

EU-27 WATCH



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EU-27 Watch

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On the project

Due to the new treaty provisions of the Lisbon Treaty and the economic crises the enlarged EU of 27 member states is on the search for a new modus operandi while also continuing membership talks with candidate countries. The EU-27 Watch project is mapping out discourses on these and more issues in European policies all over Europe. Research institutes from all 27 member states and the four candidate countries give overviews on the discourses in their respective countries.

The reports focus on a **reporting period from December 2009 until May 2010**. This survey was conducted on the basis of a questionnaire that has been elaborated in March and April 2010. Most of the 31 reports were delivered in May 2010. This issue and all previous issues are available on the EU-27 Watch website: www.EU-27Watch.org.

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Finland**The jury is still out on the outcomes of the economic turbulence**

Tuulia Nieminen, Johanna Nykänen and Aaretti Siitonen*

At the beginning of the reporting period, Finnish discussion about economic governance was still heavily focused on national policies and the means for recovery. Lessons learned – or not learned – from, and comparisons with, the Finnish recession of the 1990s were the main point of reference. Only gradually did the Greek problems draw attention from the national to the European level.

The Commission, or more precisely the Commissioner for Economic and Monetary Affairs Olli Rehn, was widely supported by his compatriots and seen as a capable and decisive actor in the crisis from very early on.¹ The growing importance of the European Council and its President Van Rompuy was noted, contributing towards the overall impression in Finland that the EU is rising to its task.²

Thus, while the discussion began with a national focus, it gradually took a decisively more European turn. Rather surprisingly, it emerged that, in the eyes of many Finns, the crisis might not actually manifest fragility and internal fractures or differences in the Union, but could lead to a stronger Union, active in the field of economic policy. Even the plummeting Euro after the European Council in May 2010 did not lead to an immediate panic. Serious commentaries suggesting the dismantlement of the Euro were almost non-existent. Rather, the received opinion was that Finland was capable of bearing this burden. Some economists even maintained their pre-crisis expectations of the Finnish economy remaining on the path of moderate growth, fuelled by global recovery.³ It was also widely noted that the Finnish export industries – crucial for the national economy – were benefiting from the weakened Euro.⁴

“Loans or recession are the options”: the finance package for Greece accepted as the least harmful option

The initial consensus was to let Greece do “everything it can” by itself.⁵ However, once the plans for supporting Greece started taking shape, the Finnish government quickly grew supportive of it. The parliament accepted the loan package after a long debate on 12 May 2010, with the opposition – led by the traditionally pro-EU Social Democrats – voting against the package. This sparked an argument between political parties with a degree of harshness not usual in the consensus-oriented country. Some commentators have argued that the crisis has turned the usual division in Finnish politics around, with the Social Democrats opposing the centre-right government’s calls for “international solidarity” and more governance.⁶ In reality, the shift of positions was not quite as stark as that. Throughout the debate, the government argued its policy in terms of national interest and as the least harmful option for Finland, emphasising that “this is not a pleasant decision.”⁷

Both the public debate and policy makers’ plans circled largely around lending as the measure for solving the Greek crisis. “Loans or Recession are the options that Europe is facing”⁸ was the logic of the supporters of the loan package, whereas the majority of opponents focused on arguing against the loan, not on creating alternative routes – either realistic or utopian – out of the crisis.

A poll conducted in early May 2010 showed that almost half of Finns were willing to support another Euro member on a case-by-case basis, with another nine percent willing to lend support in every case.⁹ The sentiment on internet forums and in letters to editors, however, was almost entirely against granting the loan package to the Greeks, with the majority arguing that the Greeks should find their own way out. This was expected to cause support for the package to melt away,¹⁰ but another poll, asking specifically about the Greek case and conducted in 7-12 May 2010, when the debate had already been underway for several days and the size of the loan known, found 42 percent of Finns supporting the loan and 43 percent opposing it.¹¹

Is the EU getting its act together? Improving European economic governance

The eagerness to strengthen the EU’s role in the field of economic policy grew in the spring, as one commentator put it: “the crisis is an effective consultant.”¹²

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The ambitions of improving economic governance were more modest at the beginning, with many commentators limiting their suggestions to, first and foremost, more effective use of the tools provided in the Stability and Growth Pact.¹³ However, the scope of the ambitions soon grew. The Finnish government strongly supported sanctions – in the form of cutting EU subsidies – as a way of guaranteeing economic austerity in the future. Following the European Council in March 2010, then Prime Minister Vanhanen was of the opinion that this was feasible within the limits of the current treaties, preferring that as a faster alternative to opening treaty negotiations. However, as treaty amendments would allow for a less vague system to be established, he was willing to consider that alternative, too.¹⁴

