

# **What Is the Vision for Cultural Funding in Finland and How Is It Supported by the Government?**

*Analysis of the 2024 Cultural Policy Report and Trajectory of State Level Cultural Funding in Finland*

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<p><b>Abstract</b></p> <p>Discussion regarding cultural funding and its structures is currently active in Finland and involves wide range of stakeholders, such as cultural sector professionals, political decision-makers, civil servants, and public commentators. The discussion has been accelerated in part by the preparation of the 2024 Cultural Policy Report by Prime Minister Petteri Orpo’s government, as well as the historical cuts to culture for 2025 made by his government. At the same time, significant disruptions have occurred in recent years in the operational environment of the cultural sector and its funding, such as the global pandemic and the loss of the state gambling monopoly’s beneficiary status, which transferred funding for the arts and culture directly to the state budget. These sector specific changes, together with macro-level challenges, the heightened geopolitical tensions and exceptionally uncertain economic situation both in Finland and globally, raise fundamental questions about the role of culture for our society and how we choose to support the things that matter.</p> <p>This thesis aims to contribute to this discussion by analyzing the 2024 Cultural Policy Report from the point of view of cultural funding and structures, by examining budget decisions implemented by the government, and assessing them in relation to the vision and proposed actions presented in the report. The findings of the analysis reveal at least a partial contradiction between the report’s objectives and actions and the concrete political decisions concerning cultural funding.</p> <p>This thesis is a case study of cultural funding and its instruments in Finland, conducted as desk research through document analysis. The theoretical framework of the analysis is grounded in research literature on cultural policy and cultural funding as well as previous research on cultural funding and cultural governance in Finland. Consequently, the thesis provides the reader with a comprehensive and timely overview of state-level cultural funding instruments and structures in Finland, their development and current discussion concerning them.</p>	
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# 1 INTRODUCTION

## 1.1. Context and Background

We are living a time of increasing geopolitical instability and systemic uncertainty. The global landscape is defined by the growing confrontation between democratic and authoritarian regimes, while war is waged both in Europe and around the world. At the same time, we face three interlinked crises of climate change, biodiversity loss, and environmental degradation. These challenges put pressure not only for our planet, but also on the way societies function and adapt.

These macro-level disruptions manifest within national contexts as increasing polarization and segregation. Diverging realities fracture public discourse, contributing to a widespread sense of insecurity that extends beyond geopolitical threats to everyday lives. Culture is crucial for civilization, democracy and societal resilience. We are at a turning point. The current systems and structures are being questioned but the shape of what comes next is still unclear. This uncertainty gives up space (and responsibility) to rethink how we support the things that matter.

During the past few years, Finnish cultural sector has faced a number of profound disruptions. Covid-19 pandemic resulted in the closure of many cultural activities for extended periods, causing but a fundamental crisis for its creators, also a significant economic and employment crisis. This was never fully compensated, despite many efforts of governments. Structural reforms in cultural funding have further altered the landscape. The dissolution of the link between Veikkaus (Finnish Gambling monopoly) revenues and beneficiaries from 2024 onwards, shifting the cultural funding to the state budget was a fundamental change, exposing the sector to fluctuations driven by political decision-making. In 2025 Petteri Orpo's government introduced broad austerity measures on public spending, including cuts for cultural funding. For some organizations, particularly at the independent field (taiteen vapaa kenttä), "administrative development of grants" that included a shift from the Ministry of Education and Culture to the Arts Promotion Centre (Taike), in combination with the cuts to cultural funding, resulted to substantial reductions in support or even cessation of funding completely.

At the same time Finnish Cultural Policy Report, strategic document guiding cultural policy into the 2040s was prepared. According to the report, the goal is to create a ambitious and shared vision for the sector and double the its' share of GDP by that time. Keeping in mind this objective, fine-tuning cultural policy is no longer sufficient; we need new systemic thinking and bold, structural reforms alongside long-term investment and the political will to act. Sufficient public funding is a foundation for a strong and diverse cultural life. It helps ensure that culture remains accessible across the country, that creators can continue their work, and that new ideas have space to grow. Without a reliable base of public support, objectives of the Cultural Policy Report cannot be realized.

This thesis explores the structures and instruments used for state-level cultural funding in Finland. It aims to understand how these systems currently work, and how recent political and policy changes have shaped the way funding is allocated and impacted financial sustainability of culture and arts in Finland.

## **1.2. Problem formulating**

The topic of cultural funding, its structures and instruments is broad and currently a subject of active discussion among professionals and stakeholders in the culture and arts sector. To maintain focus, this thesis makes a number of deliberate and necessary delimitations. Firstly, the research is limited specifically to state-level public funding for culture in Finland. While the importance of municipal and regional level (wellbeing counties) roles are acknowledged, it mostly falls outside the scope of this thesis. Similarly, I cover private funding only in the context where state level policies play a role in creating incentives to support its growth. The same applies to private cultural consumption, which in terms of total volume, is the most significant channel for cultural funding in Finland (Finnish Cultural Policy Report, 2024).

This thesis focuses on the current government term, 2023–2027, which is at its midpoint at the time of writing. Recent legislative changes are included when relevant even though they would not time exactly for the selected time period. Same principle is applied to comparison of financial indicators over time. As I will argue in the thesis, several notable disruptions have occurred in recent years that are highly relevant state level cultural funding.

This thesis takes a forward-looking and development-oriented perspective. It aims not only to describe the current state of cultural funding structures and instruments, but also to explore potential directions for their future development. A significant methodological decision is that the thesis relies entirely on publicly available sources, policy documents related to state-level cultural policy and funding. The thesis is a desk research, and no new data such as interviews or surveys has been collected.

As part of the analysis, I also describe the hierarchical position of the policy documents and their relationship to each other, which in part justifies which policy documents have been included for analysis. The common denominator of the assets included is the political decision-making process through which they have passed. The documents have been prepared under public official responsibility (*virka*), directly approved by elected politicians, the government, and/or parliament members, and therefore better reflect the cultural policy perspective and intent of the political system than, for example, documents prepared solely as public official's (bureaucratic) decisions.

The cultural sector operates as a complex web of visible and hidden interactions. Similarly, the structure of state cultural funding is multilayered and reaches across almost all areas of state's administrative sectors. As a result, comprehensive and consistent data on cultural funding is not centrally available. This issue has also been identified by the Center for Cultural Policy Research (Cupore), which has produced valuable research aiming to address this problem. Where relevant, I have drawn on their work to support the analysis in this thesis.

It is important to note that despite the defined scope, some aspects are discussed in greater detail than others. This is due to the availability of information as well as their significance in the context of the research questions. Primary sources for the thesis include the 2024 Cultural Policy Report and the 2024–2025 state budget data. Consequently, the thesis focuses on the policies and funding allocation changes reflected in these assets, analyzing how they impact the landscape of cultural funding in Finland currently, and potentially in the future.

### 1.3. Researcher Aim and Questions

This thesis is a case study on Finnish cultural funding instruments leveraging both qualitative and quantitative research methods. The thesis looks at Finland's state-level cultural funding system, focusing on the structure, funding instruments and the reforms considered in The Cultural Policy Report (2024) and analyzes economic reality in cultural funding through the lens of state budgetary figures.

The research focuses on two main questions:

1. What are the state-level financial instruments and structure used for cultural funding in Finland in (2024-2025)?
2. How have Prime Minister Orpo's government's cultural policy objectives been translated into concrete funding instruments and decisions?

The thesis focuses on Finland's state-level cultural funding system, including funding mechanisms, policy instruments, and reforms. It is a desk research, meaning that it relies on the systematic collection and analysis of publicly available data. According to Hirsjärvi and Hurme (2008), desk research are effective for examining existing material to draw reliable conclusions, especially in studies where primary data collection is either impractical or unnecessary. This approach was chosen partly due to the extensive consultation of stakeholders conducted during the preparation of The Finnish Cultural Policy Report, as material from the stakeholder feedback will be leveraged in this thesis. Within the scope of this thesis, self-produced data, such as through surveys or interviews, could not have achieved the same level of comprehensiveness.

Document analysis offers a systematic approach to examining policy documents, draw connections between policy interests and actions and connect them to a broader theoretical framework. Policy documents, as official records, carry authority and credibility, making them reliable sources for tracing the evolution of policies, identifying stakeholder priorities, and contextualizing decisions within a larger socio- and economic political framework.

Policy documents are not created in isolation; they are shaped by the political, economic, and social environments of their time. As Bowen (2009) emphasizes,

analyzing such documents provides contextual insights, allowing to trace the evolution of cultural policy ideas and assess their impact.

#### **1.4.Previous research**

Extensive research has been conducted on the structures and funding mechanisms of cultural policy in Finland. The Center for Cultural Policy Research (Cupore) is arguably most significant in this field through its ongoing “Structures and Funding” research project, which explores how cultural funding instruments and allocation levels have changed over time. The project contributes to the transparency of cultural funding data and supports the development of methods for monitoring cultural policy development.

This thesis draws from many of Cupore’s publications. *Finnish Cultural Policy as Public Funding: Regime View Across Policy Domains* by Jakonen and Sokka (2022), which offers a comprehensive analysis of Finland’s cultural policy system through a governance-based perspective. Another key reference is *We Have No Politics Involved in State Subsidies! Civil Servants as Political Actors Within the System of Cultural Administration* (Jakonen & Sokka, 2023), which explores the role of cultural administration in shaping cultural policy decisions.

I have also used statistical overviews from Cupore to provide quantitative context. These include *State Funding for Culture in Finland* (Sokka & Nokela, 2024 and Jakonen et al., 2021a), *Creative Industries’ COVID-19 Support in 2020 and 2021* (Sokka et al., 2022), and *Proceeds from Gambling Operations for Culture in 2019* (Jakonen et al., 2021b).

Despite existing research, there is still a need to more clearly understand how strategic cultural policy goals are operationalized through concrete instruments and funding decisions. This thesis aims to address that gap by conducting a document analysis of both strategic-level texts, particularly the Cultural Policy Report 2024, and practical decision-making instruments, including the state budgets for 2024–2025 and the Fiscal Plan 2025-2028. In doing so, the thesis explores the relationship between cultural policy (as a formalized field of decision-making) and cultural politics (as the underlying political

processes and agendas influencing that decision-making), a distinction often emphasized in cultural policy literature (e.g. Sokka, 2022; Duelund, 2003).

This research perspective is relevant in the current political climate, where the balance between strategic vision and financial reality is under pressure. By critically assessing how high-level policy intentions are reflected, or contradicted, in actual budgetary decisions, the thesis aims to contribute to a deeper understanding of the implementation and resilience of Finland's cultural policy model, funding structures and instruments.

### **1.5. Researcher's Position & Ethical Considerations**

Ethical perspectives have been addressed throughout my research process. All data sources are publicly available, ensuring transparency and accessibility. I have done my best to analyze policy documents and represent stakeholder statements fairly and objectively to avoid misinterpretation or bias.

From the point of view of my position as the researcher, achieving complete impartiality is not possible. I am regularly in contact with cultural creators and organizations, and have also been involved in making funding decisions concerning them, as well as in determining the principles and criteria for awarding cultural funding at the city level as a member of Helsinki's Culture and Library Sub-committee from 2021. Therefore, my perspective on cultural funding is not entirely neutral.

However, I believe that the chosen research approach and methods support the objective of maintaining as much neutrality and independence as possible.

## **2 THEORETICAL FRAMEWORK**

### **2.1 Cultural Policy**

Cultural policy is a complex concept that has been a subject of many definitions and scholarly debate. While there are many attempts to comprehensively define it, perhaps the most accepted definition comes from UNESCO World Conference on Cultural Policies, which states that cultural policy refers broadly to the set of measures and strategies implemented by public authorities to regulate, protect, promote, and support cultural diversity, access, participation, and the sustainability of cultural expressions. Cultural policy is not an isolated field but integrates to larger framework of societal policy. It cuts across multiple domains and themes, ranging from economic growth to sustainability, from social fragmentation to wellbeing, and from cultural exports to regional development. It is not only about governance and resource allocation but also about shaping societal values, identities, and collective memory (UNESCO, 1982).

At the heart of cultural policy is its manifestation in the form of country-specific actions, organizations and choices (Mulcahy, 2017). This perspective places cultural policy in the context of national governments' strategic directives and resource allocation to foster and support cultural activities. The Finnish cultural policy model, explored in a article edited by Sokka, S. (2022), exemplifies a legislative-based, stable and welfare-oriented approach, characterized by significant state involvement, extensive funding mechanisms and a bureaucratic infrastructure dedicated to cultural administration. This model emphasizes artistic and cultural activities dependence on public funding, pointing towards a consensus on the central role of economic resources in the construction and implementation of cultural policy (Mangset et al., 2008).

The participation of several ministries' administrative branches and various agencies in the implementation of cultural policy speaks of its complexity (Kangas, 2001). Dubois (2016) comments on the evolving boundaries of cultural policies, highlighting the challenge of strictly defining cultural policy domains. Thus, cultural policy is a dynamic and interdisciplinary field, sensitive to historical, socio-economic and political changes. Cultural policy therefore does not simply consist of financing arts and culture, which is the focus of this thesis, but also involves a process of governance that reflects and shapes societal values, priorities and identities.

The highest legislative and regulatory foundation of Finnish cultural policy comes from the educational and cultural rights (*sivistykselliset oikeudet*) guaranteed by the Constitution of Finland. The Constitution safeguards the freedom of the arts and everyone's equal opportunities for self-development (Finland, 1999, §16). The Finnish cultural policy model reflects these principles. It is welfare-oriented, based on legislation and strong public funding, as well as a bureaucratic structure aimed at ensuring access to culture across regions and regardless of factors such as income level or background (Sokka, 2022; Kangas, 2001).

### ***2.1.1. Cultural Policy Instruments***

Public policy instruments in the context of cultural policy serve as tools and mechanisms through which cultural objectives are pursued and achieved. They can be broadly divided into four categories: economic instruments, such as grants and subsidies; legal-political instruments, such as laws and secondary regulations; organizational instruments, that cover bureaucratic structures and strategic documents such as government programs (*hallitusohjelma*), government reports (*selonteko*); value and idea oriented instruments, which are abstract concepts that guide decision-making and the implementation of cultural policy (Simjanovska, 2011).

Funding provided by governments to support cultural organizations, projects and other activities is the most direct tool to promote cultural production, preservation, development and accessibility. Economic instruments include grants, subsidies, donations, awards, tax incentives and other mechanisms used to support cultural production and participation. By strategically allocating economic resources, governments directly influence the dynamics and sustainability of the cultural sector (Mangset et al., 2008). Financial instruments in the Finnish context will be explored in detail in chapter 2.3.

