# BUILDING BRIDGES PAPER SERIES March 2016

# In Search of An Effective and Equitable European Union

# **Highlights**

- ★ Finland joined the European Union with three main goals in mind: protection against military threats (Finland remains outside NATO), gaining influence within and through the EU, and economic opportunities via a full-fledged participation in the Single Market.
- ★ The past eight years have blurred the nature of EU integration in Finland. The compounding of the Eurozone crisis and constant rambling between Member States on the one hand, and the great leap forward into integration on the other hand, has cast a shadow over the future of the EU.
- ★ In order to restore legitimacy to the EU project in Finland, the European Union should focus on solving the economic crisis especially as the Finns feel the EU is equipped to deal with it. Relatedly, it should better enforce common rules, which Finland strives to respect. It may want to work on how to engage citizens further, but this is only secondary in the short term.

# **Building Bridges project**

This paper is part of the Building Bridges Paper Series. The series looks at how the Member States perceive the EU and what they expect from it. It is composed of 28 contributions, one from each Member State. The publications aim to be both analytical and educational in order to be available to a wider public. All the contributions and the full volume *The European Union in The Fog* are available <u>here</u>.



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## **About Building Bridges**

Called "Building Bridges Between National Perspectives on the European Union", the project aims to stimulate the public debate around national experts on the relationship between their Member State and the EU and on the future of the Union. This project confronts their visions with others' from different member states, but also those of people from different horizons via workshops in Warsaw, Madrid, Paris and Brussels, which took place in 2015 gathering experts and local citizens.

The project is coordinated by the French Institute of International Relations (Ifri) with three major partners: the Polish Institute of International Affairs (PISM), Real Instituto Elcano and EUROPEUM—European Institute for European Policy. The project has also benefited from the support of institutes in each Member State.

You can find all the information and publications about the project at this address: <a href="http://www.ifri.org/en/recherche/zones-geographiques/europe/projet-building-bridges">http://www.ifri.org/en/recherche/zones-geographiques/europe/projet-building-bridges</a>.



This project is supported by the Europe for Citizens programme of the European Union.

The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

# What does your country hope to gain from its membership to the European Union?

Having a population of only 5.5 million and sharing a border with Europe's largest and most populous country (Russia), Finland has a pronounced small state identity. This small state identity has decisively shaped Finland's relationship with the European Union (EU) and the country's behaviour and objectives within the Union.<sup>1</sup>

Fittingly for a small state, security was one of the main catalysts for Finland's decision to apply for EU membership in 1992 and constituted a central argument for the supporters of membership ahead of the national EU referendum in October 1994.2 In Finland, the European Union was not only seen to have a positive impact on European security at large; membership in the Union was expected strengthen to international position and to help it protect itself against military threats and external political pressure.3 Moreover, the EU's institutional order was considered to provide small states like Finland with unique opportunities to raise their voice, allowing them to influence decisions that they would otherwise have little control over.4

Economic arguments also played a key role in Finland's decision to apply for membership and to join the EU. As a member of the European Economic Area, Finland had access to the EU's internal market even prior to joining the Union. However, it was argued that only full membership of the EU would allow Finland to participate in developing the single market and shaping its legal framework.<sup>5</sup> At the same time, EU membership was expected to increase the stability of the Finnish economy and boost growth.

The three above mentioned objectives enhancing Finland's (and Europe's) security, gaining influence both within and through the EU, and ensuring economic stability and growth - still form the core of Finnish EU policy. This is clearly expressed in the most recent government white paper on Finnish EU policy, published under Prime Minister Jyrki Katainen's government in 2013. The paper states that "for Finland, the European Union is the most evident political community, whose development fosters Finland's prosperity and security".6 The paper also underlines that "membership provides Finland with a level of influence over cross-border issues way beyond anything achievable as a lone actor".7 The problems currently experienced by the Finnish economy and Russian military activity in the Baltic Sea region have further served to highlight the centrality of economic and security issues in Finnish EU policy.8