The Finnish government expressed concerns about excessive supervision of the banking and financial sector, which – in its opinion – would lead to shrinking lending and, therefore, curtail recovery from the economic crisis. At the Ecofin meeting of 17 April 2010, Martti Hetemäki, Finland's representative at the meeting, called this risk a "supervision tsunami", saying that it was not only the banks, but also political decision-makers who were concerned about it.¹⁵ However, as the main focus in the European discussion turned towards the public sector and strengthening the EU's position in governing that sector, Finland threw its weight behind the Commission's proposals. Finland's position was positive towards the proposal to review the draft budgets of EU member states before they are adopted at the national level. Jyrki Katainen, Minister of Finance, declared that "Finland has nothing to hide." Katainen felt that he would "feel safer" upon seeing the other member states' budgets in advance.¹⁶ All in all, his emphasis was on strict budgetary discipline to be imposed by all member states.¹⁷ Finland was also keen to improve the transparency and quality of statistical information about all EU member states' economic performance, as well as to increase comparisons between them.¹⁸ At the same time, Finland was complacently reminding that it had been calling for budget rules to be strictly applied from much earlier on.¹⁹

With a number of initiatives floating around, the discussion on each of them would be too lengthy to report. Moreover, with most decisions still to be taken and it being too early to make a long-term assessment of the economic consequences, the general discussion soon focused instead on the general direction that the Union seemed to be taking. With the exception of the forces most staunchly opposed to the EU, Finns seemed to view a stronger EU economic policy as both very beneficial and long overdue. Even those political figures who had been around at the time of the decisions on the Euro and the Greek entry into the Eurozone were willing to publicly admit that corrections to the old model were necessary.²⁰ From very early on, the plans sparked a discussion on federalism. Traditionally, Finnish public opinion has been cautious of federalism – which, in fact, has been a rather central theme in the Finnish EU debate. In Finland, EU scepticism has been allayed by emphasising the ways in which the Union is different from a federation. However, a major part of identifiable anti-federalists are supporters of the Centre Party, the party of then Prime Minister Vanhanen and Commissioner Rehn. This may have contributed towards them largely accepting the general idea of more European economic governance as a necessity in this case. The emerging consensus seemed to be that, though this could be seen as a step towards more federalism, no-one "should think that a federation is being created".²¹ Moreover, as mentioned above, Finland has already, prior to the crisis, been calling for better compliance of the Euro rules, and this is now easing the acceptance of greater control.

The decisions taken in mid-May were widely understood as emergency measures, designed to give a little extra time for the problem economies, as well as the whole EU, to gather strength before embarking on real changes. Nevertheless, the Union was generally commended for showing determination and "getting its act together". While commentators at one end of the discussion were reminding the public that the impact of the crisis was still largely unknown,²² at the other they were rejoicing that the Union is finally working on legislation with substantial significance.²³ Last but not least, Estonia's entry into the Eurozone was generally warmly welcomed as a positive note amongst the financial disarray.²⁴

Finns initially sceptical or indifferent towards the Europe 2020 Strategy

In Finland, the overall reception of the Europe 2020 Strategy was bordering on scepticism. While the goals of the strategy were seen as laudable, EU's ability to reach them was doubted. The failure of the Lisbon Strategy, in particular, was seen as grounds for scepticism: "Why would anything be different this time?"²⁵ The more positive voices suggested that Europe had learnt its lessons from the failure of the Lisbon Strategy: the Europe 2020 Strategy will be designed to be more down-to-earth, giving it a better chance of success.²⁶

In its post-Council evaluation, the Finnish government emphasised, e.g., raising European productivity as a key means for recovery from the current economic crisis. Charts comparing member states' performance in this regard were seen as a means to improve awareness of differences in productivity.²⁷ From the point of view of implementing the Strategy, then Prime Minister Vanhanen did not envisage much extra effort. Rather, his emphasis was on boasting how far advanced Finland was with many of its goals, sometimes even surpassing them, for example, in the level of research and development inputs. The national plans – the beef of which is in the Europe 2020 Strategy – are still in the making at the time of writing, with the government promising more details before the European Council meeting in June 2010.²⁸ All in all, however, neither the strategy nor the national plans aroused much interest or debate in Finland.

¹ Turun Sanomat: Kreikan kriisi nostanut Rehnin Barroson rinnalle, 11 May 2010.

² See the Finnish chapter on the implementation of the Lisbon Treaty (chapter 1).

³ Taloussanomat: Velkakriisi ei pysäytä talouden käännettä, 18 May 2010.

⁴ Turun Sanomat: Euron heikentyminen kasvattaa Suomen vientiä, 12 May 2010.

⁵ Helsingin Sanomat: Talouskomissaari Rehn vaatii Kreikalta lisäsäästöjä, 2 March 2010.

⁶ Helsingin Sanomat: Maksamme velkaa Aristoteleelle, 14 May 2010.

⁷ Matti Vanhanen, Prime Minister: Press Briefing, 4 May 2010.

⁸ Jyrki Katainen, Minister of Finance: Press Briefing, 4 May 2010.

⁹ Helsingin Sanomat: Suomalaiset uskovat Euroon, 8 May 2010.

¹⁰ Ibid.

¹¹ Uutispäivä Demari: Kansa ei hyväksy luottoa Kreikalle, 17 May 2010. This result is based on a proposition that, on the basis of financial consequences, Greece should be supported.

¹² Arto Aniluoto, Secretary General, European Movement in Finland, interviewed in the Finnish Broadcasting Company (YLE), 11 May 2010.