Legal and political instruments constitute another cornerstone of cultural policy instruments, establishing legal frameworks and standards within which cultural activities and industries operate (Kangas, 2004). These include, but are not limited to, copyright laws, heritage protection laws, laws on the work of artists and cultural professionals, as well as policies governing the media and digital platforms. Regulations exercise control and rules for the preservation of cultural heritage, protect intellectual property rights, and maintain ethical standards in cultural production and dissemination.

The effective implementation of cultural policy instruments is closely linked to organizational instruments. Bureaucratic structures, such as ministries, agencies and arts councils implement cultural policy. Cultural governance is defined not only by policy content but by the institutional arrangements and capacities through which policy objectives are managed (Mulcahy, 2017). Organizational instruments also refer to processes and steering mechanisms through which cultural policy is formulated. These include strategic plans for cultural policy and implementation guidelines. Finnish Cultural Governance is explored in detail at chapter 2.5.

Values and normative frameworks for societies shape cultural policy and define principals on how culture is conceptualized and why it is supported. These value and idea based instruments include commitments to diversity, equity and sustainability for example and cultural rights articulated by international declarations (UNESCO 1982, 2001, 2005). These instruments are abstract in nature and shape the ideological foundation of cultural policy.

### **2.3. Cultural Funding Instruments at the State Level**

In this thesis, by state-level cultural funding instruments I refer to a diverse selection of different tools and mechanisms; that are subject to the political system and decision-making; and which purpose is to support culture and the arts, particularly from an economic perspective. In this section, I define at a general level what is meant by state-level cultural funding instruments based on the research literature. In addition, I attempt to incorporate into this overview the four-category classification of cultural policy instruments (economic, legal-political, organizational and value/idea oriented) that I described in the previous chapter. The categorization is not usually straightforward, even when it comes to the most typical instruments, as these often involve several overlapping dimensions. For example, economic instruments can also intersect with legal-political instruments, since they may be based on legislation. At the same time, they can be connected to organizational instruments, as their distribution takes place within the bureaucracy of cultural administration. Furthermore, they may link to value-oriented instruments, as the criteria for granting funding often reflect the underlying values on which the cultural policy system is built at any given time.

It is notable that there are significant variations in practices between countries and cultures depending on the models, traditions, and practices of cultural policy. The specific features of the Nordic cultural policy model are discussed in detail in section 2.4, and Finland's cultural governance and funding are explored in sections 2.5–2.6.

Economic instruments are explicit financial support to cultural projects, organizations or artists. These include grants and subsidies, which generally differ in basis on continuation. Grants are non-repayable funds distributed through different criteria and mechanisms by governments. They are typically project-specific, set for a certain timeframe and based on competitive application process (Belfiore, 2004). Subsidies, on the other hand, are typically annual support provided on an ongoing basis. The focus of these subsidies is usually on arts and cultural institutions such as theatres, museums, and orchestras (Cummings & Katz, 1987). Eligibility and status for state subsidies are highly sought after among arts and cultural organizations because ongoing support is by nature much more stable than individual grants. The objective of subsidy systems is to stabilize and establish the cultural life of the state or region. (Cummings & Katz, 1987).

A less common yet widely recognized direct funding instrument is the provision of artist residencies. These residencies typically include access to facilities, rent-free or low-rent housing, and may also offer a working stipend or grant. Residencies can be associated with academic or philanthropic settings, but they may also receive partial or full support from the state (Caust, 2003).

Awarding distinguished artists with a one-time monetary sum can also be seen as a direct instrument of cultural financing. State art awards are typically distributed annually and can be financially significant for individual artists, although they specifically target those who are already particularly accomplished. For instance, in Finland, the amount allocated to state art awards is not particularly large, but neither is it negligible. In 2023, the State Art Prize was awarded to 15 artists with a total sum of 370,000 euros (Taika, 2023).

Cultural funding instruments can also play a role in shaping the operational environment for cultural and artistic activities. These mechanisms do not involve direct allocation of budgetary or other funds to the cultural and arts sectors. Instead, they may aim to influence consumer behavior in relation to other sectors, increase or steer private

investment or to build infrastructure within which cultural and artistic activities can be carried out. The definition of these instruments is not sharply delineated, as a wide variety of state actions can indirectly and even unintentionally impact cultural activities. Various political instruments can also turn out to have negative impacts for the culture and arts sector, as was observed during the COVID-19 crisis, detailed further in section 2.8.

One of the economic instruments is taxation. Support implemented through taxation includes mechanisms such as deductions, exemptions, or credits aimed at encouraging cultural production, cultural participation, and philanthropy. These incentives are designed to lower financial barriers for both creators and consumers. For example, reduced Value Added Tax (VAT) rates on cultural products can make the arts more accessible to the public, and tax deductions for donations can incentivize private contributions to culture. These fiscal policies might favor arts and cultural sector in comparison of other sectors, support the economic stability of cultural entities but also stimulate broader public engagement with the arts (Gray, 2007).

Government investment in cultural infrastructure is another form of support that enhances the physical capacities of the cultural activities. These include the construction of new cultural venues such as theaters and galleries, as well as the renovation of historic sites for the purpose of retaining cultural heritage. By investing in the physical spaces where cultural activities take place, governments facilitate a broad range of cultural activities and ensure their accessibility to the public. This type of investment is crucial for cultural accessibility and participation and can transform localities by making them cultural hubs, which in turn supports economic development and tourism (Caust, 2003).

With cultural funding instruments, it is also possible to support the financial position of the creative sector's business activities and to improve access to capital. Examples of such instruments are the mechanisms of government-guaranteed loans. These guarantees provide the creative sector with access to essential capital, facilitating economic development. Bringing in capital into the arts and cultural sector extends beyond the mere public support of cultural activities. It is often done with the aim to foster job creation, enhance tourism, and stimulate related businesses, contributing significantly to broader economic vitality (Clifton, 2008).

Regulatory measures are a cornerstone of the operating environment of the arts and cultural sector by setting the legal and operational framework within which cultural activities occur. These legal-political instruments might also have significant economic impact; for example copyright laws that protect artists' intellectual property rights, ensuring that creators can gain economic benefits from their work.

Through regulation, quotas on local content production and broadcasting can be set up to support the diversity of cultural expressions by ensuring that domestic creations are adequately represented in media. Such measures maintain and support a diverse cultural landscape and ensure that local cultures can thrive alongside globalized content (Hesmondhalgh & Pratt, 2005). This is a legal-political instrument that is also value-based (appreciation and protection of national culture and its production) and involves economic benefit for local productions. A concrete example of such an instrument is the Audiovisual Media Services Directive (AVMSD) at the European Union level, which is aimed at modernizing and harmonizing audiovisual media services across member states. The Directive and its 2018 revision (Directive (EU) 2018/1808) extend its scope to include video-sharing platforms, aiming to foster a diverse audiovisual landscape within the EU (European Union, 2018). This is a legal-political instrument at the EU level, which is implemented nationally in member states.

## **2.4. Nordic Cultural Policy Model**

The Nordic cultural policy model, which refers to the cultural policy regimes and systems in place at Finland, Sweden, Denmark, Norway and Iceland. It is notably linked with the broader idea of a welfare state. The state and public administration have a dominant role in the principles of cultural policy especially in the cultural funding. This is perhaps best exemplified by a variety of funding mechanisms that are set to fundamentally serve certain principles, such as cultural democracy, equality and accessibility. Historically, the Nordic countries have maintained a strong link between culture and social welfare, viewing accessible culture as a right for all citizens. This ethos is embedded in policies that aim to ensure universal access to cultural resources, promoting social inclusion and cohesion. The Nordic cultural policy has been shaped by

social democratic principles, aiming to ensure that every citizen has access to cultural expressions irrespective of socioeconomic status (Duelund, 2003).

Central to the Nordic cultural policy is the substantial public funding directed towards cultural activities. Governments in these countries allocate significant budgets to support a wide range of cultural institutions and initiatives. This is not merely an investment in the arts per se but a reflection of a policy that views culture as a public good integral to social cohesion and national identity (Duelund, 2003). Nordic cultural policies emphasize the decentralization of cultural administration, granting substantial autonomy and decision-making power to regional and local authorities. It is aimed to have cultural programming be responsive to local needs and identities and thereby create a sense of ownership and relevance among local communities (Sokka, 2022). The model strives for inclusivity and equality in access to culture. It aims to eliminate barriers to cultural participation for all groups in society, including minorities and people living in remote areas. This is aligned with the wider welfare objectives of reducing social differences and promoting an inclusive society (Sokka, 2022; Kangas, 2001).

The backbone of the Nordic cultural policy model is robust public funding, which is administered through national, regional, and local government bodies. This funding supports everything from major national institutions to local arts projects, ensuring cultural offerings are diverse and geographically widespread. Public funding is often allocated through processes that seek to balance support for established institutions with initiatives that encourage new artistic expressions (Sokka, 2022).

From a comparative perspective, the Nordic cultural policy model stands in stark contrast to the cultural policies observed in countries such as the United States. In the US, cultural funding is significantly more reliant on private investment and philanthropy, with a far smaller role played by public funding. For instance, in the United States, cultural institutions such as museums, theaters, and orchestras often depend heavily on donations, sponsorships, and ticket sales for their financial viability (DiMaggio & Useem, 1978). This contrasts sharply with the Nordic approach, where substantial public funding ensures that cultural institutions can operate with a degree of financial stability and independence from market pressures. The Nordic model's emphasis on equality and accessibility is less pronounced in the US, where cultural

participation is often influenced by socioeconomic status due to the high cost of cultural activities (DiMaggio & Useem, 1978).

In addition, in the United Kingdom, while there is significant public funding through bodies like Arts Council England, there is also a substantial expectation for cultural organizations to secure private funding and generate income through commercial activities (Gray, 2000). The UK's approach includes a mixture of direct public funding and incentives for private donations, yet it lacks the comprehensive welfare-oriented framework that characterizes the Nordic model. In addition, the UK's cultural policy has been subject to austerity measures, leading to cuts in public funding for the arts. This has been in contrast with the Nordic Countries that have upheld a steady or even increasing public investment to the arts and culture sector (Belfiore, 2004). However, in Finland as well, the government has implemented cuts to cultural funding, and further reductions are anticipated. It remains to be seen whether the Finnish model, which relies heavily on strong public funding, is heading toward a transformation in the future.

The decentralized administration in the Nordic model, which ensures that local communities have a significant say in cultural offerings, provides a stark contrast to more centralized approaches observed elsewhere (Bennett, 2001). A key instrument in the Nordic cultural policy toolkit is the provision of grants and subsidies. These are designed not only to sustain existing cultural institutions but also to support independent artists and smaller creative projects. These grants are typically awarded based on artistic merit and potential community impact, as determined by panels of experts, peers, and sometimes public stakeholders, ensuring a democratized allocation process (Sokka, 2022).

Direct funding remains the most straightforward mechanism, providing essential financial support to cultural institutions and individual artists. This includes long-term funding for institutions and project-based grants for artists and collectives. Indirect funding mechanisms vary from country to country in the Nordics, but include tax incentives, such as reduced VAT rates for cultural products and tax deductions for private donations to culture. Such measures aim to stimulate private investment in the arts and lower the cost of cultural consumption for the public. This broadens the means and base of cultural funding and encourages a culture of philanthropy and private sponsorship (Johannisson, 2025). Recent years have seen an increase in co-funding initiatives and

partnerships between public bodies, private entities, and non-governmental organizations. These partnerships often facilitate projects that might not be viable through public funding alone, thus enhancing the scope and scale of cultural activities. Such collaborations also bring additional resources and expertise to cultural projects, enriching the cultural landscape (Mangset et al., 2008).

The funding mechanisms are continually evaluated to ensure alignment with policy objectives. Measuring and making impact assessments is, however, challenging, and not in all parts very effective (Valoma, 2024). Challenges of the adaptation of the Nordic cultural policy model relate, for example to globalization, migration, and shifts in demographic and societal values. Sokka (2022) points out that while the foundational principles of these policies are strong, they require continual adaptation to address emerging social realities effectively and to maintain cultural relevance and resonance in diverse societies. Regular assessments are conducted to measure the accessibility of cultural offerings, the diversity of cultural expressions supported, and the socioeconomic impacts of funded activities. These evaluations help policymakers adjust strategies to better meet emerging needs and challenges, such as increasing digital access to culture and supporting cultural diversity (Sokka, 2022).

Another challenge relates to the adapting of digital transformations in cultural consumption and production. Policymakers are increasingly focusing on how to support digital art forms and ensure that digital platforms are accessible to all citizens. Additionally, as the demographic compositions of these countries change, there is a growing need to ensure that cultural policies and funding mechanisms reflect and support a diverse array of cultural expressions and heritage (Sokka, 2022).

It is likely that Nordic cultural policies will increasingly overlap (as they already significantly do) with other areas of social policy, such as education, integration, and urban planning. This would facilitate broader social objectives, such as enhancing educational outcomes through cultural participation and fostering social integration through community-based cultural projects.

## 2.5. Cultural Governance in Finland

Cultural governance in Finland is characterized by a complex network of interministerial responsibilities and sectoral policies. Central to this structure is the Ministry of Education and Culture, which is primarily responsible for cultural policy. Ministry of Education and Culture's responsibilities include general arts policy, cultural heritage, and libraries, and it implements policies that relate to these areas (Jakonen & Sokka, 2022). Ministry of Education and Culture is also the primary source of funding for cultural institutions, including national art institutions, museums, and theatres. The Arts Promotion Centre Finland (Taike) is an independent agency operating under the Ministry of Education and Culture. Taike plays an important role in supporting cultural organizations, individual artists and cultural projects through distribution of grants. (Jakonen & Sokka, 2023).

Other ministries also play a role in the cultural governance system. For example, the Ministry of Transport and Communications is responsible for media policy and the Finnish Broadcasting Company (YLE), while the Ministry of Economic Affairs and Employment handles the creative industries and cultural economy (Jakonen & Sokka, 2022). The Ministry of Finance is responsible for general economic and budget policy and thus plays a key role in all public funding by the state. During the budget process, bilateral negotiations between the Ministry of Finance and sector ministries largely determine the overall level of state funding for each administrative sector. Therefore, the role of the Ministry of Finance should not be underestimated as part of the overall cultural governance. Additionally, the Ministry of Finance manages central government transfers to municipalities, which are vital especially for local cultural activities. Cultural funding in Finland and its' instruments are explored in detail at chapter 2.7.

In the Finnish cultural governance system, public officials hold a significant amount of influence (Jakonen & Sokka, 2023). Public officials, particularly within Ministry of Education and Culture, are central through the allocation of funds and legislative drafting. These civil servants often shape policy outcomes through their decisions and interpretations of cultural policy guidelines set by politicians (Jakonen & Sokka, 2023). Also public officials at the Ministry of Finance, Ministry of Economic Affairs and Employment, and the Ministry of Transport and Communications impact cultural policy through their funding and regulatory roles.

