

# Finland and Europe: History, Policy and Challenges



# Summary

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- Finland's profile and its impact on policy
- Historical context behind European integration
- Factors of Entry
- Finland's position on European ideals, debates and challenges



# Finland's profile

- Located in Scandinavia / Northern Europe
- Shares borders with Sweden, but also Russia and Norway (Non EU countries)
- Bordered by the Baltic Sea
- Population of 5,600,000 habitants, 1,2% of total EU population
- 5th biggest country in the EU, 338,363 km<sup>2</sup> superficiality
- Helsinki as capital
- Member of the EU, Eurozone and Schengen
- Net Contributor to the EU budget with 1,1 million net contribution



# Finland's political system

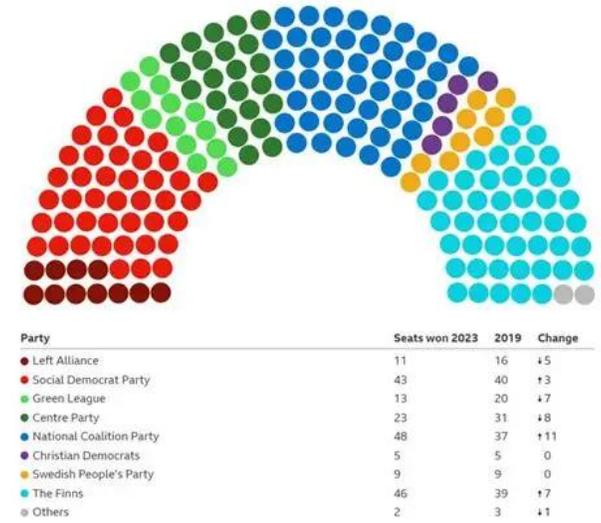
- Parliamentary Republic with unicameral chamber (Eduskunta)
- 200 deputies elected by a proportional plurinominal vote (except one deputy accorded to Åland)
- Governments based on coalitions (10 parties currently represented in Eduskunta), strong multipartism logic
- Culture of political compromise w/ governments that can include different parties (Rainbow coalition of 1995)
- Bicephalic executive power :
  - Prime Minister, nominated by President
  - President, elected by population after a two-round majority based scrutin
- Inside the EU:
  - 15 deputies in the Parliament, 4 EPP, 3 The Left, 2 S&D, 3 RE, 2 Greens, 1 ECR



# Finland's current political situation

- Government formed under Petteri Orpo since June 2023
- Composed :
  - National Coalition Party, Center Right and Liberal-Conservatism, 48 deputies, affiliated to EPP
  - Finns Party, Right Wing Populism, 46 deputies, affiliated to ECR, most eurosceptic finish party that gained in importance since the 2010's
  - Swedish People's Party of Finland, defends interests of swedish minority, 9 deputies, affiliated to Renew
  - Christian Democrats, Christian Democracy principles, 5 deputies, affiliated to EPP
- Government faces challenges w/ declining popularity (38,8% approval rate), conflict over the efficiency of the austerity policy regarding budget as the public debt keeps increasing (main electing point for the NCP)

Finland elections 2023  
Breakdown of seats in parliament



Source: YLE



# Finland's current economic situation

- Trade centered around EU with 70,9% of imports and 58,1% of exports through the EU
- However negative GDP growth in 2024 with -0,1%
- Above EU average for comparative income (103%)
- Unemployment at 8,4%
- National debt at 82% of GDP, seen as strong issue inside population and a turning point in voting
- Specialization in ICT market which represents around 6,5% of GDP (Presence of Nokia in the 1990's as a detrimental part of Finland's economy). The economy is focused on services with it contributing to approximately 70% of Finland's GDP

