

Navigating through troubled times: the left and the euro crisis in Finland

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Introduction

The campaign of the 2015 Eduskunta elections saw a clear divide between the two traditional parties of the left, the Social Democrats (SDP) and the Left Alliance (VAS), and the rest. The centre-right parties, the main employers' organisation, the Confederation of Finnish Industries (EK), economists, and even the overall public mood seemed to favour cuts to public spending that would make the Finnish economy more competitive. Since the onset of the financial crisis Finland had experienced almost constant economic decline, with worsening public debt amidst job market uncertainty: one month ahead of the election the unemployment rate stood at 10.3%. A report by the powerful Ministry of Finance had indicated the need to achieve € billion of savings during the 2015-2019 electoral period, but SDP and VAS disagreed. Social Democrats advocated a more moderate speed of adjustment while the Left Alliance was the only Eduskunta party against cuts to public spending, arguing instead in favour of public investments financed with more foreign loans (Arter 2015).

SDP finished fourth with 16.5 % of the vote, its worst-ever performance in Eduskunta elections, while the Left Alliance managed 7.1 % of the vote. The collective vote share of the leftist parties has declined dramatically in recent decades. Whereas Social Democrats and the predecessor of Left Alliance, the Finnish People's Democratic Union (FPDU), won over 45 % of the vote between them in all but one election between 1945 and 1966 (when they won 48.3 % of the vote together), by 2015 the electoral strength of the left had decreased to 23.6 %. FPDU's decline began in the late 1960s and support for the Left Alliance has declined gradually since 1995. VAS has found it difficult to cater to the needs of both traditional working class voters and more urban new 'green left' supporters, and hence it is probable that many in the latter group switched to the Green League (VIHR) which won 8.5 % of the vote. The cabinet formed after the election brings together the agrarian / liberal Centre Party, the conservative National Coalition and, significantly, the populist and Eurosceptic Finns Party, whose rise has affected both the support of the leftist parties and national debates on the European Union (EU).

The vanishing electoral strength of left-wing parties is also bad news for trade unions, whose influence has largely depended especially on the Social Democrats leading or being at least a

partner in the ruling coalition. The weaker support means that leftist parties and the unions are increasingly on the defensive in Finland, with initiatives and discourse of the centre-right parties and business interests dominating the agenda. This chapter argues that the response of the Finnish left to the euro and financial crisis must be understood in light of these domestic developments, with the positions of SDP, VAS and the Greens clearly influenced by the changing tides of party politics, the shape of the national economy, and the domestic politicisation of Europe. The next section examines the decline of the left and the politicisation of European integration through the euro crisis, with the third part in turn exploring the ideological response of the left to the crisis. The concluding discussion looks ahead, arguing that the severe challenges facing the left and the unions are far from over.

The decline of the left and rise of populism

Ideological convergence in an even more fragmented party system

The shape of the Finnish party system, with no party as a rule winning more than 25 % of the votes in Eduskunta elections, facilitates ideological convergence between all parties (Table 1). Finnish parties are strongly office-seeking, and cabinets are typically surplus majority coalitions that bring together parties from the left and the right. The dividing line between government and opposition has increased in significance as a result of recent constitutional reforms, but the pragmatic and consensual style of politics still largely prevails, particularly in EU and foreign policy. (E.g., Arter 2009; Karvonen 2014; Ruostetsaari 2015.)

TABLE 1

The fragmentation of the party system has further increased since the start of the euro crisis. The rise of the Finns Party has produced in the two latest Eduskunta elections (2011, 2015) a situation where the party system has four quite equally-sized large parties. The three-front model of Lipset and Rokkan (1967), where the relationship between trade unions and parties reflects underlying social cleavages, is still relevant but also under threat in Finland: the Centre Party represents agrarian or rural interests, the National Coalition the interests of the bourgeoisie or the capital, but SDP and VAS are now competing for the working class vote with the Finns Party. While the Finns Party is not organizationally strong inside the main blue-collar confederation SAK (the Central Organization of Finnish Trade Unions), in terms of party choice the Finns was the largest party

inside SAK in the 2015 elections. Moreover, in 2015 SAK members were more likely to identify with the Finns Party than with either of the two traditional leftist parties. (Tiihonen 2015; 2016)¹

After the 1966-1970 electoral period the centre-right parties have held the majority of Eduskunta seats, often with a comfortable margin. The prospect of a government consisting of only left-wing parties has not been realistic for several decades, and all cabinets formed after the 2003 elections have been led by centre-right parties (Table 2). Social democracy has not been as strong in Finland as in the other Nordic countries, but SDP was the largest party in all Eduskunta elections held from 1907 to 1954, and since the 1966 elections it has finished first in all elections, apart from those held in 1991, 2003, 2007, 2011 and 2015. The peak was achieved in the 1995 elections with 28.3 % of the vote, the highest vote share for a single party after the Second World War.