While this thesis focuses on the national level cultural funding, local municipalities are also critical actors in cultural policy and have their own system of cultural governance. They implement cultural policies at the local level, supported by their own cultural funding and central government transfers, and thus relate to the national level cultural policy. Municipalities for example manage public libraries, local museums, and arts education, ensuring that cultural services are accessible to all citizens. (Jakonen & Sokka, 2022).

According to Jakonen & Sokka (2022), while politicians set broad policy agendas, public officials have considerable discretion in the interpretation and implementation of these policies. This dynamic can lead to variations in policy outcomes based on the officials' interpretations and decisions, highlighting the need for clear guidelines and accountability mechanisms. Politicians at the national level typically have more experience and work full-time, leveraging their expertise to influence policy. In contrast, municipal-level politicians often serve part-time, balancing their roles with other responsibilities, which can reduce their impact compared to national politicians. This discrepancy suggests that the national system may be more democratic due to the higher involvement and expertise of full-time politicians, although the expert-driven distribution of cultural funds by public officials at both levels ensures informed decision-making that eventually benefits the cultural sector.

The effectiveness of the Finnish cultural governance system can be questioned due to the lack of coordination among ministries. Despite the broad integration of cultural policy across various government sectors, the lack of coordination between ministries hampers the seamless implementation of coherent cultural strategies. Each ministry often operates independently, guided by its own specific mandates and objectives, which can lead to fragmented policy outcomes (Jakonen & Sokka, 2023). Improved interministerial collaboration could harmonize this, ensuring that cultural policies are not only comprehensive but also effectively address the multifaceted needs of the cultural sector (Mangset et al., 2008).

## **2.6. Cultural Funding in Finland**

Cultural funding in Finland is complex system of policy domains and ministerial responsibilities. While Ministry of Education and Culture is the main contributor to cultural policy, other ministries play a role often focusing on certain domain of cultural funding. Jakonen & Sokka use classification of cultural funding in their

research published in 2022 that is based on a framework adapted from the European Statistical System Network on Culture (ESSNet) and the guidelines provided by Ministry of Education and Culture. This classification encompasses seven primary domains:

- Cultural Heritage and Archives: This domain includes museums, cultural heritage sites, cultural environments, and archives.
- Libraries and Literature: Encompassing libraries, literature, books, and cultural magazines.
- Visual Arts: This includes fine arts, photography, and other visual arts.
- Performing Arts: Covering music, theatre, dance, circus, and other performance arts.
- Audiovisual Culture and Multimedia: Encompassing films, television, radio, video games, media art, and other audiovisual cultures.
- Architecture, Design, and Art Crafts: This domain includes activities related to architecture, design, and crafts.
- Other Cultural Activities: A broad category including cultural diversity, children's culture, international cultural activities, cultural wellbeing, cultural economy and industries, adult education, copyright systems, municipal cultural services, and artist pensions

This classification structure provides a good framework to evaluate each ministries role in contributing to the funding of different domains of cultural policy.

Ministry of Education and Culture is the principal ministry responsible for cultural policy in Finland and therefore contributes to several domains of cultural policy:

- Performing Arts: The ministry is the primary financier of performing arts, including major institutions such as the National Opera and National Theatre.
- Cultural Heritage: Funding for museums, cultural heritage sites, and the National Gallery is primarily sourced from the ministry.
- Libraries and Literature: Ministry of Education and Culture funds libraries and literature, although the Ministry of Finance also contributes significantly through distribution municipal funding (Jakonen & Sokka, 2022).
- Visual Arts: Most funding for visual arts is managed by Ministry of Education and Culture's Department for Art and Cultural Policy and the Arts Promotion Centre Finland.

- Architecture, Design, and Art Crafts: These receive the least funding, predominantly from Ministry of Education and Culture and partially from the Ministry of Economic Affairs and Employment (Jakonen & Sokka, 2022; Ministry of Education and Culture, 2017).
- Ministry of Education and Culture is also significant in developing strategies that promote the integration of culture into broader societal goals. For instance, the national strategy for sectoral cultural policy emphasizes cooperation with other governmental branches to enhance cultural education, research, and business, thereby fostering a more holistic approach to cultural development (Ministry of Education and Culture, 2017).

Other ministries that contribute to cultural funding:

Ministry of Finance: Important for municipal cultural policy, providing central government transfers to municipalities that fund local cultural activities, basic art education, and public libraries (Jakonen & Sokka, 2022). The total funding managed by the Ministry of Finance for these purposes is significant, emphasizing the ministry's role in supporting local-level cultural services (Jakonen & Sokka, 2022). Ministry of Finance is in addition responsible of tax policy, which indirectly concerns also the cultural sector.

Ministry of Economic Affairs and Employment supports the cultural and creative industries, funding music, design, and the audiovisual industry through policies related to business and employment. (Jakonen & Sokka, 2022).

Ministry of Transport and Communications allocates funds to media policy, including the Finnish Broadcasting Company (YLE) (Jakonen & Sokka, 2022).

Ministry for Foreign Affairs: It promotes international cultural relations and exports through cultural diplomacy and the management of state-owned cultural properties abroad. The ministry's efforts are crucial for enhancing Finland's cultural presence globally and supporting cultural exports (Jakonen & Sokka, 2022).

Ministry of the Environment: Focuses on landscape management, cultural environment protection, and architectural heritage, contributing to cultural policy through environmental and land-use policies. The ministry's involvement ensures that cultural heritage is preserved within the broader context of environmental sustainability (Jakonen & Sokka, 2022).

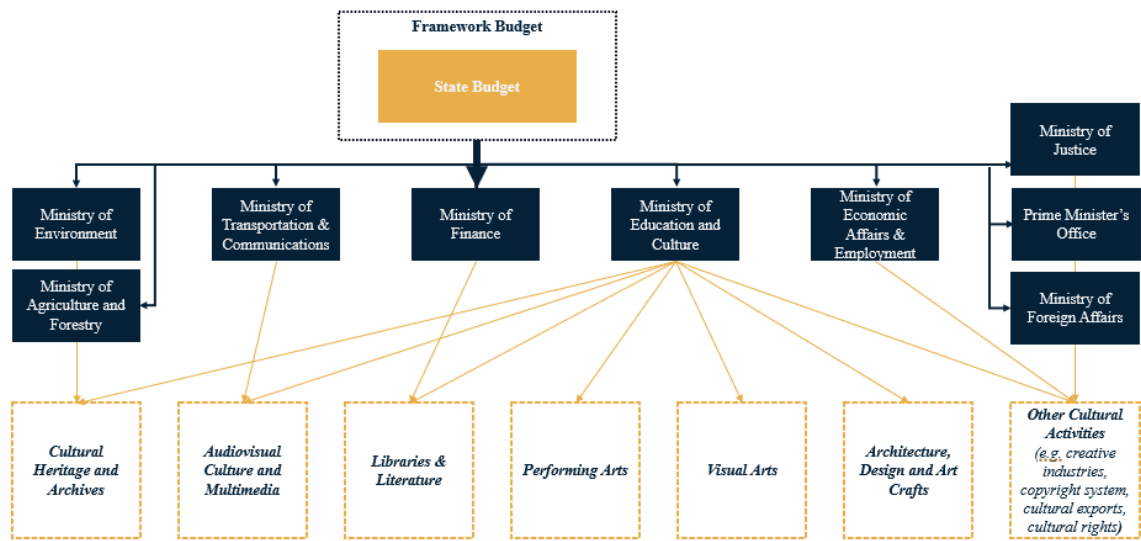
Ministry of Agriculture and Forestry: Supports rural culture and the preservation of cultural heritage through various programs, including those funded by the EU. This ministry's contributions are vital for maintaining cultural activities in rural areas and preserving traditional landscapes (Jakonen & Sokka, 2022).

Ministry of Justice: Ensures cultural rights and the promotion of cultural diversity, including the preservation and promotion of Sámi culture. The ministry's focus on cultural rights highlights the importance of culture in promoting social justice and democracy (Jakonen & Sokka, 2022).

The Prime Minister's Office: plays a minor role in Finland's cultural policy framework. While it is not the primary driver of cultural funding, it influences cultural policy through broader strategic governance and interministerial coordination. The Prime Minister's Office ensures that cultural policies align with national priorities and fosters collaboration among different ministries to integrate cultural considerations into various sectors of government policy (Jakonen & Sokka, 2022).

The Prime Minister's Office also supports cultural initiatives that are part of national image-building and international cultural diplomacy. It works in tandem with the Ministry for Foreign Affairs to promote Finland's cultural exports and international cultural presence. Additionally, the office facilitates cross-sectoral initiatives that link culture with other areas such as education, economic development, and social policy, thereby ensuring a holistic approach to cultural governance (Jakonen & Sokka, 2022).

### State-Level Cultural Funding Ecosystem in Finland



**Graph 1:** State-Level Cultural Funding Ecosystem in Finland as explained by Jakonen & Sokka 2022.

### 2.7. Gambling Profits and Cultural Funding

Finland's cultural funding has had a connection to its gambling monopoly, managed by Veikkaus Oy, the state-owned gambling operator. Established in the 1940s, Veikkaus has played a critical role in financing various sectors, including culture, sports, science, and social welfare. The revenue generated by Veikkaus is substantial; in 2019 alone, approximately €1 billion was allocated to these areas, highlighting the significance of gambling revenues in public funding (Jakonen et al, 2021b).

Historically, the rationale for the gambling monopoly was twofold: to control and mitigate the adverse effects of gambling while simultaneously directing the profits towards public good. This model ensured a steady flow of funds to cultural and social organizations, making gambling revenues an essential component of the Finnish welfare state (Finnish Government, 2021). Over the years, the dependency on these funds grew, particularly during economic downturns, such as the recession of the 1990s, when gambling revenues became a vital economic tool to supplement the state budget (Ahonen, 2019).

The Finnish government, through various legislative acts, has continuously adapted the gambling monopoly to respond to socio-economic challenges and public needs. This adaptation includes the integration of newer gambling forms, such as online

gaming, into the monopoly structure, aiming to capture a broader market share and prevent revenue leakage to international operators (Veikkaus, 2020).

Despite its historical success, the Finnish gambling monopoly faces significant challenges. The rise of online gambling and international operators has eroded Veikkaus's market share, leading to decreased revenues. Additionally, societal concerns regarding gambling addiction and its social costs have intensified, prompting calls for reform (Sailas et al., 2023). One primary challenge is the sustainability of relying on gambling revenues for public funding. As gambling behavior shifts online, where the government has less control, revenues are projected to decline further. This situation necessitates exploring alternative models to secure funding for cultural and social initiatives. Two main options have been considered: maintaining the monopoly with stricter regulations to curb offshore gambling or transitioning to a partial license system allowing private operators to enter the market under stringent conditions (Sailas et al., 2023).

In 2023, Prime Minister Petteri Orpo's government announced a significant policy shift towards the latter option. The government program includes preparing a reform to transition the gambling system from a monopoly to a multi-license system, similar to models adopted by all other EU countries (Government Programme, 2023). This decision aims to increase market competition, stabilize revenue flows, and ensure that gambling remains under state oversight to minimize harm.

The partial license system, seen in many European countries, aims to increase market competition while ensuring that gambling remains under state oversight to minimize harm. This model could potentially stabilize revenue flows and offer a more flexible response to the evolving gambling landscape (Sailas et al., 2023).

Another significant challenge is ensuring ethical use of gambling revenues. Public debate has increasingly focused on the morality of funding essential public services with money derived from potentially harmful activities. This ethical dilemma has of its own right fueled discussions about severing the direct link between gambling profits and public funding, advocating for a model that ensures public welfare without reliance on gambling revenues (Finnish Government, 2021).

Recognizing the vulnerabilities in the current system, Finland has implemented a new funding model for gambling beneficiaries starting in 2024. This

model severs the direct link between gambling revenues and cultural funding, with the aim of ensuring a more predictable and stable financial framework for cultural and social sectors (Finnish Government, 2022). The new funding model redirects gambling revenues into the state's general budget rather than earmarking them for specific uses. This shift was accompanied by legislative changes to ensure that the funds previously allocated to cultural and social initiatives are maintained at stable levels, irrespective of fluctuations in gambling revenues (Finnish Government, 2022). The model aims to provide long-term sustainability and autonomy for cultural organizations, reducing their dependency on a potentially ethically volatile income source. Additionally, the model includes provisions to enhance transparency and accountability in how these funds are distributed and used. This approach aligns with broader EU regulatory frameworks and addresses ethical concerns regarding the source of funding for public goods (Finnish Government, 2022).

The transition to this new model reflects a significant policy shift, focusing on sustainable funding practices and the ethical implications of using gambling revenues. By stabilizing funding sources for cultural and social initiatives, Finland aims to ensure that these sectors continue to thrive independently of the gambling industry's performance.

Moreover, the new funding model aims to maintain the current level of support for beneficiaries by introducing a framework where the allocation of funds is determined through political processes rather than directly linked to gambling revenues. This has included setting up a parliamentary negotiating committee to oversee the funding levels and distribution, ensuring that the new system remains responsive to the needs of cultural and social sectors (Finnish Government, 2022). From another perspective, the inclusion of gambling revenues in the general budget has also made cultural funding more susceptible to direct budget cuts.

Prime Minister Petteri Orpo's government decision to prepare for a transition to a multi-license system marks a significant evolution in Finland's approach to gambling and public funding. This policy change not only aims to address the economic and ethical challenges associated with the current system but also aligns Finland with broader European practices. By adopting a multi-license model, Finland can potentially enhance market regulation, mitigate social harms, and secure more stable funding from gambling. This transition also opens up new avenues for private funding through

sponsorship agreements with international operators, with the potential of benefiting the cultural sector.

## **2.8. Covid-19 impacts and relief in 2020-2021**

In this chapter, I assess the impact of the Covid-19 pandemic on a general level as well as the state relief measures for the arts and cultural sector due to the pandemic. The relief measures concerning the pandemic were carried out partly through existing and partly through one-off instruments, which are no longer in use during the period of examination in the context of this thesis. However, as becomes clear through the analysis, the pandemic had long-lasting effects on the arts and culture sector both in Finland and globally, the effects of which can be seen as extending also to the examination period of this thesis. In order to understand the context in which cultural policy strategies are prepared and funding decisions are made by the current government, it is appropriate to also examine a major disruption to the sector such as the pandemic.

The COVID-19 pandemic had profound effects on the cultural sector globally, with Finland experiencing significant disruptions across various cultural domains. Historically, Finland's cultural policy has been characterized by substantial public funding and a well-structured support system for the arts and cultural industries (Jakonen & Sokka, 2022). The pandemic, however, posed unprecedented challenges, necessitating swift and substantial state intervention to mitigate the impact on the cultural sector.