The citizens' views on the real or potential gains of Finnish EU membership are not identical to those of the Finnish government, but there is a high degree of overlap. According to a recent Eurobarometer survey, the two things that Finns most commonly associate with the EU on a personal level are the freedom to travel, study and work anywhere within the Union (67% mentioned this) and the common currency (61%).9 On a more general level, Finns also include peace between the Member States in the list of the EU's achievements.<sup>10</sup> The majority of Finns also agree or strongly agree that the EU contributes to the protection of its citizens, helps in tackling global threats and challenges, enhances the quality of life in Europe and creates the conditions for improving employment in Europe.<sup>11</sup> On the other hand, in the citizens' view, the gains are somewhat overshadowed by the negative qualities associated with the EU; a

total of 85% of Finns see the EU as a source of excessive bureaucracy.<sup>12</sup>

# Do you think that the European Union appears to be a clear project in your country? If not, what are the main reasons?

Some of the main achievements of the European Union appear quite clear to the Finnish public. Thus, according to opinion polls, Finns attach great importance to the EU as a guarantor of peace in Europe, to their freedom to travel, study and work anywhere within the EU territory and to the common currency.<sup>13</sup> That said, the European Union as a political entity or a political project is much more difficult for the general public to grasp. While surveys show that Finns are interested in EU issues and suggest that they know more about the Union than the aggregated average given by citizens across the EU, only a very small percentage of Finns claim to understand the EU very well.14

All in all, there has been only a limited amount of public debate in Finland about the direction of the integration process, let alone its desired end state. The developments within the EU in recent years have further blurred the nature of the integration process. On the one hand, the economic downturn, the Eurozone crisis, the constant wrangling between the Member States and the upcoming membership referendum in the United Kingdom are all clear signs of a weakening of the EU. On the other hand, the Eurozone crisis in particular has compelled Member States to seek closer coordination and transfer new powers to the European level. These contradictory developments have understandably raised many questions about the state and direction of the EU. As the Finnish government's 2013 white paper on EU policy states, "[...] the debate on the Union's future has been

characterised by increasingly polarised positions. [...] [T]he alternatives are presented in the form of oversimplified binaries: federalism or fragmentation."<sup>15</sup>

The uncertainty surrounding the direction of the integration process is also clearly reflected in the contradictory answers of the Finns to questions concerning the EU's future. In a survey conducted by the Finnish Business and Policy Forum in 2012, altogether half of the respondents agreed or strongly agreed with the statement that, "Europe's problems cannot be solved by further integration as many of the problems stem from too far-reaching integration". At the same time, 29% of the respondents agreed or strongly agreed with the statement that Europe can only succeed by deepening integration.<sup>16</sup> Despite the problems and the uncertainties currently associated with the EU, the general public has remained rather supportive of the Union. Moreover, although the majority of Finns think that things are currently going in the wrong direction in the EU, two-thirds are optimistic about the Union's future.17

# Which degree of integration seems adequate to the position and ambitions of your country both politically and economically?

Finland's identity as a small state has had a significant impact on how Finland views the integration process and its own position therein. First of all, as a small Member State, Finland has always had a strong interest in an EU structure that mitigates the existing power asymmetries between the Member States and hinders the biggest Member States from taking too dominant a position within the Union. Secondly, in view of the advantages that the EU is able to provide to small states, Finland has emphasised the importance of an effective decision-making system. For these two reasons,

Finland has traditionally staunchly supported the Community method of EU policy-making – which envisages a central role for the supranational bodies, such as the European Commission, the European Parliament and the Court of Justice of the European Communities – as opposed to a more intergovernmental mode of policy-making.<sup>18</sup>

Due to its support for the Community method, Finland has been ready to support further integration in numerous policy areas, even in the Common Foreign and Security (CFSP).19 Policy Finland's traditional commitment to and support for further integration has also been motivated by the idea that as a small Member State, Finland is best able to influence EU policies by taking a constructive and proactive - in other words, integration-friendly – attitude promoting common solutions.