The dilemma facing SDP is of course typical for centre-left parties across Europe. At its core are two interlinked questions: whether to defend traditional leftist economic goals or endorse more market-friendly policies, and who the party represents. This debate about the party's ideology and identity flared up after the 1991 elections, which ushered in a centre-right coalition, and coincided with the serious recession of the early 1990s. With unemployment reaching at worst nearly 20 % of the workforce, SDP and the trade unions began to emphasise the virtues of budgetary discipline and monetary stability alongside traditional social democratic goals such as universal social policies and job creation. Since trade with the Soviet regime had accounted for around 15–20 % of overall national trade, the demise of the communist bloc increased trade dependence on the EU countries. As a result, internal party debates about ideology, the possibility of joining the EU and the need to restore economic well-being became closely entangled. In those circumstances, the gradual move towards the right was made as much out of necessity as out of deliberate choice. However, when in government – as the leading cabinet party from 1995 to 2003 and as the second largest coalition party in 2003-2007 and 2011-2015 – SDP has implemented economic reforms that have definitely frustrated many of its left-leaning supporters (Raunio 2010; Mickelsson 2015).² At the European

¹ In SAK the Social Democrats are the dominant party, but VAS remains strong in select unions. In the Finnish Confederation of Professionals (STTK) the largest unions consist of nurses, health and social care professionals, and clerical employees. STTK is overall much less penetrated by party politics than SAK, and nowadays the distribution of party support among STTK members reflects quite well the distribution of party support among the population as a whole. The Confederation of Unions for Professional and Managerial Staff in Finland (AKAVA) represents workers with university, professional or other high-level education. In AKAVA the strongest party is the National Coalition, but like STTK, it is internally much less prone to party-political battles than SAK. (Raunio & Laine 2017)

² Such frustrations surfaced in spring 2014 when SDP elected a new leader, with Antti Rinne narrowly beating the incumbent party chair Jutta Urpilainen. Rinne, a trade union leader with no previous

level SDP is a member of the Party of European Socialists and its members of the European Parliament (MEP) sit in the Socialists & Democrats group.

The Left Alliance, founded in 1990, can be categorised as belonging to the ‘new left’ (Gomez et al. 2016; Fagerholm 2017). Bringing together a variety of leftists and former communists, the party leadership advocates ‘green left’ ideological moderation, while the working-class voters more closely linked to trade unions oppose such centrist moves (Zilliacus 2001). The party was in government from 1995 to 2003, but the experience was troublesome for both the party leadership and the rank-and-file (Dunphy 2007; 2010). The Left Alliance entered another heterogeneous cabinet following the 2011 elections, but after an uneasy three years left the National Coalition-led ‘six pack’ cabinet in the spring of 2014 due to differences over economic policy. The Left Alliance belongs to the Party of the European Left and its MEP sits in the European United Left / Nordic Green Left group.

The Green League is quite centrist and refuses to be categorised as a left-wing party. It served in the government from 1995 to 2002 (when it left the cabinet due to disagreements over nuclear energy), from 2007 to 2011 and from 2011 to 2014 when it again exited the government over nuclear policy (Paastela 2002; Bolin 2016). The electorate of the party is diverse, bringing together more old-school radicals, ‘green left’ voters, and younger liberals for whom environmental concerns are clearly just part of the overall green ideology (Zilliacus 2001). Nonetheless, following the 2015 elections party chair Ville Niinistö lamented the decline of the left as the Social Democrats and Left Alliance share many of the values or concerns of the Greens, especially the fight against poverty and moral questions such as gender-neutral marriages (Raunio 2015b). The Green League is a member of the European Green Party and in the European Parliament its representatives are in the Greens / European Free Alliance group.

TABLE 2

The decline of the left presents a challenge for the trade unions, particularly for the Central Organization of Finnish Trade Unions, SAK. From the mid-1990s the SDP-led cabinets of Paavo Lipponen (1995-2003) emphasised the importance of collective wage bargaining and corporatism,

parliamentary experience, was very much perceived as the ‘trade union candidate’, and his victory was interpreted by many as reflecting a yearning of part of the rank-and-file for a return to more leftist politics after two decades of politics during which the party has, both voluntarily and under strong external and budgetary constraints, embraced more market-friendly policies.

not least because the cooperation of the trade unions was seen as essential in order to meet the criteria of the Economic and Monetary Union (EMU) and to maintain budgetary discipline once in the eurozone.³ The main employers' organisation EK decided unilaterally to abandon tripartite collective wage talks in 2007 when Finland was governed by a centre-right coalition (Bergholm & Bieler 2013). However, since 2011 centralised wage agreements have been re-introduced, no doubt thanks to the fact that SDP re-entered the government after the 2011 elections. While the system of collective wage talks is not as comprehensive as before, many labour market agreements and laws are effectively decided in tripartite negotiations between the employers' federations, the trade unions, and the government. Trade union density has also risen over the decades, and over 70 % of the workforce belongs to unions. When SDP is not in the government, trade unions are immediately hurt. (Raunio & Laine 2017)