The pandemic led to widespread cancellations and closures within Finland's cultural sector. Live performances, exhibitions, and other cultural events were halted, leading to severe financial losses. For instance, the performing arts sector saw a 70% decline in audience numbers and ticket sales dropped to a third of the usual volume (TINFO, 2021). This decline not only affected the economic stability of cultural institutions but also had a detrimental impact on artists and cultural workers who faced significant income losses.

According to the Centre for Cultural Policy Research (Cupore), the crisis hit the performing arts particularly hard, with a reported 45% decrease in the number of performances in 2020 compared to previous years. Additionally, the Finnish Artists' Association survey indicated that over 80% of artists experienced income reductions,

primarily due to decreased art sales and commissions (Frame, 2021). These disruptions underscored the vulnerability of the cultural sector to external shocks and highlighted the need for robust support mechanisms to sustain cultural activities during crises. Moreover, museums and galleries faced significant challenges, with many institutions closing their doors for extended periods. This not only resulted in revenue losses from ticket sales but also disrupted the regular activities and projects planned for the year. Educational programs, community outreach, and international collaborations were also severely affected, limiting the cultural engagement of the public (Sokka et al., 2022).

In response to the pandemic, the Finnish government introduced several relief measures to support the cultural sector. These measures were crucial in alleviating some of the financial pressures faced by cultural institutions and practitioners. The Ministry of Education and Culture, the Arts Promotion Centre Finland (Taike), and Business Finland played significant roles in distributing these funds (Sokka et al., 2022).

The relief funding was substantial. For example, Taike allocated approximately €79.2 million to support the arts and culture sector, while the Ministry of Education and Culture provided €151.4 million in aid (Sokka et al., 2022). These funds were aimed at ensuring the continuity of cultural activities and supporting the livelihoods of artists and cultural workers during the pandemic. The allocation of these funds was part of a broader strategy to maintain cultural diversity and accessibility despite the challenging circumstances.

The relief measures also included various forms of grants and subsidies to individual artists and freelancers, recognizing the precarious nature of their work. This included direct grants for living expenses, project grants to adapt their work to digital formats, and support for new artistic projects that could be executed during the restrictions (Sokka et al., 2022). These interventions helped to sustain the creative output and livelihoods of many cultural practitioners during the pandemic.

### 3. RESEARCH METHODOLOGY & DESIGN

#### 3.1. Research Methods

This chapter explains the methodological framework and research design used in this thesis. It is a case study on Finnish state-level cultural funding instruments, providing an in-depth and context-aware analysis of policy strategies (Cultural Policy Report) and funding decisions (Fiscal Plan 2025-2028 and State budgets 2024-2025). Case study is methodologically flexible, and allows combination of qualitative and quantitative data to present a comprehensive exploration on the research questions (Laine et al., 2007). Case study is also effective in exploration of complex phenomenon within real-life contexts (Laine et al., 2007).

This thesis uses multiple methods approach. The key distinction between multiple methods and mixed methods lies in how the data is integrated. In multiple methods, each method's results are analyzed separately, allowing for complementary insights, while mixed methods integrate findings during the analysis process (Seppänen-Järvelä et al., 2019). In this thesis, qualitative data from policy documents, most notably the Cultural Policy Report, are used to capture the cultural policy vision and objectives of the government in the context of cultural funding. Quantitative data, such as budget figures for 2024-2025, offer measurable evidence of trends, funding structures, and priorities. Regarding the budget data, it is noteworthy that both qualitative (*detailed justifications -section*) and quantitative (*numerical table -section*) research methods have been utilized in its analysis.

This combination is relevant for the thesis as it addresses the multifaceted nature of cultural funding which often might have contradicting aspects between objectives set and concrete actions of implementation. The chosen approach enables the evaluation, comparison, and making of conclusions from qualitative information in relation to quantitative data, making it the suitable method for addressing the research questions. This thesis is not purely qualitative nor quantitative, although it undoubtedly emphasizes the former.

### **3.2. Research Design**

The research is organized into five phases:

1. Literature Review: This phase refines the research questions and builds the *theoretical framework* by reviewing relevant literature.
2. Data Selection: Finding and selecting documents relevant documents based on the research objectives.
3. Appraising the Data: Making sense of, evaluating the authenticity, credibility and relevance of the documents.
4. Synthetizing and Analyzing the Data: Organizing extracted content and its' analysis
5. Synthetizing and Interpretation: Findings are reviewed in light of the research questions.

### **3.4. Data Selection and Collection**

The data comes from both primary and secondary sources:

Primary Sources:

- The Finnish Cultural Policy Report and related stakeholder feedback.
- Fiscal Plan for 2025-2028 and State Budgets 2024-2025.

Secondary Sources:

- The Government Programme for 2023-2027.
- Other reports and records from the Finnish Government and Parliament.
- Statistical data on cultural funding and public finances in Finland.
- The literature review provides the theoretical framework and context for the data sources.

The document selections have been justified by describing their significance in the context of cultural policy and their position within the regulatory hierarchy in the analysis section dedicated to each document. Additionally, for the main

sources, the preparation process that led to the creation of the documents has been outlined.

### **3.5. Advantages and Limitations of the Data**

Document analysis is cost and time-efficient. By using existing data, this method eliminates the need for extensive fieldwork, making it particularly suitable for studies like this one, where resources are limited, and the focus is on publicly available information.

It is however important to be mindful of potential limitations, such as incomplete or biased documents, and address these challenges by combining data from multiple sources. There are inherent limitations in the data used for this thesis. Stakeholder statements may reflect individual or organizational biases, as they are influenced by the specific priorities of respondents. Additionally, budget data for future years are projections and may change due to unforeseen developments.

### **3.6. Data Analysis**

This study employs document analysis as the primary method for examining data, integrating elements of both content analysis and thematic analysis. Document analysis is particularly effective for evaluating policy documents due to its systematic approach, allowing researchers to assess both explicit and implicit content (Bowen, 2009). Content analysis organizes information into predefined categories, aligning it with the central questions of the research. In contrast, thematic analysis identifies recurring patterns and themes, offering a deeper understanding of the data (Laine et al., 2007).

In qualitative research, questions are typically not quantifiable, as they focus on exploring phenomena, meanings, and experiences rather than measuring variables numerically. In this thesis, while the primary focus aligns with qualitative research, certain aspects, such as cultural funding decisions, can be examined quantitatively.

In this thesis, content analysis is used to organize information systematically into predefined topics (*cultural funding instruments and structures*). Thematic analysis is used to identify patterns, themes, and relationships across the data. For this thesis, thematic analysis evaluates the coherence between the stated objectives in cultural funding and the actual budgetary decisions. This reveals whether policy objectives are reflected in concrete funding measures. Patterns, such as recurring priorities or gaps in implementation, are identified to assess the alignment between vision, actionable measures and practice.

The process of document analysis involves skimming, reading, and interpreting documents iteratively. Skimming helps in identifying key sections and gaining a general understanding of the document's scope and relevance. Subsequent thorough readings allow for a deeper engagement with the text, uncovering both overt and nuanced meanings. Finally, interpretation ties the findings to broader contexts and frameworks, making possible drawing of meaningful conclusions. This iterative cycle ensures that the analysis is comprehensive and reflective of the document's complexities (Bowen, 2009).

The integration of content and thematic analysis ensures a comprehensive approach for data analysis. Content analysis focuses on "what" is stated while thematic analysis explores "how" those elements are implemented, connecting them to the research questions. Quantitative data analysis is used to track changes in budget allocations overtime to evaluate financial decisions alignment with cultural policy objectives. Quantitative data extracted from the documents, namely budget figures, complements the qualitative analysis by exploring the question "how much".

## 4. ANALYSIS & FINDINGS

### 4.1. Analysis: The Cultural Policy Report

#### 4.1.1. Government Programme

*“The Government Programme is a political action plan agreed on by the parties in Government that describes the Government’s objectives and main areas of activity. It sets out the guidelines that the Government intends to follow during its term of office. The Prime Minister oversees the implementation of the Government Programme and sees to it that the Government agrees on appropriate implementation procedures at the beginning of its term”* (Prime Minister’s Office, n.d.).

In the Finnish political system, the government programme (hallitusohjelma) is a significant document that guides the government’s actions and priorities during its term. It is an agreement made by the coalition parties and outlines the main policies and goals they plan to achieve. According to Borg, Kestilä-Kekkonen, and Wass (2020), the government programme shows the compromises made between coalition partners and helps manage the challenges of working together in government.

The government programme is more than just a political agreement. It helps coordinate policies across different ministries and ensures the government works in a unified way. Mykkänen and Virtanen (2020) point out that it has become a tool for strategic governance, focusing on accountability and clear outcomes.

From the perspective of cultural policy, the government programme typically does not include detailed policies regarding funding instruments or structures. However, its entries can reveal the values and priorities of the current government. The government programme usually also contains major legislative initiatives of significant importance. Notably, from the viewpoint of cultural policy, its position in the regulatory hierarchy is significant: the threshold for political actions that contradict the government programme is high, and if a specific policy sector is not addressed in the programme at all, it is less likely that significant reforms will take place in that sector during the government’s term.

#### **4.1.2. Cultural Policy in Government Programme 2023-2027**

The government program of Prime Minister Petteri Orpo, titled “*Strong and Caring Finland*”, addresses cultural policy on a general level but also makes a few more specific statements. The program emphasizes the status of the Finnish language and the preservation of cultural heritage.

This is demonstrated in its cultural policy objectives, such as: “*The status of national languages in society is clear, strong, and unifying for Finns. Finland is an encouraging society of education and proud of its diverse cultural heritage*” (Government Program, 2023, p. 78); the role of school traditions: “*The educational mission of schools includes ensuring that Finnish cultural heritage is passed on to future generations. This also involves preserving school traditions such as spring and Christmas celebrations*” (Government Program, 2023, p. 81); and the focus on Finnish nature: “*Respect for nature and outdoor activities are part of Finnish culture*” (Government Program, 2023, p. 127). While these statements could broadly align with the programs of any government, it is clear that the emphasis on Finnish culture, language, nature, and heritage aligns naturally with the values of the ruling coalition parties (the National Coalition Party, the Finns Party, the Swedish People's Party, and the Christian Democrats).

The government program also highlights the economic instrumental value of culture. It seeks to strengthen culture’s role as a competitive advantage on the international stage and notes that Finland currently lags behind other Nordic countries in terms of the contribution of creative industries to GDP. The creative industries are seen as having significant growth and employment potential. The instrumental value of culture is also addressed from other perspectives, including security and well-being: “*Culture plays a significant role in citizens' resilience, comprehensive security, and sense of national cohesion. Growth in the cultural sector supports the entire society by enhancing its well-being, creativity, and sustainability*” (Government Program, 2023, p. 91).

In terms of concrete measures, the program outlines the importance of inter-ministerial cooperation to promote the vitality of the cultural and creative sectors and to leverage culture’s preventive role in social and healthcare services. The program also identifies specific areas for investment, including children’s culture, library services, and construction and renovation projects for cultural buildings.

Additionally, the program stipulates the preparation of a *cultural policy report*, which is a key source for this thesis. The inclusion of this report in the government program further underscores its significance as a guiding document for the government's cultural policy.

#### ***4.1.3. The Cultural Policy Report's preparation and position within the regulatory hierarchy***

*"State cultural policy is guided by cultural policy reports, government programmes, possible other government-level guidelines, and decisions of the Parliament"* (Ministry of Education and Culture, n.d.-a)

As stated in Prime Minister Orpo's government program, the government has prepared a Cultural Policy Report and submitted it to Parliament which has approved it. The purpose of the report is to present an ambitious vision for the future that enables the long-term development of Finland's arts and cultural policy. The report outlines key actions needed to achieve its goals. The previous similar report was approved by Parliament in 2010. In this section, I describe the role of the report within the regulatory hierarchy and the preparation process for the Cultural Policy Report.

Government Report is a statement on international relations or national governance submitted by the government to the Parliament. The parliamentary process for the report includes: preliminary debate in the plenary session, committee reading, debate and decision in a single plenary session. At the conclusion of the debate, the plenary session approves Parliament's position on the report. The plenary may vote on the content of this position but not on the government's confidence. The position is then sent to the government as an official notification from Parliament. However, Parliament can decide not to send the report to a committee, in which case no position is adopted based on the report (Parliament of Finland, n.d.-a).

As the report is an official document approved by Parliament and is strategic and cross-sectoral in nature, its position within the regulatory hierarchy must be considered significant.

The preparation of the Cultural Policy Report was a comprehensive process. Led by the Ministry of Education and Culture, the process involved extensive stakeholder

engagement and public participation between November 2023 and June 2024, followed by a consultation round. The description on the current situation, guidelines, and measures are based on extensive research and statistical data. Additionally, input was gathered through various methods, including a background survey with 300 responses, regional tours in six locations, and over 50 discussion events hosted by the Arts Promotion Centre Finland, involving more than 1 000 participants. Public engagement was further enhanced by open “Living Room Discussions”, virtual meetings with key cultural organizations, and a youth-targeted social media campaign that reached over 123 000 people. Feedback was collected from stakeholders through official consultation round, which resulted in 280 formal statements and approximately 600 pages of input. The working group, appointed by Minister of Science and Culture Sari Multala, held ten meetings and worked in four subgroups addressing topics such as technology, funding, literacy, and youth engagement. The group also incorporated international examples, particularly from Nordic countries and Europe, to inform its recommendations (Cultural Policy Report, 2024, p. 36-37).

#### ***4.1.4. Consultation round***

A significant source in my analysis is the statement material produced as a result of the consultation process.

The Ministry of Education and Culture sent the draft of the Cultural Policy Report for consultation on September 2, 2024, requesting feedback on the vision, objectives, and proposed actions included in the draft. In addition, respondents were asked to describe their role in implementation. The consultation period was six weeks. Responses were requested via the lausuntopalvelu.fi platform.

The consultation request was sent to a total of 499 entities, including cultural, artistic, and creative sectors, as well as various administrative fields and political organizations. Stakeholders not specifically listed in the distribution were also allowed to submit their responses, meaning the consultation was publicly open. All responses submitted by the deadline are available online through the lausuntopalvelu.fi platform. A significant number of responses were prepared collaboratively by multiple entities. By the deadline, 273 entities or groups of entities had submitted responses. The analyzed material amounts to a total of 577 pages. Of the respondents, 59% were associations, organizations, companies, or foundations. Municipalities or municipal consortia

accounted for 20%. Individuals made up 5% of respondents, state agencies and institutions 4%, ministries 3%, Finnish cultural and scientific institutes 2%, arts education and training organizations 2%, political parties and parliamentary groups 2%, and other entities 2% (Lausuntopalvelu.fi, n.d.).

#### ***4.1.5. Structure of the Cultural Policy Report***

The Cultural Policy Report is structured around the definition of culture and cultural policy, a description of the cultural value chain, and an extensive depiction of the current state of culture field in Finland. The report outlines a cultural policy vision extending to the 2040s and identifies four strategic objectives and eight action areas to achieve them. Additionally, it includes indicators to monitor its progress.

