



Reinvention of Europe Project

Finland: from a model pupil into a troublemaker?

By Teija Tiilikainen

The 2011 general election was a watershed in Finnish politics. The vote was largely concerned with Finland's European responsibilities, being held just as the EU constructed its stability policy with the Portuguese loan package and the details of the European Stability Mechanism (ESM) on the table. Although the agenda was technical and narrow, revolving around bail-out packages and Finnish liabilities, this was the first time that EU issues had dominated the national electoral agenda. This also led to the emergence of the populist True Finns as a significant electoral force, upsetting the consensual atmosphere of Finnish politics and introducing a strong Eurosceptic voice into a more polarised national debate. Since then the True Finns have continued to enjoy electoral success at a local level. However it now seems that the 2011 elections were above all a warning to the other main parties that the turmoil in the Eurozone was now able to interrupt the European consensus in Finnish politics under specific conditions, and turn a model pupil into a temporary troublemaker.

The roots of Finland's European policy lie in its situation before accession in 1995. For decades it had performed a difficult balancing act between the two Cold War blocs, and saw the EU as the provider of a new security paradigm as well as the route to economic advance.ⁱ A firm consensus emerged over a constructive European policy that involved participation in the core groups on issues like the single currency and a possible deepening of the common security and defence policy. This was backed by the strong performance of Finland's export-led economy, exemplified by companies with global markets such as Nokia and Kone.

This was the consensus that was upset first by the euro crisis and then by the election of 2011. Under a strong challenge from the True Finns both the Social Democrats and the Centre Party became less Europhile. Among the leading parties, only the National Coalition Party of Prime Minister Jyrki Katainen remains openly enthusiastic about the EU, although the governing coalition has adopted a more cautious approach, at least on economic issues. Finland's position in Europe continues to be strongly debated: some arguing that the government's more Eurosceptic stance carries negative side effects for Finland within the EU; others note that the continuation of the sovereign debt crisis is even beginning to exhaust the patience of Katainen's National Coalition Party (although it has, case by case, been able to mobilise the necessary parliamentary support for the elements of the EU's stability policies).

Polarisation

In 2011 the True Finns won 39 parliamentary seats, becoming the third largest party: an electoral breakthrough that put it in the frame to join a governmental coalition. This was a remarkable turnaround for a party that had previously gained less than 5% of the vote in previous elections, winning at most five out of 200 parliamentary seats.ⁱⁱ This time the party's powerful message against the EU's bail-out policy and

the Finnish contributions to it attracted voters across party lines. However the party is ideologically heterogeneous and inexperienced, and its leader, Timo Soini, was seen to have his hands full keeping it together and disciplining it in effective parliamentary practices. After several failed rounds of talks with the other parties the True Finns decided to stay in opposition, with Europe the chief area of disagreement.

The Centre Party, which had the largest parliamentary representation between 2003 and 2011, also stayed out of government. It had been reduced to the fourth largest party in the elections, largely due to voters defecting to the True Finns. To counter the True Finns it too became a firm critic of the EU's stability policies, despite its former role in contributing to this construction.

A new governing coalition was formed between the National Coalition Party, the Social Democrats, the Greens, the Left Alliance and two smaller parties, under Jyrki Katainen as prime minister. The new Euro-critical mood in Finnish politics affected this new government's policies: the coalition agreed that Finland would not allow the use of European Financial Stabilisation Mechanism (EFSM) without getting bilateral collateral from the target country; and the Permanent Stability Mechanism (ESM) was only accepted on the condition that the loans it will provide have seniority status with respect to private sector loans, and that the mechanism does not imply collective liability.ⁱⁱⁱ

A similar situation emerged after the Euro Area Summit meeting of June 2012, when the Finnish parliament accused the government of exceeding its mandate over the use of the ESM to recapitalise banks directly, and later over the seniority status of loans provided by the ESM.

In seeking special conditions for its involvement, the formerly model pupil of Finland thrust itself into the European limelight as a troublemaker. This was fueled by strongly polarised opinion in the electorate. The traditional parties began to wonder whether the only way to fight the populists was to copy their Euroscepticism.^{iv}

Although this turn in Finnish European policy was widely noted in Brussels, and led to some speculation in the European media about the country's willingness to leave the euro, opinion polls in Finland have suggested that the concerns of the mainstream parties were largely overblown. Despite strong feelings over European issues, opinion polls in spring 2012 suggested that public opinion remained highly supportive on the core questions of both EU and euro membership (one poll suggested that the level of support for Finnish membership of the EU actually increased from 37 to 55 percent in the twelve months up to then)^v. Both candidates that made it through to the second round of presidential elections in early 2012 were pro-European. This suggests that the True Finns have been adept at mobilising latent dissatisfaction with specific elements of the response to the euro crisis, rather than in changing the broader level of support for the EU as a whole.

The contours of the Finnish EU debate

Since the economic and sovereign debt crisis hit Europe the Finnish EU debate has almost exclusively focused on the crisis and the response to it (including Finland's involvement). This issue has underpinned the polarisation of Finnish politics and the rise of an explicitly Eurosceptic party for two main reasons. Firstly, the start of the crisis coincided with a major leadership crisis within two of the three largest parties that left the National Coalition Party the only one able to face the attack on the traditional consensus on the EU by the True Finns. Secondly, Eurosceptic voices were able to subvert the standard lines of the debate by arguing that they were defending established EU law against acts that apparently went against the current interpretation of EU treaties.