As far as the public attitudes towards EU integration are concerned, the picture is somewhat different. While the great majority of the population sees the European Union in either positive or neutral terms, the attitude of the Finns towards far-reaching integration is rather sceptical.<sup>20</sup> The population is particularly wary of any elements of federalism, with only 9% thinking that such an orientation would be desirable or highly desirable, and 64% regarding it as undesirable or highly undesirable.<sup>21</sup>

Until the beginning of the Eurozone crisis, eurosceptic attitudes were hardly visible in Finnish EU policy, as there was a strong interparty consensus favouring a constructive and pragmatic attitude towards the integration process. However, the Eurozone crisis has strengthened the critical voices within the Finnish party political landscape. Most notably, the rapid rise of the populist and eurosceptic

Finns Party, starting with the party's strong showing in the national parliamentary elections in 2011, has posed a challenge to Finland's earlier consensus-oriented and integration-friendly policy line.

As a result of the Finns Party's success, many of the old mainstream parties have felt compelled to adopt a more cautious approach towards the EU. While remaining an essentially pro-integrationist Member State, Finland has thus taken a somewhat more reserved stance on further integration. This is clearly reflected in the 2013 white paper on Finnish EU policy. It states that Finland supports closer integration as long as it can be achieved in a manner that the Member States and citizens find necessary, fair and just". 22

A similar tone characterises the EU policy orientation of the current Finnish government, which includes the eurosceptic Finns Party. The programme of the government describes Finland as an "active, pragmatic and resultoriented Member State" that seeks, "in a constructively critical and cooperative way, to combine the national and joint European interest in Finland's EU policy".23 As far as the general degree of integration is concerned, the programme states that the European Union "must focus on the most essential issues; it is not necessary to deepen integration in all policy areas".24 However, even the new government believes that "[t]he Community method is the way of guaranteeing the stable and equitable functioning of the Union as well as ensuring democracy in EU decisionmaking".25 Moreover, the government has a strong interest in developing the EU's internal market and strengthening the EU's Common Security and Defence Policy (CSDP).

# According to you, how could we strengthen the idea of belonging to a common European public sphere among your national citizens?

There are different ways to understand the concept of a European public sphere. However, essential components of a European public sphere are generally considered to be comprehensive media coverage of European issues and actors – including issues and actors both at the EU level and in the different Member States – and a general interest on the part of the citizens to engage in discussions about these issues and actors. In this sense, events in recent years have certainly contributed to the development of a European public space: as a result of the Eurozone crisis, events at the EU level and in several Member States have been closely followed around Europe through different media. At the same time, EU affairs have become increasingly politicised and have forcefully entered the domestic political arenas around Europe.<sup>26</sup>

These developments can be particularly well observed in Finland. Traditionally, EU issues have featured only at the margins of national debates and electoral campaigns.27 However, the first bailout package for Greece in 2010 led to heated political debates in Finland. The crisis also turned into a major electoral topic, as the the Finnish national campaigns for parliamentary election of April 2011 coincided with Portugal's request for a bailout package. The populist and eurosceptic Finns Party successfully built its campaign around the Eurozone crisis. Throughout the crisis, developments both at the EU-level and within the individual Member States have been closely followed by the Finnish media. This has also been the case in the context of the so-called refugee crisis, even though the impact of the refugee situation on Finland has been the most important issue in the media.

Despite the fact that the big European crises of recent years have seen a more intensive Europeanisation of Finnish media coverage and an unprecedented politicisation of EU issues in the Finnish political arena, the process is still far from complete. Thus, an analysis of the domestic salience of the key issues dealt with by the European Parliament between 2009 and 2014, revealed that the two issues receiving most media coverage in Finland were more national than European in nature - and were largely framed in national terms.<sup>28</sup> This indicates that European issues are still dealt with very selectively. Furthermore, although the various crises of recent years have put many European issues on the Finnish political agenda, their relevance as election campaign themes is still limited. Consequently, the campaigns preceding the European Parliament elections of 2014 and the Finnish national parliamentary election of 2015 saw very little debate about European issues.<sup>29</sup>