¹³ Turun Sanomat: EU:n valuuttarahasto ei ehtisi Kreikan avuksi, 13 March 2010.

¹⁴ Matti Vanhanen, Prime Minister: Press Briefing, 26 March 2010.

¹⁵ Helsingin Sanomat: EU-päätäjät varoittivat liian tiukasta pankkien sääntelystä, 18 April 2010.

¹⁶ The Finnish Broadcasting Company (YLE): Katainen puoltaa EU-maiden tiukempaa budjettisyyniä, 18 May 2010.

¹⁷ Helsingin Sanomat: Talousongelmat pitkittivät taas euromaiden kokousta, 18 May 2010.

¹⁸ Turun Sanomat: EU:n pankkiverolle varovainen tuki, 18 April 2010.

¹⁹ E.g. Matti Vanhanen, Prime Minister: Joint Parliamentary Meeting on EU Affairs in the Finnish Parliament, 25 May 2010.

²⁰ Helsingin Sanomat: Lipponen: EU:n löperön otteen on loputtava, 12 May 2010.

²¹ Suomenmaa: EU-maiden taloudenpito tarvitsee velvoitteensa, 12 May 2010.

²² Helsingin Sanomat: Kellot soivat Euroopassa taas kaikille, 23 May 2010.

²³ Helsingin Sanomat: Turhaa lohtua, 23 May 2010.

²⁴ Helsingin Sanomat: Viro on ansainnut paikkansa eurossa, 9 May 2010.

²⁵ Hufvudstadsbladet: EU-strategi bemöts med skepsis, 5 March 2010.

²⁶ Kaleva: Eurooppa iskuun, osa 2, 8 March 2010.

²⁷ Matti Vanhanen, Prime Minister: Press Briefing, 26 March 2010.

²⁸ Ibid.

Questionnaire for EU-27 Watch, No. 9

Reporting period December 2009 until May 2010 – Deadline for country reports 21 May

All questions refer to the position/assessment of your country's government, opposition, political parties, civil society organisations, pressure groups, press/media, and public opinion. Please name sources wherever possible!

1. Implementation of the Lisbon Treaty

On the 1 December 2009 the EU-reform ended with the entering into force of the Lisbon Treaty. However, the new treaty provisions still have to be implemented. Some procedures and conditions have to be determined. In other cases, procedures, power relations, and decision-making mechanisms will change due to the new provisions.

- How is the work of the new President of the European Council, Herman Van Rompuy, assessed in your country? Which changes to the role of the rotating council presidency are expected?
- How is the work of the new High Representative of the Union for Foreign Affairs and Security Policy, Catherine Ashton, assessed in your country? Please take into particular consideration both her role within the European Commission and her relationship to the Council of the European Union.
- On 25 March 2010 a "Proposal for a Council Decision establishing the organisation and functioning of the European External Action Service" was presented. How is this concept perceived in your country? Which alternatives are discussed?
- On 31 March 2010 the European Commission presented a proposal defining the rules and procedures for the European Citizens' Initiative (ECI). What are the expectations for the ECI in your country? What are the various positions concerning the rules and procedures?

2. Enlargement and European Neighbourhood Policy

The European Commission has given its opinion on Iceland's application for EU-membership and a decision from the Council is expected before the end of June. Croatia seems to have settled its border dispute with Slovenia. Against this background:

- Which countries does your country expect to become members of the European Union in the next enlargement round? What are the opinions in your country on the membership of these countries?
- How are the membership perspectives of those countries discussed, which are not expected to become a member in the next enlargement round?

The Eastern Partnership and the Union for the Mediterranean were the last major projects dealing with the European neighbourhood:

- How are these projects assessed in your country?

3. European economic policy and the financial and economic crisis

The European Council agreed on 25/26 March on the key elements of the Europe 2020 strategy, the successor of the Lisbon strategy. While not being on the formal agenda the economic and financial situation in Greece was discussed. The European Council agreed on a finance package combining bilateral loans from the eurozone and financing through the International Monetary Fund.

- How is the finance package for Greece assessed in your country? Are there any opinions on the process, how the agreement on the package was reached?
- Which lessons should be drawn from the Greek case for a reform of the Stability and Growth Pact?
- How is the idea of "a strong coordination of economic policies in Europe" perceived in your country? What concepts of an European economic governance are discussed in your country and which role do they assign to the Euro group?
- How is the Europe 2020 strategy discussed in your country? What are the priorities for the Europe 2020 strategy from your country's perspective?

4. Climate and energy policy

The climate conference in Copenhagen took note of the Copenhagen Accord but did not reach a binding agreement. The next conference of the parties (COP 16 & CMP 6) will take place at the end of November 2010.

- How is the Copenhagen conference assessed in your country? Please take into consideration the negotiation strategy of European Union and the results of the conference.
- Does the European Union need to change its own energy and climate policy in order to give a new impulse to the international negotiations?
- Is a global agreement within the UNFCCC the best strategy to fight climate change? If not, which alternative strategy should the European Union follow?
- What is your country's position on financing mitigation and adaptation efforts in developing countries?

5. Current issues and discourses in your country

Which other topics and discourses are highly salient in your country but not covered by this questionnaire?