# Factors of entry and history

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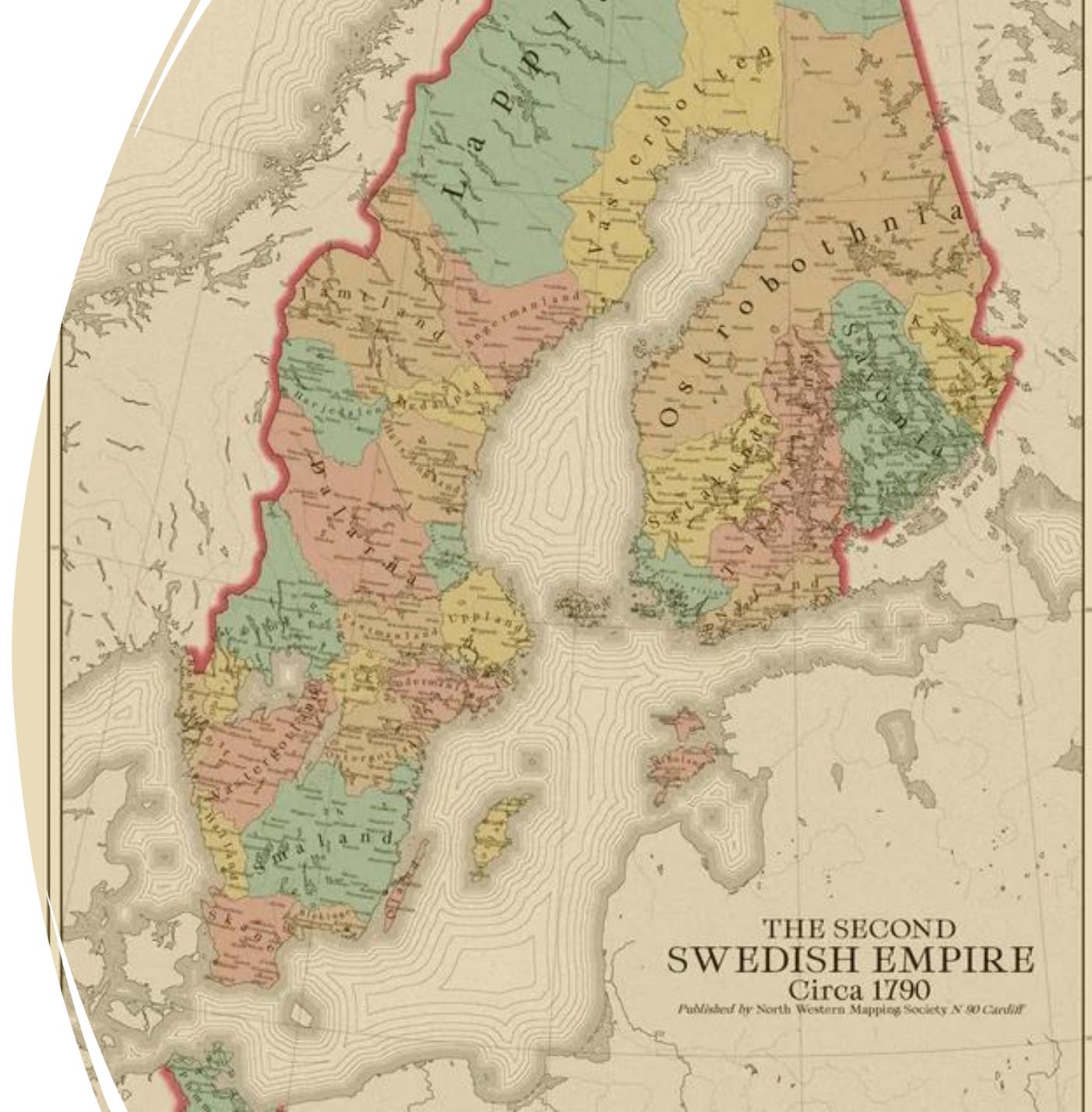
- Esko Aho of the Centre Party, PM of Finland from 1991 to 1994, responsible for Finland's entry inside the EU
- Corfou Treaty June 24<sup>th</sup> 1994
- Population chooses yes on October the 16<sup>th</sup> with 56,9% yes
- Official Entry January 1<sup>st</sup> 1995 alongside Sweden and Austria