The perspective of this analysis is limited, in line with the research questions, to the instruments and structures of cultural funding. However, I will analyze the Cultural Policy Report in its entirety, as funding and structures are almost invariably connected, to some extent, to all activities in cultural policy.

In addition to the government-approved Cultural Policy Report itself, I have analyzed approximately 600 pages of statements produced by stakeholders, which reflect various perspectives from different groups. Some of these perspectives are included in the report, while others have been excluded. These inclusions and exclusions illustrate the decisions and priorities made by the government when approving the report.

It is noteworthy that the Cultural Policy Report does not include budget allocations or regulations but serves as a strategy. As stated by the report: “*The Cultural Policy Report is a long-term strategy for the cultural and creative sectors, assessing what currently works and what does not, where we should be, and how we can move toward a better future. The report is about setting directions, not allocating funds*”. Nevertheless, the report contains an extensive description of the current state of cultural funding, which I will analyze further in section 4.1.7.

#### **4.1.6. *The Foundation of the Cultural Policy Report***

The Cultural Policy Report defines culture as encompassing the intellectual and material traits of a society, including arts, traditions, values, skills, and beliefs. It emphasizes culture's role in shaping identity, education, and resilience, stating, "*Art and culture are part of our heritage and sophistication from previous generations to future ones. Participation to culture is foundation of sophistication*" (Cultural Policy Report, 2024, p. 8-9). Culture policy is described as a multifaceted part of policy, addressing areas such as sustainability, well-being, and regional development. Its goal is to "*strengthen a democratic society through art and culture while building an ecologically, socially, economically, and culturally sustainable future*" (Cultural Policy Report, 2024, p. 8-9).

The definition of culture in the report is broad and originates from UNESCO's World Conference on Cultural Policies (UNESCO, 1982). Similarly, the report's definition of cultural policy is comprehensive, emphasizing its multidimensional reach across various sectors of society and politics. Notably, the report also recognizes culture's role in security and resilience (*henkinen kriisinkestävyys*). This perhaps reflects broader societal and political discourse in Finland in light of the changing security situation in Europe. The heightened emphasis on resilience could also have a stronger impact on cultural funding in the future.

Cultural value chain as described in the report encompasses all stages of cultural and artistic production, from creation and dissemination to consumption, interpretation, and appreciation. It highlights the omnipresence of culture and its impact on societal value creation. According to the report, "*The value chain demonstrates culture's presence everywhere, covering all stages from its foundation, creation, and production to its dissemination, consumption, understanding, and appreciation*" (Cultural Policy Report, 2024, p. 10). The cultural value chain serves as a tool to understand cultural production holistically and promote innovation within it.

The report emphasizes that the cultural value chain operates on multiple levels—local, national, and international. It states, "*International networks often generate growth by creating new opportunities and increasing resources*" (Cultural Policy Report, 2024, p. 10). Public policies play a crucial role in enabling the functioning of various stages in the chain, particularly in smaller linguistic and market areas like Finland, where public funding is vital.

Key stages include the foundation of cultural heritage and knowledge, the process of creation by artists and creative professionals, production and dissemination to audiences, and consumption, which fosters participation and interaction. The report underlines, “*Culture is not vibrant without engaged users and willing audiences*” (Cultural Policy Report, 2024, p. 11). Finally, the interpretation and appreciation of culture are described as essential for fostering societal cohesion and individual growth, ensuring that culture creates meaningful experiences and social value.

The cultural value chain is a way to model the different levels of cultural policy where public authorities have a role. Through public actions and funding instruments, the aim is to create conditions for the value chain to function as effectively as possible at each level. It is significant that the report specifically chose this type of modeling, which emphasizes the role of cultural creators and producers. Simplified, one could say that cultural funding instruments are specifically weighted toward the beginning of the value chain (supporting cultural creators) whereas the latter stages, such as cultural consumption, are influenced by broader societal and economic factors, like citizens' purchasing power.

#### ***4.1.7. Facts & Figures***

The Cultural Policy Report includes an extensive description of the current state of the arts and cultural sector in Finland, based on comprehensive research and statistical data. While I have reviewed the materials used in the preparation of the report, an in-depth analysis of this data is beyond the scope of this master's thesis. Instead, my analysis focuses on the policies and proposals outlined in the report from the perspective of my research questions.

Nevertheless, the current state analysis contains numerous interesting and relevant insights for my research, some of which I will highlight in this section. In particular, the financial indicators, which in the report's data are based on the years 2019–2023, will serve as background information for my analysis in subsequent chapters and conclusions.

A significant observation in the Cultural Policy Report regarding cultural funding and structures is that the current support systems for art and culture are largely considered functional, although development needs are also identified. The report states

that *“The measures to strengthen the cultural and creative sectors have not been sufficient in relation to the objectives of government programmes over the past decades”* (Cultural Policy Report, 2024, p. 13). Furthermore, the report notes that for its vision of a vibrant culture in the 2040s to materialize, the funding base for culture and creative industries must be expanded, and structures must be developed.

It is noteworthy that the report strongly emphasizes the role of consumers and households as key funders of culture. Consumers are, in fact, the most significant funders of culture, a fact repeated throughout the report. *“Private consumption of cultural and creative sectors in 2023 amounted to 5 billion euros. If spending on industry categories such as newspapers and magazines, other printed and paper products, photographic and film equipment and services, amusement parks, games and other entertainment, as well as consumer electronics, is excluded, the figure is slightly over 2.6 billion euros”* (Cultural Policy Report, 2024, p. 14 / Statistics Finland’s Structural Business and Financial Statement Statistics 2023; Cultural Expenditure, 2008–2022).

The emphasis on the role of the consumer is supported by the report’s perspective on broadening the funding base for culture. When discussing the structures of funding, which are public instruments in cultural financing, the language is more neutral, focusing on development. The report notes that from the perspective of cultural creators, increasing public funding is a key and recurring request.

State cultural funding amounted to a total of 1.5 billion euros in 2023. The Ministry of Education and Culture was the largest contributor, providing 881 million euros, followed by the Ministry of Transport and Communications with 432 million euros, of which 429 million euros was allocated to YLE. The Ministry of Finance contributed 162 million euros, while the Ministry of Economic Affairs and Employment provided 20.3 million euros, and the Ministry of Social Affairs and Health allocated 9 million euros. Smaller amounts were also distributed through other ministries. (Cultural Policy Report, 2024, p. 14)

Additionally, municipalities and cities funded culture with 1.065 billion euros in 2023 (Cultural Policy Report, 2024, p. 14). Private consumption, together with state and municipal funding, constitutes the majority of cultural funding. The combined funding from foundations and companies amounts to less than 200 million euros (Cultural Policy Report, 2024, p. 40).

The report also addresses the economic impacts of cultural participation and attempts to roughly estimate the savings that cultural participation could achieve. Research on this topic is relatively limited and not evaluated. It is pointed out in the report that enabling participation in arts and culture can help prevent social inequality and reduce the need for more intensive services. Cultural participation has the potential to decrease exclusion (annual cost: €17.7 billion), mental health issues (annual cost: €11 billion), and prevent memory-related illnesses (annual cost: €2 billion) (Cultural Policy Report, 2024, p. 16).

#### ***4.1.8. The Vision for Cultural Policy by 2040***

The Cultural Policy Report envisions that by the 2040s, *“art and culture will be a unifying and strengthening force for Finland, inspiring the creation of a more sustainable, vibrant, and humane future. As a result of successful cultural policy, the sense of inclusion and meaningfulness experienced by people will produce broad-based education, well-being, and societal and economic value in collaboration with other policy sectors.”* (Cultural Policy Report, 2024, p. 21).

This vision is supported by four strategic objectives. First, *“Culture as a driver of change”* highlights its role in addressing societal challenges, fostering democracy, and imagining sustainable futures. Second, *“Cultural creators and content at the core”* emphasizes the significant contribution of artists and the creative industries to innovation, societal renewal, and economic growth, while calling for stronger collaboration across governmental sectors. Third, *“Culture is everyone’s right”* focuses on ensuring diverse and accessible cultural experiences for all, irrespective of background, language, or resources, with a commitment to enhancing cultural education and participation for children and youth. Lastly, *“International impact through culture”* envisions Finnish culture as a global asset, driving cultural diplomacy, attracting investments, and strengthening Finland’s image through vibrant creative industries and cultural exports (Cultural Policy Report, 2024, p. 21-22).

According to the stakeholder feedback given through Lausuntopalvelu.fi, 85% of respondents support the vision outlined in the Cultural Policy Report. Criticism and suggestions for improvement from those who disagreed primarily focus on terminology, the central government-oriented approach, and insufficiently defined goals. Many respondents also proposed including specific themes more prominently in the vision. A

key issue raised was the replacement of the term "art" with "culture" throughout the report, including the title and vision. Some stakeholders suggest renaming the report as “The Art and Cultural Policy Report”. Several respondents noted that the vision should more strongly reflect the intrinsic value of art, which is only mentioned three times in the report. While respondents appreciated the emphasis on cultural creators and content producers, they highlighted that art cannot exist without artists, nor can it reach audiences and society without a robust intermediary system. They called for the proposed actions to give greater consideration to art organizations, museums, cultural heritage actors, archives, and freelance art communities.

Multiple political parties commented on the vision. The Finns Party found the vision overly state-centered and reliant on public funding. They argued that the vision downplays the majority language and culture of Finns while overly emphasizing internationality. They stressed the importance of Finnish language and identity. Conversely, the Left Alliance Parliamentary Group suggested that the vision should emphasize the intrinsic value, autonomy, and freedom of art and culture, criticizing its current focus on instrumental value. The Green Party viewed the vision as ambitious but contradictory, as ongoing budget cuts undermine the ability to achieve cultural objectives.

The vision also received comments from ministries. The Ministry of Social Affairs and Health (STM) criticized the vision for setting goals for cultural and economic policies while failing to reference other policy areas. STM suggested defining the cultural policy vision as a target state in collaboration with other sectors. The Ministry of Economic Affairs and Employment (TEM) found the vision lacking a clear depiction of the desired change from the current situation. They proposed rephrasing the vision to emphasize the outcomes of successful cultural policy rather than defining economic policy objectives. TEM also stated that cultural policy should focus on preserving activities that are culturally significant but not commercially viable.

Representatives of the creative economy, such as Business Finland, largely supported the vision but called for a stronger emphasis on creative businesses and the economic dimensions of culture.

#### **4.1.9. Actions to achieve the objectives**

The first action area is “*Making the Foundations of Culture Future-Proof*”. This action area emphasizes the importance of cultural infrastructure in fostering cultural

participation. Public funding for culture is identified as a central element, with its key goal defined as ensuring accessibility to culture. This includes various perspectives, such as regional availability, the long-term preservation of national cultural heritage, and maintaining accessibility even during exceptional circumstances. Regarding funding and structures, the action area outlines several policies and development proposals. In the development of cultural and arts education, the emphasis is on enhancing collaboration, including funding partnerships: *“Promote cooperation among cultural and arts education actors—engaging both public and private actors and funders”* (Cultural Policy Report, 2024, p. 25). The report also highlights the importance of diversifying funding sources in general. Alongside grants and state subsidies, it stresses strengthening the revenue and capital structures of cultural operators. To support this development, the report proposes preparing tax deductions for donations.

In the report, the need for development in public administration and cultural regional governance is defined as adopting a holistic responsibility approach, where collaboration and structures between regional authorities and the arts and culture sector are strengthened. This perspective was also emphasized in stakeholder feedback: some respondents called for increasing the responsibilities of authorities, while others advocated for reducing administrative obligations. There was widespread support for deepening collaboration between authorities and arts and culture actors. Additionally, improving the cultural expertise of authorities, for example in relation to music events, was suggested to ensure that regulations are purposeful and genuinely enhance both safety and operational efficiency. Although the development of collaboration is not directly linked to cultural funding in the report, Finland's multifaceted regional governance (including regions, regional state administration, and wellbeing services counties) could offer opportunities for developing regional cultural funding instruments and co-financing models for municipalities or areas.

Other focus areas under this objective in the report include: Investing in media and digital literacy, which is considered critical for resilience and democratic development and strengthening utilizing of data and statistics related to the cultural sector in decision-making (Cultural Policy Report, 2024, p. 26).

The second action area, titled *“Cultural Creators at the Core”*, emphasizes the central role of cultural creators in advancing societal resilience, with a specific focus

on proposals to improve their financial and professional standing. Based on stakeholder feedback, the report highlights the need for a comprehensive study and action plan for the literature sector. Cultural creators are identified as key contributors to promoting mental resilience. Additionally, the action area proposes several general measures related to cultural funding.

Report proposes supporting cultural creators by strengthening intermediary structures such as agents, managers, production companies, galleries, distribution platforms, and other entities that connect artists with audiences. These intermediary structures are intended to enhance the distribution and commercialization of cultural content, making it more accessible to markets.

The report also includes broader recommendations for developing cultural funding structures and instruments. It stresses the importance of ensuring equal opportunities for various art forms and equitable treatment in state funding by reforming operational models and creating broader funding instruments that connect different arts and cultural fields. Measures include promoting regional, local, and linguistic accessibility to professionally produced cultural services through public-private co-financing models. These models aim to enhance employment in the independent arts sector and improve the overall conditions for cultural professionals. Additionally, the report underscores the need for structures and administrative resources that support cultural professionals, particularly those working outside major cities. (Cultural Policy Report, 2024, p. 27).

The third action area, “*Long-Term and Cross-Sectoral Cultural Policy*”, emphasizes not only the intrinsic value of cultural policy but also its instrumental value and broad relevance to welfare policy, security policy, and particularly economic and growth policy. The key proposal in this action area is the establishment of a new permanent body to monitor the implementation of the Cultural Policy Report and address “*the strategic position of arts and culture in governance in collaboration with key ministries, taking into account various policy sectors, particularly economic policy and the creative industries*” (Cultural Policy Report, 2024, p. 28). Stakeholder feedback reflects strong interest from many actors in being included in such a cross-governmental body. However, respondents also noted that while monitoring the state of the cultural sector and cultural policy is valuable, it is essential to clarify how the recommendations

and strategies produced by this new body will be concretely applied to advance cultural policy and funding (Lausuntopalvelu.fi, n.d.).

The fourth action area, *“Renewal, Sustainability, and Internationalization of the Cultural and Creative Industries,”* emphasizes the need for comprehensive support across all stages of the cultural value chain. It highlights collaboration with stakeholders to create effective funding models and incentives that support the sector’s growth. The report stresses the role of creative expertise in research, development, and innovation (RDI) policy, which is seen as a way to develop market-ready products and services. The stated goal is to make Finland a Nordic leader in cultural innovation and international breakthroughs: *“The aim is to position Finland at the forefront of the Nordic countries as a producer of new cultural innovations and international successes”* (Cultural Policy Report, 2024, p. 29).