These arguments are built upon the two main dimensions of the Finnish debate over the eurozone crisis. The first dimension concerns the widely shared argument that the economies of eurozone countries have not been converging as expected within the single currency. In response, the Finnish governmental elites have signaled their trust in tighter rules and better supervision of compliance with them. The Finnish government's views have been largely in line with German policies, and Finland has felt itself to be a natural member of the group of 'Triple A' countries that are in favour of deepening political union (within limits) to allow these tighter rules and better supervision. Prime Minister Jyrki Katainen has supported a strengthening of the EU's powers in economic policy and has been in favour of a strong mandate for the Commission in this field. He has, however, strongly opposed an increase of the EU budget or debt mutualisation among the eurozone countries. Although Katainen has enjoyed the full support of his National Coalition Party, the main coalition partner (the Social Democratic Party) has adopted a lower profile on EU policy, and cabinet members have been unwilling to formulate comprehensive Finnish positions on the wider debate about the euro that was launched by the European Council.

The second dimension follows on from this. Traditionally, Finland has been uneasy with any potential split in the EU's institutional or treaty framework. But if such a deepening of economic and fiscal cooperation within the eurozone requires a split, the government would clearly strive to keep Finland in the 'inner core'.

The Eurosceptic opposition takes a more negative view of the potential for rescuing the situation. The True Finns argue that European Monetary Union and the common currency were a mistake from the beginning, as they were based on an impossible convergence between very different types of economies. They say the euro can only survive through major transfers of income and debt mutualisation, and will probably collapse through its own internal contradictions. The Centre Party is less pessimistic, but also uses blunt language when analysing the fundamental economic problems that lie behind the crisis in the eurozone periphery.

The position of the True Finns was clarified when they attacked Prime Minister Katainen over the conditions of the Spanish rescue package in June 2012. Katainen forced the True Finns' leader, Timo Soini, to state his own attitude towards Finland's membership of the euro. Although Soini had previously refused to say whether he wanted Finland to leave the eurozone, the exchange made it clear that he did not advocate that. This suggests that despite specific Finnish concerns and the political capital made by the True Finns through their more Eurosceptic outlook, even they recognised that Finland's broadly pro-EU consensus remained intact. The incident also highlighted the limits to the True Finns' populist appeal on a limited Eurosceptic platform.

Conclusion

A key conclusion from examining the Finnish debate about the European economic crisis is simply that Finland does not have any viable or attractive alternatives to its participation in the single currency. This truth, despite disquiet over the trajectory of the crisis and unease over responses to it, forms the main framework for Finland's debate over Europe, which is likely to return to its more usual consensual tones when the crisis finally eases.

The contention that Finland's established pro-European sentiment has not been significantly eroded by the euro crisis poses a challenge for the Eurosceptic True Finns. Their ability to retain their current level of support would then depend upon two things: firstly, the party will need to broaden its message beyond narrow criticism of the European Union and immigration; secondly, it will have to safeguard the credibility of its leadership, with Timo Soini currently largely responsible for the party's profile at the head of a largely

inexperienced party. The signs are already troubling for the True Finns: local elections in October 2012 saw a substantial fall in their support from the 19 percent achieved in the general election to 12 percent.

The debate in Finland would be complicated if the European crisis leads to a division within the European project, for instance through a significant deepening of the eurozone or a more formal split between 'core' and 'periphery' eurozone members. Such a situation would test the European identity of the Finns. So far it has not been difficult for the Finns to take decisions on the EU (such as membership of the common currency) which have marked them out from the other Nordic EU-partners. But should these divisions within the eurozone or the EU itself grow larger, concerns within Finland over Europe would increase and create more fertile political ground for Eurosceptic voices, once again allowing an otherwise model EU pupil to become a temporary troublemaker.

Teija Tiilikainen

ECFR's National Paper series is edited by Nicholas Walton

This paper, like all ECFR publications, represents the views of its author, not the collective position of ECFR or its Council Members.

The European Council on Foreign Relations (ECFR) is the first pan-European think-tank. Launched in October 2007, its objective is to conduct research and promote informed debate across Europe on the development of coherent and effective European values based foreign policy.

ECFR's London office:

35 Old Queen Street, London, Greater London SW1H 9JA, United Kingdom

ⁱ For a thorough analysis of the Finnish accession procedure, see

http://www.fia.fi/en/publication/210/from_cold_war_to_common_currency

ⁱⁱ For an analysis of the True Finn's profile, see http://www.fia.fi/en/publication/264/a_eurosceptic_big_bang/

ⁱⁱⁱ For the programme of the Finnish government, see

<http://valtioneuvosto.fi/hallitus/hallitusohjelma/pdf/en334743.pdf>

^{iv} See page 4 of http://www.ecfr.eu/page/-/ECFR43_REINVENTION_OF_EUROPE_ESSAY_AW1.pdf

^v This survey on Finnish EU opinions can be found in http://www.eva.fi/wp-content/uploads/2012/03/EVA_EU_attitudes_summary2.pdf