# A territory under foreign domination

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- During the Middle Age, Swedish control over Finish territories (Sweden had been an independent country since 1397)
- Propagation of Christianity through Swedish expansion, then adoption of the Reform (Today, 65% of population under Evangelical Lutheran Church of Finland)



# Russia's takeover of Finland

- Throughout XVIIIth century, Duchy of Finland faced aggression from Russia during several wars with Swedish Kingdom.
- Leads to Finland being added to the Russian Empire in 1809 as a Grand Duchy, while keeping some institutions (small military, legal assembly).
- However, process of Russification throughout the XIXth century that faces opposition, national sentiment begins to grow.
- During the Russian Revolution of 1917, Finland declares its independence, leads to a civil war between Reds (support from USSR) and Whites (support from Sweden and German Empire).
- Relationship between Finland and Russia is detrimental to the country's development of its foreign policy



Edvard Isto, *The Attack*, 1899  
Representation of the Russification

# Finland during World-War 2

- During the war, USSR invades Finland in 1939 which leads to the Moscou Treaty (1940) and Finland losing 10% of its territory.
- Finland joins the Axis as a co-belligerent against the USSR in 1941 to regain territory.
- Loses war to USSR once more and switches to the Allies, however the country still has to pay reparations to the Soviet Union.
- Strategic objective to keep its national sovereignty.
- Beginning of Finlandization.

# Finland post WW2 and the « Finlandization »

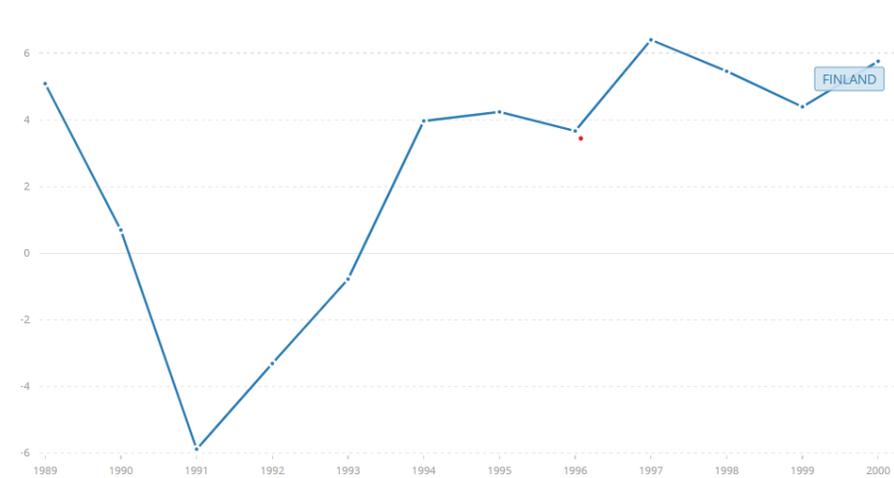


Signature of the YYA Treaty on April 6th of 1948

- Birth of the Cold War and Bloc Logic, Finland is forced to choose non-alignment and neutrality to maintain security from USSR, signature of the YYA Treaty which creates bilateral collaboration between the two countries, obliging Finland to fight Western Countries if they tried to enter USSR territory through Finland, perceived as the only way to stay out of the Warsaw Pact.
- Beginning of Finlandization, concept based on Finland during this period and used to describe a country who must follow a stronger neighbour's foreign policy in order to protect sovereignty and territorial integrity. Forces Finland to stay out of European and North Atlantic constructions and integrations up until USSR downfall.
- High dependance on USSR for trade, approximatively 15% of Finish exportations towards USSR betwen 1952 and 1990.