Several measures are proposed to achieve these objectives. The report calls for *“tailored funding models that include investments, capitalization, cooperative economies, and partnerships between public and private funders”* and *“enhancing intangible asset-based business models and creating innovations in technology-supported services and content production.”* (Cultural Policy Report, 2024, p. 29). However, the concrete details of these models remain unclear in the report and will require further elaboration and practical guidelines in future decision-making.

One of the proposed measures is to strengthen EU funding. It is proposed that Finnish cultural and creative sector companies should have the access to InvestEU program's guarantee instrument. Business Finland and cultural sector agencies are tasked with identifying creative enterprises as clients and providing flexible financing instruments for small and early-stage businesses. Additionally, the cultural and creative industries are to be more effectively integrated into state’s Research, Development and Innovation (RDI) funding programs. The report also proposes an annual future forum involving ministries, regional actors, and private foundations to enhance cooperation and attract private funding.

In action area five, *“The Power of Collaboration and Inclusion”*, two specific proposals are made regarding cultural funding, both related to cultural benefits. The first is directed at employers and is more suggestive in nature: *“Encourage employers to fully provide cultural benefits to their employees.”* The second proposal is more

concrete, calling for an investigation into whether the scope of cultural and sports benefits could be expanded (Cultural Policy Report, 2024, p. 29). Feedback from the consultation process reveals that the latter suggestion specifically relates to the question of whether these benefits could be extended to include public saunas. The broad wording, however, leaves room for further consideration during the implementation of the report's proposals.

The sixth action area, “*A Unified Policy Direction*” focuses on policy measures that interconnect with cultural policy, such as welfare and sustainable development. Regarding funding structures, the report proposes that cultural services should be better recognized as preventive measures for many welfare and health challenges that are costly for society.

A concrete proposal in this context is the so-called HYTE coefficients, the weighting and criteria of which are intended to be adjusted to better support this objective, opening funding opportunities also for cultural sector (Cultural Policy Report, 2024, p. 31). The HYTE coefficient affects the state funding for social and healthcare services and is currently based on the population of the wellbeing areas. Indicators reflecting activities and outcomes at the population level will be taken into account for the first time in the 2026 funding allocation (Finnish Institute for Health and Welfare, n.d.).

The seventh action area, “*A Thriving Environment for Culture*,” is perhaps the most central from the perspective of cultural funding and structures. This section recognizes that public funding is a critical component of the operational environment for the cultural and creative sectors. The report commits to ensuring that “*The state supports culture more strongly and strategically invests in the development of cultural and creative industries*” (Cultural Policy Report, 2024, p. 32). It also emphasizes the importance of appropriate regulation for the sector.

Regarding concrete measures, the report outlines a key policy goal: “*By 2040, public funding and structures for cultural and creative industries will be strengthened, doubling the share of the creative economy in GDP*” (Cultural Policy Report, 2024, p. 32). Predictability of funding is seen as essential, and the report calls for multi-year funding plans and grant mechanisms. Additionally, intangible assets should, according to the report, be recognized in company balance sheets. One concrete new funding instrument proposed in the report is to explore the collection of a tourism levy and its use for promoting culture.

Stakeholder feedback highlights that the report does not take into account the spaces and venues required for culture. The cultural sector needs spaces to create, experience, preserve, and present art and culture. In areas facing decline, a lack of resources makes it difficult to maintain spaces. Culture often utilizes spaces with recognized or unrecognized cultural heritage value. Underutilized spaces offer opportunities for temporary cultural use, but there is also a need for longer-term planning, continuous maintenance, and ensuring that actors can make long-term plans (Lausuntopalvelu.fi, n.d.).

The eighth action area, “*Internationalizing Culture*”, focuses on the role of culture as part of Finland's foreign policy, national branding, and international economic policy. The action area includes, in particular, cross-administrative measures involving three ministries: the Ministry of Education and Culture, the Ministry for Foreign Affairs, and the Ministry of Economic Affairs and Employment. These measures encompass “*interoperability of support systems, utilization of EU funding programs, growth of international business and expertise, strengthening collaboration between culture and tourism, enhancing intermediary roles and agent expertise in the arts, promoting international mobility of professionals in creative industries, and integrating culture into foreign relations*” (Cultural Policy Report, 2024, p. 33). The action area is significant from the perspective of cultural funding and includes policies aimed at strengthening support structures and financial instruments focused on internationalization. These include state export support, production incentives, support for participation in international fairs, and structures supporting internationalization and intermediary organizations. An indirect funding instrument can also be seen in the policy decision to increase the inclusion of arts and culture in trade promotion trips and state visits (Cultural Policy Report, 2024, p. 33). Stakeholder feedback emphasizes that the international goals of cultural policy are not achieved solely by exporting Finnish culture abroad but also by Finland contributing to the creation of international culture. Enhancing Finland’s attractiveness to top professionals in cultural fields is considered critical to achieving this goal (Lausuntopalvelu.fi, n.d.).

## 4.2. Analysis: State-Level Cultural Funding 2024-2028

In addition to the policies and measures outlined in the Cultural Policy Report, assessing state-level cultural funding and structures requires an analysis of concrete decisions and the future outlook of cultural funding through budgetary figures. The primary materials for this analysis include the Fiscal Plan 2025–2028, the state budget for 2024, and the state budget estimate for 2025. In this phase of the analysis, I will also briefly describe the state budget preparation and decision-making process, as well as provide an overview of Finland's broader public finance situation to understand the economic context that inevitably affects decisions and solutions regarding cultural funding. To expand the political dimension of the analysis, I will also examine the alternative budgets proposed by opposition parties for 2025, which offer insights into the perspectives and policies of different political groups in relation to the current government's policies.

### 4.2.1. Budgetary process

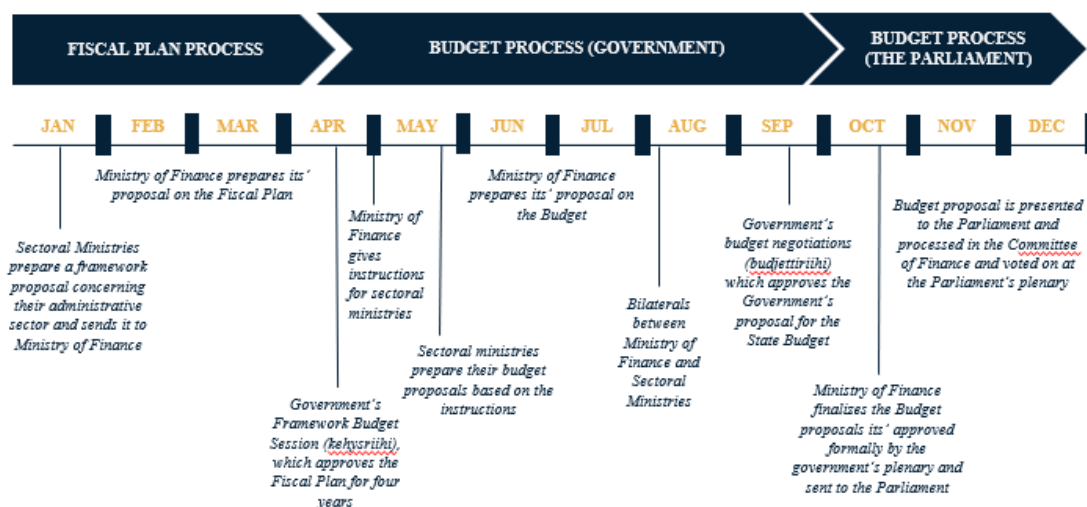
The preparation of the state budget and fiscal plan is practically a year-long process, for which the Ministry of Finance has primary responsibility. The state budget outlines the state's revenues and expenditures for the coming year. The fiscal framework is a four-year budget decided by the government at the beginning of the electoral term, which sets the spending ceiling for state budgets. The allocation of the framework across administrative branches is reviewed annually during March-April as part of the Fiscal Plan. In the annual Fiscal Plan, the allocation of the state budget framework by administrative branch is updated to reflect changes in price and cost levels, as well as the structure of framework expenditures. These annual decisions do not alter the expenditure baseline defined in the government program and the first Fiscal Plan of the electoral term.

In January, each sectoral ministry prepares their view on how much funding their administrative sector should receive and what reforms are ongoing or planned within the next four-year time frame. Based on these proposals, the Ministry of Finance drafts a proposal for the fiscal plan, which sets the spending ceiling for the state budget for the next four years. The government decides on the fiscal plan during the so-called framework budget session (*kehysriihi*) typically held in April.

Based on the government's fiscal plan, the Ministry of Finance provides instructions to each sectoral ministry, upon which budget preparation returns to the ministries. As a result of this preparation, ministries compile their budget proposals for their administrative sectors and submit them to the Ministry of Finance in May. From these proposals, the Ministry of Finance creates its draft budget proposal. This draft is typically made public at the beginning of August, after which negotiations begin between the sectoral ministries and the Ministry of Finance, known as "bilaterals." Following these negotiations, the Ministry of Finance prepares the final budget proposal, which serves as the basis for the government's budget negotiations (*budjettiriihi*), usually held in September. After these negotiations, the Ministry of Finance undertakes further preparatory work. Formal decisions are made in the government's plenary session and the Ministerial Finance Committee, after which the government's budget proposal is sent to Parliament.

In Parliament, the budget is processed until the end of the year. The process begins with the Minister of Finance presenting the budget, after which Parliament's plenary session holds an introductory debate. Following this, the proposal is sent to the Parliamentary Finance Committee, which prepares a report on it. Once the report is completed, Parliament's plenary session approves the state budget. Opposition parties prepare their own alternative budgets, which are discussed as counterproposals during Parliament's budget deliberations and are put to a vote against the Finance Committee's report. (Ministry of Finance, n.d.-a & Parliament of Finland, n.d.-b).

## Budget process



**Graph 2:** Budget process (Ministry of Finance, n.d.-a, The Parliament, Budgetary Reading in the Parliament, n.d.-b)

### 4.2.2. General State of Public Economy in Finland

Finland's economy shows signs of modest recovery, with some GDP growth projected for 2025 and in subsequent years. However, the debt-to-GDP ratio is expected to grow by 2029 due to persistent deficits in both state and local government budgets, driven by high welfare spending, defense costs, and sluggish productivity growth. Addressing these challenges will require ambitious structural reforms and strict fiscal discipline (Fiscal Plan 2025-2028, 2024). The labor market also faces ongoing struggles, with unemployment forecasted to continue increasing in 2025. While some improvement is anticipated, with interest rates declining by 2027, the immediate issues of skills shortages and lower-than-average youth educational attainment create vulnerabilities for economic growth (Ministry of Finance, 2024).

Purchasing power, a critical factor from the point of view of private cultural consumption, remains under pressure due to rising inflation and stagnant wage growth, which have eroded household disposable income. Although inflation is expected to moderate in the coming years, its lingering effects may delay recovery in spending on cultural activities (Bank of Finland, 2024). Annual state budget deficits are projected to average €8.5 billion during 2025–2028, reducing only slightly to €7 billion by 2028.

Despite steady tax revenue growth annually, increasing interest payments and welfare costs weigh heavily on public finances, and recent government measures, including spending cuts and tax adjustments, may not fully resolve these structural imbalances (Fiscal Plan 2025-2028, 2024). Municipal and regional welfare services face similar challenges, with funding needs driven by demographic changes, particularly an aging population. State funding for these services is forecasted to reach over €26 billion by 2025, yet rising costs are likely to demand further structural reforms and could lead to reallocations from other areas, including culture (Ministry of Finance, 2024).

Finland also contends with broader structural challenges, such as low investment in research and development, weak productivity growth, and the fiscal burden of an aging population, while geopolitical instability and global economic volatility may worsen these issues. Although initiatives like green transition investments and targeted fiscal policies aim to address these problems, achieving sustainable growth and balanced public finances remains a significant challenge (Bank of Finland, 2024). These fiscal constraints directly impact cultural funding, as limited resources are increasingly directed toward healthcare and security costs, leaving less room for discretionary spending on other areas. The weak state of citizen purchasing power might reduce private cultural consumption. Maintaining current levels of public cultural funding will be increasingly difficult, rather additional spending cuts can be anticipated.

#### ***4.2.3. Fiscal Plan 2025-2028***

The Fiscal Plan is a four-year expenditure framework that broadly guides budget preparation. While the plan includes certain allocations decided upon by the government, the framework primarily outlines expenditures at the administrative branch level, leaving more specific allocations to be determined during the budgeting process. This becomes evident in the analysis of cultural budget in the next section. This analysis focuses on the administrative branch of the Ministry of Education and Culture, as other ministries' frameworks do not indicate significant changes to cultural funding. Additionally, the cultural allocations from other ministries are relatively small, except for the Ministry of Transport and Communications, which oversees funding for Yle. However, Yle's funding is traditionally determined through parliamentary consensus rather than the government alone, and reductions will be covered in the analysis of the 2024 budget and the 2025 budget estimate.

During the fiscal framework period, the total budget for the Ministry of Education and Culture averages approximately €8.5 billion euros annually. Of this, around €950 million is allocated to early childhood education and primary and secondary schooling, €1.4 billion to upper secondary education, €3.9 billion to higher education and research, €1.1 billion to student financial aid, €580 million to arts and culture, and €235 million to sports and youth work. The planned expenditures for the ministry's administrative branch across the fiscal framework years are €8,453 billion (2025), €8,557 billion (2026), €8,537 billion (2027), and €8,512 billion (2028) (Fiscal Plan 2025-2028, 2024, p.42).

Broad cost-saving measures across various administrative branches target both operational expenses and state grants, affecting the Ministry of Education and Culture. In the government program and the first Fiscal Plan of the electoral term, the gradual reduction of state grants was accelerated, and the total savings target was increased. For the Ministry of Education and Culture, state grants will be reduced by €75 million in 2025 and by €150 million annually from 2026 onward. This means total planned savings of €75 million for 2025 and an additional €75 million for 2026 (Ministry of Finance, Fiscal Plan 2025-2028, 2024 p. 57).

More than half of the appropriations for arts and cultural policy are distributed as state grants and subsidies. Over half of these grants are allocated to national cultural institutions, including the National Opera and Ballet, the National Theatre, and the National Gallery, covering their operations and facility costs (Ministry of Education and Culture, n.d.-b).

City orchestras, city theaters, and many other cultural institutions are funded through the state subsidy system (VOS), which is not automatically affected by the savings in state grants decided in the fiscal framework negotiations. However, as the analysis in the following chapter reveals, cuts were indeed applied to VOS organizations and the appropriations for the Arts Promotion Centre Finland (Taike).

