facing our second Nordic winter and the notorious darkness it brings. Our Finnish friends keep asking how we handled the first one and whether we can survive another. Our answer is always the same. As we push our 2-year-old daughter in her stroller through the dismal, icy streets to her wonderful, affordable day-care center or to our friendly, professional and completely free pediatric health center, before heading to work in an innovative economy where a vast majority of people have a decent quality of life, the winter doesn't matter one bit. It can actually make you happy.



The authors in their neighborhood in eastern Helsinki.

Anu Partanen is the author of “The Nordic Theory of Everything: In Search of a Better Life” and a senior adviser at Nordic West Office, a Helsinki-based consultancy. Trevor Corson is the author of two books and most recently taught American studies and writing at Columbia University.

The Times is committed to publishing a diversity of letters to the editor. We'd like to hear what you think about this or any of our articles. Here are some tips. And here's our email: letters@nytimes.com.

Follow The New York Times Opinion section on Facebook, Twitter (@NYTopinion) and Instagram.

A version of this article appears in print on , Section SR, Page 4 of the New York edition with the headline: Finland Is Our Capitalist Paradise