# Factors of entry

- Collapse of the USSR gives a strategic window for Finland to reclaim sovereignty, however no NATO membership yet.
- Economic crisis:
  - Country loses its first economic partner.
  - Bank crisis after creation of a credit bubble, strong impact on the real-estate market that had contracted important debt (imbalance between supply and demand), some banks become unsolvable.
  - High unemployment throughout the period with peak 18% rate in 1994.
  - Recession (-5,9% GDP growth rate in 1991).
- Consequently, high state intervention and debt/GDP ratio increases from 14% in 1990 to 56% in 1994.
- Wish to access the EU's domestic market



Finland's GDP growth from 1989 to 2000

# European Security and Defense Policy: from non-alignment to active participation

- Historically, Finland has had an active role into the ESDP/CEDSP, before joining NATO in 2023, had defended a vision of a European defence outside of NATO's influence.
- Strong participation into non military/civil missions, specialization in crisis management, police force and respect of Rule of Law (EULEX Kosovo, EUMM Georgia, EUFOR Tchad/RCA...)
- Participation into the EU Battlegroups (Nordic Battlegroup since 2008)
- Leadership in cybersecurity, due to Russian menace and the fact that ICT is one of Finland's most active industry since the 1990's (Participation into the ESSOR program, Helsinki as host of the Hybrid CoE...)
- After Ukraine's 2022 invasion, shift in doctrine, Finland asks to join NATO (Membership acquired in 2023), revival of the Finlandization souvenir, high security development and call for a stronger European defence cooperation



# European Security and Defense Policy: The Ukrainian Crisis

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- The Ukrainian Crisis was a turning point into Finnish Politics, with Finland joining NATO on April 4th of 2023 and ending its historical non alignment.
- Inside the EU, defends a firm position against Russia on the international scene in support of sanctions. Follows historical position on an independent EU defence outside of NATO by calling for the creation of a special EU mission into Ukrainian peace talks to assure that the EU's point of view is defended, and that the negotiations are not only made between Russia and the USA. Following civil aid tradition, takes part into the EU Advisory Mission.
- Nationaly, Finlands has shown a strong support to Ukraine (Bilateral Treaty between FIN and UKR that formalizes a 10 year military, economic and political help). Strongly supports Ukrainian adhesion to the EU (75% of pop in favour) and even NATO.



Alexander Stubb,  
Finland's current President,  
National Coalition Party

# Finland and other european crisis

- Eurozone Crisis and its impact on Finish economy:
  - Finland's GDP was strongly impacted by the 2008 crisis (-8,1% growth rate in 2009)
  - However, the country's budget deficit was relatively moderate compared to the situation inside the EU (-2,2% of GDP in 2009 against -6,3% EU average, debt/GDP ratio of 53% in 2012 against 90,6% EU average).
  - Drop in exportations (-20% between 2008 and 2013) with vital industries declining (Wood/paper industry's production dropped by 30% between 2007 and 2014, Nokia crashing on the same period).
  - Defended a « hard line creditor » position alongside Germany (Historical explanations for both countries), asked Greece for collateral requirements as a mandatory condition for Finish participation (only country in the EU to have obtained such requirements), one of the last country to validate the 2015 plan with Finland's parliament almost rejecting the proposition due to the presence of the Finns Parrrty inside the government.

# Finland and other european crisis

- Euroscepticism:
  - Historically, consensus over a pro-EU Finland due to country's history. As always been in favor of enlargments, especially towards the 2004 countries, while still maintaining the importance of EU values.
  - However, since the Eurozone crisis, soft-eurosceptism has increased with the development of the Finns Party which saw Finland's help to more impacted countries as a burden inside the EU, Finns Party evoluating from a 4% score in 2007 to a 19% score in 2011
  - Nonetheless, eurosceptism is almost irrelevant in current finish politics, especially after the Russian invasion of Ukraine. Soft euroscpetism levels are above EU average with 54% of the population thinking that the EU is going in the wrong direction, while having at the same time only 15% of the population claiming that the country would be better off EU membership (one of the lowest % in EU countries)



Riikka Purra, current leader of Finns Party, Deputy PM and Ministry of Finance of Finland

Thank you for listening

Paul De Moliner