In relation to the state's productivity program, Ministry of Education and Culture has launched the "Education and Culture Administration 2030" development project. This initiative aims to streamline the administrative structures within the ministry's domain, reduce overlapping bureaucracy, and strengthen the agencies' performance management (Ministry of Finance, Fiscal Plan 2025-2028, 2024, p. 57).

Under the state's productivity program, specific savings are planned for the Ministry of Education and Culture's administrative branch: €29.8 million (2025), €26.1 million (2026), €32.4 million (2027), and €32.4 million (2028) (Fiscal Plan 2025-2028, 2024, p. 46).

#### **4.2.4. State Budgets 2024-2025**

In this section, I analyze the 2024–2025 state budgets from the perspective of state cultural funding. The focus is on administrative branch and funding instrument-specific changes during 2024–2025, specifically those affecting cultural funding mechanisms. The analysis centers on the Ministry of Education and Culture's administrative branch and the funding for Yle. Additionally, as noted in the Cultural Policy Report, consumers are the most significant funders of culture. For this reason, this analysis also considers tax policies, such as value-added taxation, which have clear impacts on cultural consumption. It is important to note that this analysis examines state budgets, not financial statement data.

As highlighted in several studies by the Center for Cultural Policy Research (Cupore) regarding state cultural funding, data from different administrative branches is not presented in a form that allows for mutual comparison. Furthermore, such data is often not transparently available or readily analyzable at all (Sokka & Nokela, 2024). To inform this analysis, I have reviewed Cupore's research and reports on state cultural funding. This analysis does not aim to provide a comprehensive picture on the theme but seeks to analyze how public financial adjustment measures are reflected in the reality of budgetary figures, and in both direct and indirect cultural funding instruments.

The Ministry of Education and Culture's administrative branch will implement €20.6 million in cuts to arts and culture funding (State Budget, 2025, moment 29.80). The largest single reductions are directed at state subsidies and grants for performing arts and museums, with performing arts subsidies facing a €7.9 million reduction and museum subsidies cut by €3 million.

State subsidies are governed by the Act on the Promotion of Performing Arts and the Museums Act. These subsidies support professional, permanent, regular, and year-round performance activities or the operating costs of professionally managed museums. The objective of state subsidies for the operating costs of professional

museums is to promote the comprehensive preservation of cultural heritage and to ensure access to diverse, regionally comprehensive, and community-relevant museum services. The calculation of state subsidies is based on unit costs derived from actual costs and the number of person-years (Ministry of Education and Culture, n.d.-c).

The cuts amount to about 3.8% of the €535 million allocated for arts and culture. Reducing state subsidies for performing arts puts pressure on theater groups, orchestras, and other live performance organizations, and might lead to fewer shows, job cuts, or higher ticket prices. For museums, the cuts could make it harder to run exhibitions, keep locations open, or preserve their collections properly.

Grants for promoting arts and culture (State Budget, 2025, moment 29.80.50) will be reduced by €10 million. Approximately €6.5 million of this reduction will come from state grant allocations, including cuts to grants distributed by the Ministry of Education and Culture (€5.1 million), the budget of the Arts Promotion Centre (€1.3 million), and the Finnish Heritage Agency grants to museum and cultural heritage organizations (€90,000).

Grants from the Ministry of Education and Culture are allocated based on the State Aid Act, with a significant portion directed to national cultural institutions (such as the Finnish National Opera and Ballet, the Finnish National Theatre, and the Finnish National Gallery). Some grants are also distributed by the Arts Promotion Centre and the Finnish Heritage Agency (Ministry of Education and Culture, n.d.-d).

The budget cuts proposed for the Ministry of Education and Culture's administrative branch, as well as those affecting other administrative branches, are likely to weaken cultural funding. For example, in municipalities, the cuts will impact libraries, basic arts education, and other cultural activities through an index freeze applied to municipal state transfers. Although the municipal basic services cost index is estimated to be 3.1% for 2025, the government's 1% index freeze, as outlined in the government program, will reduce municipal state transfers (Ministry of Finance, n.d.-b).

Additionally, the private copying compensation will be halved, resulting in a €5.5 million reduction from the €11 million allocation for 2025 (State Budget, 2025, moment 80.41). This cut will significantly impact authors, translators, as well as professionals in the music and film industries. A portion of this funding goes directly to creators, while the rest is distributed as grants through entities like the Music Promotion

Foundation (Musiikin edistämisseätiö) for music professionals and the Promotion Centre for Audiovisual Culture (AVEK) for audiovisual productions.

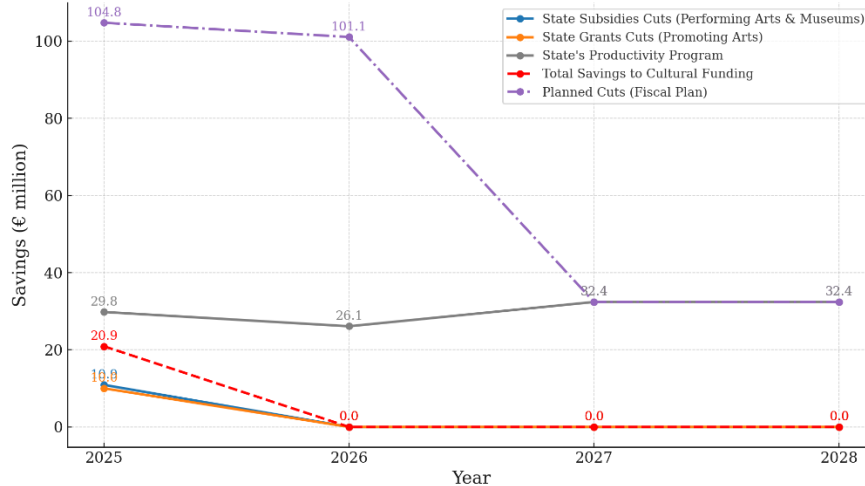
The private copying compensation is mandated by EU directives and Finnish copyright law, making it a legal entitlement rather than a discretionary subsidy. It serves as compensation for the legal right granted to individuals to make personal copies of copyrighted works. The EU directive on copyright in the information society requires member states to ensure that rights holders receive appropriate compensation for private copying. However, each member state decides how to implement this. Finland is the only EU country where this compensation is funded through the state budget. In other EU countries, the compensation is collected as a levy on the sale price of recording devices, known as a "device fee" (Kopioisto, Private Copying Compensation, n.d.).

In line with established practice, changes concerning Yle's responsibilities, funding, and oversight have been prepared through a parliamentary process, ensuring the participation of all political parties represented in Parliament (Ministry of Transport and Communications, 2024). Yle's funding faces significant adjustments as outlined by the parliamentary working group. The primary measures include freezing Yle's index adjustments for three years (2025–2027) and raising the value-added tax (VAT) applied to Yle from 10% to 14% starting in 2026. The freeze on index adjustments means Yle's funding will remain at the 2024 level, resulting in a projected reduction of €47 million by 2027 compared to a scenario with regular index increases. Additionally, the VAT increase is expected to cost Yle approximately €19 million annually from 2026 onwards. Combined, these measures will lead to an estimated total impact of €66 million on Yle's funding by 2027. (The Ministry of Transport and Communications, 2024). According to interview with Yle's CEO Merja Ylä-Anttila they are likely to require significant operational and budgetary adjustments within Yle to adapt to reduced financial resources (Yle, 12.9.2024)

Regarding taxation, the general value-added tax (VAT) rate increased in September 2024 from 24% to 25.5% (Finnish Tax Administration, n.d.). This VAT increase broadly impacts all production costs. Additionally, goods and services previously subject to the reduced 10% VAT rate have shifted to a 14% rate. The general VAT increase raises costs across all production chains, indirectly influencing the arts and cultural sector. Increase of reduced VAT rate affects items such as books, educational

materials, tickets to cultural events, the initial sale of artworks, and royalties collected by organizations representing copyright holders. The shift from a reduced VAT rate of 10% to 14% specifically targets sectors that were previously protected from higher taxation to promote accessibility. For example, tickets to cultural events like concerts, exhibitions, and plays will become more expensive for audiences. From a consumer perspective, higher VAT rates directly diminish purchasing power. As disposable income is stretched thin due to rising costs in multiple sectors, including essentials like housing and food, cultural activities are often among the first expenditures to be cut back. This reduced spending capacity poses a threat to cultural organizations that depend heavily on ticket sales, subscriptions, or product purchases.

**Breakdown of the cuts in the Ministry of Education and Culture's administrative sector (2025-2028)**



**Graph 4:** *Breakdown of the Cuts in the Ministry of Education and Culture 2025-2028 (Fiscal Plan 2025-2028, 2024; State Budget, 2025; Prime Minister’s Office, 23.4.2025 )*

#### 4.2.5. *Opposition’s Alternative Budgets 2025*

Alternative budgets are a traditional practice in Parliament, where opposition parties present their own alternatives to the government’s proposed budget for the following year. The purpose of these budgets is to provide concrete examples of how opposition parties would organize state finances if they were in power. At the same time, they aim to demonstrate that, instead of mere criticism, the opposition also has its own solutions. However, alternative budgets are mostly theoretical exercises, as they represent

the views of individual parties and do not need to account for the compromises that are essential within the government. Their key role is to highlight the value differences and priorities between parties in practical politics.

In drafting alternative budgets, parliamentary calculation services are typically used to assess the impacts. Despite this, alternative budgets do not withstand the same level of critical scrutiny as the actual state budget. Their underlying calculations are inevitably less comprehensive than those prepared through the official budget process by ministries. For this reason, difficult-to-estimate revenue projections, such as those from new taxes or measures to combat the shadow economy, can sometimes be exaggerated to make the numbers align. In the context of cultural funding, however, it is both possible and interesting to evaluate alternative budgets from the perspective of different political parties' proposals. The vision of the Cultural Policy Report extends to the 2040s, and by then, it is likely that many of today's opposition parties will have been in power at some point, governing based on their own alternatives.

All opposition parties would cancel the government's increase in reduced VAT rates. This change is estimated to result in a total loss of €281 million in tax revenue (Parliament of Finland, n.d.-c). The Social Democratic Party (SDP) would also raise the VAT liability threshold to €30,000, benefiting small arts and culture entrepreneurs (Parliament of Finland, n.d.-c).

The SDP would reverse virtually all cuts directly targeting the cultural sector, including the Ministry of Education and Culture's overall savings, the reduction in the audiovisual (AV) production incentive, and the decrease in private copying compensation (Parliament of Finland, n.d.-c). Similarly, the Greens and the Left Alliance would also fully reverse the aforementioned cuts.

Additionally, the Greens would allocate even more funding than the current level to artist grants and the Art pilot initiative (taidetestaajat). The overall difference between the Greens' and the government's cultural funding budget is €35.5 million, accounting for the reversal of cuts, additional investments, the AV production incentive, and private copying compensation. Furthermore, the Greens propose reducing the VAT rate on books to 0% (Parliament of Finland, n.d.-c).

The Left Alliance would also allocate more to culture than the 2024 level. Their additional funding totals €44.4 million, consisting of "other funding for arts and

culture" (€28 million), an increase in the AV production incentive and Finnish Film Foundation funding (€9 million), funding for equitable access to basic arts education (€5 million), and the Art pilot initiative (€1.4 million) (Parliament of Finland, n.d.-c).

The Centre Party would moderate the cuts, allocating €5 million more for the Ministry of Education and Culture's grant funding compared to the government's budget (Parliament of Finland, n.d.-c).

#### **4.2.6. Observations from the analysis**

From the analysis of the financial documents, three key conclusions can be made. Firstly, the cuts made to the funding of culture and the arts within the administrative branch of the Ministry of Education and Culture have in fact been significantly smaller than what was outlined in the Fiscal Plan. Instead of the planned savings of 75 million euros for the years 2025 and 2026, the actual saving is around 20.9 million euros (as far they are confirmed). This does not, of course, take into account the savings from the state's productivity program, which targets the entire administrative branch of the ministry but from which savings can also be assumed to affect the organization of cultural administration.

Secondly, despite this, the savings concerning the ministry's administrative branch have not been abandoned on this scale, but in practice, the savings have been directed more than planned to other sectors within the ministry, at least to vocational education (2025) and higher education (2026) (Prime Minister's Office, 3.9.2024 and Prime Minister's Office, 23.4.2025). Therefore, it can be concluded that the advocacy work of the cultural sector in relation to budget appropriations has been relatively successful, even though the cuts to be implemented in 2025 are undeniably exceptionally large.

Thirdly, as can be concluded from the stakeholder feedback on the Cultural Policy Report (Lausuntopalvelu.fi, n.d.) and from the generally accepted view within the sector: the savings will undoubtedly have tangible effects on the accessibility of culture and, through this, on cultural participation, and they are in undeniable contradiction with the ambitious objectives presented in the Cultural Policy Report. The concern about public funding is widespread within the sector, and it is also acknowledged in the Cultural

Policy report itself that getting public funding to trajectory of growth is one of the central cultural policy objectives in the report.

Out of the government's total 9 billion euros adjustment target (achievement of which is by no means guaranteed), the savings directed to cultural funding are, however, insignificantly small. Therefore, it can be concluded that their implementation was a conscious and deliberate political decision by the government, a decision that would also have been politically realistic to leave unimplemented entirely without significantly affecting the achievement of the overall objective. Against this background, the discussion and concern within the cultural sector regarding public funding are therefore quite well justified and reasonable.

## 5 CONCLUSIONS

Finally, in this chapter I summarize the key findings of the thesis and recommend areas for further research.

### 5.1. Summary

The aim of this thesis was to examine two main questions from a current and development-oriented perspective: what are the state-level cultural funding instruments in Finland, and how have the cultural policy guidelines of the Petteri Orpo's government been transformed into concrete decisions in relation to these instruments. The thesis approached these questions as a case study and through an in-depth policy document analysis, systematically reviewing the government program, the recently completed Cultural Policy Report, and the 2024–2025 budget data as well as the Fiscal Plan prepared for the government term.

Cultural policy in Finland is based on a strong legislative framework, the significant role of the state, and public cultural funding. The government program forms the political framework within which the will and priorities of the ruling government coalition are reflected in all governmental decision-making. In the government program of Petteri Orpo's cabinet, the emphasis in terms of cultural policy is especially on strengthening the status of the Finnish language and the importance of preserving Finnish cultural heritage. The economic instrumental value of culture and the creative economy has also been acknowledged, as well as the role of culture in international relations and in resilience (*henkinen kriisinkestävyys*). The government program also obligates the government to prepare and submit to Parliament a new Cultural Policy Report, which on a strategic level defines directions for the future development of the sector in Finland.

The report is significant not only because its preparation was agreed upon in the Government Program and it has been approved by the Parliament, but also because a very broad group of cultural sector actors and related stakeholders have participated in its preparation. However, it is interesting to see whether the report will

remain merely a list of good objectives, for the systematic implementation of which this or future governments will not, however, have the political capacity. While I did not, as part of this process, analyze in detail previous similar documents, my assessment is that their implementation has, at least partly, remained unfulfilled in real politics. The same may also happen to this report.