Finally, the extent to which the general Finnish public feel themselves to be participants in a European opinion-forming and policymaking process is also questionable. The low voter turnout at the 2014 European Parliament elections, for example, indicates that Finnish voters did not consider the elections to be very important. According to the European Parliament Eurobarometer of January 2015, there is roughly the same percentage of Finns who consider their vote to count in the EU as there is of Finns who feel their vote does not count in the EU.30 This suggests that even though the crises have increased the perception that EU citizens face common problems, the Finns are not sure whether or how they can shape the EU's response to these problems.

It has been, and will remain to be, difficult to increase citizens' opportunities to directly participate in EU decision-making, and thereby strengthen the feeling that they have an influence on EU policies. The consensus-oriented nature of both EU-level politics and Finnish politics is also a significant factor in this equation, as it means that the citizens usually cannot choose between clear-cut alternatives. Against this backdrop, it is essential to continue efforts to inform the public about the functioning of the EU's policy-making system, openly discussing both its advantages and its drawbacks.

# Which policies would you deem essential to conduct at the EU level in order to better legitimise the European project?

As a result of the economic/Eurozone crisis, the EU's legitimacy – regardless of whether it is measured in input, output or throughput terms – has been seriously compromised. <sup>31</sup> Despite so far being able to stop any country from falling into insolvency, the EU has struggled to tackle the economic downturn and the high levels of unemployment throughout Europe, therefore losing much of its output legitimacy. At the same time, many EU citizens, both in the crisisstricken countries and in the so-called creditor countries, have felt that the rescue measures undertaken by the Union – and the individual Member State governments - have been imposed on them with little or no consideration for their political preferences. This has unquestionably undermined the EU's input legitimacy. Lastly, the quality of the EU policymaking processes can also be called into question, with the crisis dynamics forcing the Union to act in an improvised manner and at, or beyond, the limits of the existing legal framework. A number of these elements are also present in the context of the current refugee

crisis, which has further served to erode the EU's legitimacy.

Against this backdrop, it is debatable whether the EU's legitimacy can be strengthened simply by transferring individual policies to the EU level. Instead, there is a need to tackle the shortage of the different types of legitimacy. Of these, the issue of input legitimacy is the most complicated one, as there is no consensus on the institutional arrangements that would be needed to make EU citizens more engaged in the decision-making process. However, at least in the short or medium term, the insufficiency of input legitimacy could be partly compensated by higher levels of output and throughput legitimacy.<sup>32</sup> Indeed, this seems to be the expectation of the EU's citizens. When asked in 2011 what they expected from the EU, the most popular answer among Finnish citizens was that the EU should solve the economic/Eurozone crisis (43% of the respondents mentioned the crisis).33 Also newer surveys suggest that the state of the economy and the high debt levels are considered by the Finns to constitute the principal problems for both Finland and the EU,34 although not necessarily for them personally. The EU could thus gain legitimacy by offering effective solutions to these problems - especially as the Finns feel that the EU is equipped to deal with them.<sup>35</sup>

The 2012 Eurobarometer survey also suggests that many Finns want the EU to develop better ways and methods of cooperation between Member States.<sup>36</sup> This indicates, at least implicitly, the importance of throughput legitimacy. It is also closely related to the fact that Finland considers the Eurozone crisis to have largely resulted from the fact that many of the European Monetary Union's basic rules have either not been respected or not been enforced. Accordingly, successive Finnish

governments have underlined the importance of the EU's common rules and values. As Finland's 2013 report on EU policy states, "[i]n terms of fairness, it is essential that the European Union respects its own values and rules".<sup>37</sup> The same basic idea is repeated in the current government's coalition agreement, which notes that "Finland respects common

rules and expects other Member States to do the same".<sup>38</sup> Finland's emphasis on the common rules is, of course, also closely related to its small state identity. For a small Member State, the common rules and institutional structures are a central part of what is good about the EU, protecting it and providing it with influence.

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