The report adopts a broad, UNESCO's definition of culture and cultural policy, framing them as dynamic, cross-sectoral components of social policy. The cultural "value chain" from creation through dissemination and consumption to appreciation serves as a central analytical tool, helping to clarify where public intervention is most needed and effective. The report emphasizes that, while consumers remain the largest funders of culture in Finland, public funding is essential to sustain a diverse and resilient cultural sector, especially in a small-language, small-market context.

The report broadly describes various areas for development regarding the structures and instruments of cultural funding. In terms of direct financial instruments, the report recognizes the importance of state subsidies and grants, but on the other hand, it also emphasizes the need to diversify sources of funding. Key proposals for developing financial instruments include the preparation of tax deductions for private donations, the development of co-financing models in cooperation between the public and private sectors, multi-year grant mechanisms, and, for example, a tourism levy that would be earmarked for the development of cultural activities in the areas where it is collected.

In terms of indirect funding instruments, the report proposes, for example recognizing intangible assets, such as intellectual property and cultural content, as part of companies' balance sheets, thereby enhancing their eligibility for financing and investment. The report places great emphasis on internationalization and on better utilization of international funding instruments, which aligns directly with the government program. The report proposes, for example EU-level funding instruments, such as the InvestEU guarantee scheme, and encourages Business Finland and other national agencies to offer flexible financial tools for small and early-stage creative enterprises. State support is also envisioned in the form of export subsidies, production

incentives, and assistance with participation in international fairs, as well as increased inclusion of arts and culture in trade missions and state visits.

In terms of organizational and structural instruments, the report proposes for strengthening intermediary structures that connect artists with audiences and markets. These include agents, managers, galleries, digital platforms, and production companies. The report also proposes the establishment of a permanent cross-sectoral body to oversee the implementation of cultural policy, monitor sector development, and ensure that the arts are considered in broader areas of governance, particularly economic and innovation policy. Regional governance is given considerable attention, with proposals aimed at improving cooperation between cultural actors and regional authorities, and enhancing the cultural expertise of administrative bodies.

From a regulatory perspective, the report emphasizes the importance of streamlining event-related regulations, such as permits for music events, to improve both safety and efficiency. A significant regulatory-financial innovation is the proposed reform of the HYTE coefficients, a component of the state's funding model for social and health services. The reform would adjust the weighting criteria to better reflect the preventive health benefits of cultural services, potentially opening up new funding streams for the cultural sector.

Although the proposals of the report are written clearly and comprehensively, from the perspective of the explicitness of the funding instruments and other proposed measures, the problem becomes the fact that no appropriation levels or prioritization between them have been defined. The proposals are in themselves supportable, but the overall logic and strategy of the proposed cultural policy remain unclear. The scale of the proposals made is also entirely mismatched: strengthening public funding is a broad and long-term goal that would require additional annual investments of at least tens of millions of euros from the state budget. The preparation of a single measures such as the tax deductibility of donations, cooperation models for funding, or the expansion of international funding channels (even if successful) are not, from the perspective of cultural sector, as significant as sufficient level of public funding through established funding instruments such as state subsidies and grants.

A common denominator in many of the proposals in the report is that cultural funding appears to be deliberately steered, by as many means as possible, away

from direct budgetary funding. Or at least, through this approach, the report attempts to outline new directions for funding. This is likely a political choice, which is exceptional and at least partly in contradiction with Finland's traditional cultural policy model. On the other hand, from a positive perspective, it can be considered that if action were taken as the report suggests - and if both direct and indirect public funding were strengthened, the regulatory environment improved, new cooperation models and incentives for private donations were created, and international funding instruments were adopted more broadly than at present - the outlook for cultural funding would be very positive. This is, of course, still quite hypothetical thinking, as most of the measures proposed in the report are still at the idea stage. At the same time, decisions made in budgetary policy have already materialized, as shown by the budget analysis, which stands in stark contrast to the positive future vision outlined in the report.

The government is cutting culture with historically heavy-handed measures directly, and weakening its operational environment indirectly. In addition to the Ministry of Education and Culture's administrative branch (-€20.9 million), it is difficult to determine exact sums, and it is not possible within the scope of this thesis to comprehensively describe the allocation of savings and their effects across administrative sectors. However, it is clear that direct budget cuts, reductions in Yle's funding based on a parliamentary agreement, taxation decisions such as the increase of the reduced VAT rate, and for example, the index freeze on municipal state transfers, together have an exceptionally negative combined impact on the cultural sector. The effects of the budget decisions will, in practice, be felt immediately by actors in the field and, on a larger scale, will lead to a reduction in cultural offerings and cultural participation. This is in direct contradiction with the goals of the Cultural Policy Report. Of course, the time horizon of the report extends beyond a few years, reaching into the 2040s. Nevertheless, the direction seems to be wrong, especially when taking into account the additional savings objectives outlined in the Fiscal Plan for the coming years before the end of the government term.

## **5.2. Concluding remarks**

### ***5.2.1. Fiscal Consolidation Supersedes Cultural Policy Objectives***

The primary objective of Finland's current government under Prime Minister Petteri Orpo is the balancing of public finances. This involves 9 billion euros in fiscal consolidation measures, some outlined in the government program and others in the subsequent fiscal plans and state budgets. Based on the trajectory of public finances, it is possible that additional consolidation measures may be discussed before the end of the current parliamentary term.

While the cultural sector bears only a small share of these cuts, most notably reductions in the Ministry of Education and Culture's administrative sector, other measures such as significant reductions in Yle's funding, VAT adjustments, and the freezing of municipal state subsidies are especially harmful to the cultural sector. The overall outlook for public funding, both from the state and municipalities, appears dark. Rising production costs and an increased tax burden on ticket sales further worsen the situation. Additionally, many cultural organizations are still recovering from the disruptions caused by the COVID-19 pandemic, as pointed out in reports from multiple sector organizations.

The Cultural Policy Report outlines four key cultural policy objectives: culture as a transformative force, cultural creators and content as central elements, culture as a universal right, and the international impact of culture. It is evident that achieving these objectives requires substantial public funding, leading to a clear conflict between the report's goals and current budgetary decisions.

### ***5.2.2. Developing Cultural Funding Structures and Base***

A central policy outlined in the Cultural Policy Report is to strengthen public funding for culture, with the goal of doubling the GDP contribution of the creative economy by 2040. However, this ambition appears contradictory given the current state of public funding and fiscal constraints. Notably, while opposition party alternative budgets propose smaller cuts to cultural funding than the government, only the Green Party and Left Alliance suggest increasing funding beyond current levels. The debate over diminishing cultural funding is not unique to this government term but also occurred during the previous administration, when the current opposition parties were in power.

Stakeholder feedback indicates moderate satisfaction with the current structures of cultural funding, but concerns about the overall level of public funding were frequently raised during the preparation of the report. One structural issue identified is the unpredictability of funding. Many cultural organizations find the lack of multi-year funding plans problematic. Addressing this issue would require significant reform to integrate long-term funding plans with the realities of fiscal policy.

Another structural issue relates to coordination between different government ministries. Nearly all ministries provide some form of cultural funding, but there is no comprehensive coordination of cultural policy between administrative branches (Jakonen & Sokka, 2023). The broader societal role of culture, such as its potential in enhancing resilience and preventing social and healthcare challenges, could open up new funding opportunities. The preventive potential of cultural participation, as well as the cost savings it could bring, may be supported through instruments like the HYTE coefficients in wellbeing services counties, where greater emphasis could be placed on prevention and the role of culture.

Increased allocations for national security and defense provide a practical way for improving culture's role in resilience. International funding opportunities within NATO for projects related to culture and resilience have not been explored in the report or otherwise. This is an obvious problem, as culture as part of the nation's crisis resilience is a subject of interest not only in Finland but also internationally, and there are very potentially already existing opportunities for funding both through international organizations and nationally. Finland is internationally known as a model example for the concept of security of supply, but although crisis resilience has been recognized as part of comprehensive security (The Finnish Security Committee, n.d.), to my knowledge, no systematic actions have been taken to advance it.

The instruments addressing internationalization and cultural exports are comprehensively covered in the report, and their effective implementation requires cross-administrative coordination among multiple ministries. However, it is noteworthy that these support measures impact a relatively small number of actors and are focused more on the creative business sector rather than cultural services.

The diminishing outlook for public funding necessitates not only structural reform but also an expansion of the funding base. Private donations are often suggested

as a solution, yet they remain relatively insignificant in Finland, amounting to less than €200 million annually. For most cultural organizations, private donations are not a substantial funding source. Cultural professionals often lack the time, expertise, or established models to pursue private fundraising effectively. In contrast, private donations are more established within the university sector for example, where continuity and structured mechanisms play a key role.

The Cultural Policy Report proposes measures to encourage private donations, including introducing donation incentives and developing public-private co-financing models. While these measures are supportable, they cannot replace the need for adequate public basic funding. A potential model could involve public matching funds for private donations, where public entities commit to matching private contributions up to a predetermined ceiling. However, establishing and implementing such incentives to encourage private donations will take time. Private donations cannot be expected to generate significant additional revenue for the cultural sector in the short term and these measures may be more suitable for certain organizations than others.

Sharing best practices within the cultural sector would enhance the impact of private funding initiatives. Over the long term, the establishment of models and practices (such as public matching funds for private donations) could contribute to achieving the Cultural Policy Report's objectives. The challenge lies in that there is currently no established practices or existing models, in which public sector would aim through their own regulation and/or public funding to increase private donations in the context of the cultural sector. If such a model were to be prepared, it should aim to find a structure that treats organizations as equally as possible, and the public matching funds should have separate budget allocations and funding instruments from other culture and arts funding. In addition, as part of the preparation, it should be assessed whether the legislative framework at all enables such solutions and whether it would make sense to implement it for example at the municipal level either independently or together with state-level measures.

The report emphasizes the role of audiences as cultural funders but does not introduce any significant new initiatives to promote cultural consumption. Employer-provided cultural benefits remain the only concrete proposal in this regard. As a result of cultural budget cuts and VAT increases, the cost of most cultural services is likely to

rise, potentially reducing cultural participation. While public authorities have limited means to influence cultural consumption, targeted tax measures, such as reducing the VAT rate on literature to 0%, would not only support the objectives outlined in the government program and the report but also be a cost-effective and evidently efficient measure to support the literary sector.

### ***5.2.3. Cultural Accessibility and Diversity at Risk?***

The cultural budget cuts decided so far are a drop in the ocean in terms of the state's overall finances. The most significant savings, implemented within the Ministry of Education and Culture's administrative branch, cover only about 0.2% of the €9 billion total fiscal adjustment. However, the tangible effects of these cuts will manifest as reductions in cultural offerings and services, leading to closures of cultural institutions (e.g., municipal theaters, orchestras, museums) and independent art sectors (e.g., performing groups, festivals). Due to the interconnected nature of the cultural field, these cuts may have ripple effects that magnify their impact. In performing arts, for instance, touring activities are likely to decline, which will, in turn, reduce regional access to culture. The cuts also affect the ability of cultural sectors to employ professionals. Culture is a labor-intensive field, and employment levels have not yet fully recovered to pre-pandemic levels. The current situation in cultural production discourages risk-taking, potentially leading to a "homogenization" of culture and incentivizing creators to focus on guaranteed hits.

Regional accessibility and diversity in culture should therefore be prioritized when planning future measures. The cultural sector is moving from one crisis to another without a long-term development strategy. Responsibility for this lies not only with politicians and officials but also with cultural actors themselves. Advocacy in the cultural sector often reacts to immediate funding reductions rather than proactively shaping a unified vision or proposing concrete reforms for funding and structural development beyond calling for blanket increases in public funding.

The preparation of the Cultural Policy Report involved a wide range of actors within the sector and could potentially serve as a unifying vision for the sector's future development. Based on stakeholder feedback, it appears that the cultural sector has also been able to influence the content of the report. The responsibility for implementing the report is also shared, requiring both the state and stakeholders contribute their part. The state among other public sector must ensure that the sector has

the conditions to grow, thrive, and reach the objectives presented in the report. On the other hand, the report is realized by the cultural sector and by the actors themselves. This may also mean changing established and traditional ways of operating, broadening the funding base, and adopting new instruments.

### **5.3. Further research**

Research on the development of cultural policy in Finland is needed, especially from the perspective of the instruments and structures of cultural funding. As the state's final accounts data become available for the years 2024 and 2025, it will be possible to more precisely and comprehensively assess how the government's budget cuts have in practice been allocated by ministry and administrative sectors. Likewise, over time, it will become clearer what kinds of impact the cuts have actually had, for example from the perspectives of cultural production, accessibility, and participation.

A key perspective missing from this thesis relates to local-level (municipalities and wellbeing services counties) support for culture. It is evident that the situations across more than 300 municipalities and 21 regions vary. The general level of cultural support and, for example, the ability to compensate for state-level cuts depend not only on the size and financial situation of the municipality/region but also on political choices. The presence of cultural actors that receive state subsidies in a municipality or region is also a central factor in determining how regional access to culture is realized. The regional level is altogether a new one, as the wellbeing services counties only began operating in 2022. Although supporting culture is not directly within the responsibility of the wellbeing services counties, which handle social and health services, there is an area of overlap, particularly in the promotion of health and the prevention of illness, that links to cultural policy and thereby also to public financial support for culture.

The objectives outlined in the Cultural Policy Report will be monitored and followed up, and related research should be expected in the coming years. It would also be interesting to examine the realization of the objectives of the previous Cultural Policy Report, now that the document has been updated and the previous implementation period has ended.

At present, a major change is expected in Finland's gambling policy at the beginning of 2027, when the market will be opened to competition. Even though the direct link between Veikkaus' gambling revenue and the funding of culture and the arts has been

dissolved, it will be interesting to follow what kinds of opportunities the entry of international companies into the market might bring to cultural sector actors—for example, through sponsorship collaboration. On the other hand, the reform of the gambling revenue model should also be studied from other perspectives, for instance to assess whether the change was successful from the perspective of beneficiaries, including cultural sector actors.

Increasing private donations and philanthropy for culture is a publicly stated objective in the Cultural Policy Report and by several policy-makers. The theme is addressed only rather superficially in this thesis, and research on the current state of private donations, regarding actors and allocation, should be conducted to strengthen the knowledge base. Likewise, international comparison and perhaps the identification of best practices could be used to help make the objective a reality.

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### **Use of AI-Based Language Tools**

AI-based tools (ChatGPT 4o and Grammarly Pro) were used to improve spelling, grammar, and language style in the writing of this thesis.

These tools did not contribute to the development of the research content. All elements of the research process (including the research design, data selection, data collection, data analysis, interpretations, and conclusions) were entirely and independently planned, conducted, and presented by the author.