All three leftist parties have faced internal divisions over Europe, but such internal opposition has weakened over time. The significance of the formation of the 'rainbow' government in 1995 should not be underestimated, for it paved the way for Finland's entry to the eurozone and ensured a broad backing for a national European policy that was strongly shaped by the social democratic prime minister Lipponen. In the membership referendum held in 1994 75% of SDP, 55% of Greens, and 24% of VAS voters had supported joining the Union. In fact, the Green League and the Left Alliance were so divided over membership that they chose not to adopt official positions on the issue. Joining the government in 1995 meant that both parties had to align themselves almost overnight as pro-integrationist parties.

This adaptation was more difficult for the Left Alliance that has also adopted much more Eurosceptic discourse when in opposition. The Greens have made a more radical change, and it can perhaps even be considered as the most pro-integrationist of all the Finnish parties. The Social Democrats have been solidly pro-EU since the late 1990s, but significantly it belongs to that section of the social democratic party family that had basically achieved much of its domestic policy goals, particularly the extensive welfare state regime (Marks & Wilson 2000), and hence SDP – as well as VAS and VIHR – have balanced their pro-European policies with the need to protect the national

³ SDP leadership knew quite well that without support from SAK, its pro-EU policy would have shaky foundations. Bearing in mind the economic recession and the trade dependence with EU countries, it was not very surprising that SAK came out in favour of EU membership. SAK was initially against EMU, fearing that it might weaken the corporatist system of collective wage bargaining, but changed its opinion – partially as a result of the SDP-led government agreeing to so-called buffer funds in 1997. This active pro-European policy of the SAK has certainly made the management of EU-related issues, and in particular on the internal market and single currency, much easier for the SDP leadership to deal with (Raunio 2010).

welfare state policies.⁴ As the results of elections to the European Parliament (EP) suggest (Table 2), a sizeable part of the leftist electorate probably still views integration more as a threat than an opportunity. Overall, during EU membership right-wing parties and the Greens have performed better than SDP and VAS in EP elections (Raunio 2016a).

The Finnish Left and the Crisis - Politicisation of Europe: the domestic consensus is shaken

Until the euro crisis Finland's integration policy was characterised as flexible and constructive. This pro-integrationist approach enjoyed broad domestic elite approval. However, the divisive nature of the EU membership referendum held in 1994, in which 57 % voted in favour of joining the EU, indicated that the commitment to integration which prevailed among the political parties was not shared to the same extent by the electorate. There was thus a notable lack of congruence between citizens and political parties, with most parties considerably more supportive of the EU than their supporters (Mattila & Raunio 2005; 2012). In addition, the rules of the national EU coordination system, based on building broad domestic elite consensus behind closed doors, including often between the government and opposition parties, contributed to the depoliticisation of European issues (Hyvärinen & Raunio 2014).

The domestic politicisation of the euro crisis, coinciding with the 2011 Eduskunta election campaign, certainly has changed the nature of national EU discussion and has even affected European-level decision-making. In the run-up to the 2011 elections the problems affecting the eurozone triggered heated debates, and the EU – or more precisely the role of Finland in the bailout measures – became the main topic of the campaign. The more Eurosceptic parties (the Finns Party, the Christian Democrats and the Left Alliance) and the main opposition party, the Social Democrats, led the attack on the government. The Social Democrats, perhaps not to be outdone by the Finns Party's EU critique, adopted a high-profile position against lending money to Greece without any securities (bilateral collaterals), and the opposition parties in general voted against the aid measures. Particularly the Finns Party had an electoral incentive to capitalise on the crisis. It is the only party represented in the Eduskunta that has consistently been opposed to European integration (but without ever explicitly demanding Finland's exit from the EU or the eurozone) —

⁴ As argued by Marks and Wilson (2000: 443): “To the extent that social democratic parties have been able to achieve their goals at the national level (for example, by creating national Keynesianism, strong welfare states and a highly institutionalized industrial relations system), we hypothesise that they will regard the deepening of market integration in Europe as a threat.”

and also the only party which has systematically used the EU as a central part of its campaigns and political discourse (Raunio 2012).

The election result was nothing short of extraordinary. The Finns Party⁵ won 19.1 % of the votes, a staggering increase of 15 % on the 2007 elections and the largest ever increase in support achieved by a single party in Eduskunta elections.⁶ In light of the election campaign, the 'six-pack' National Coalition-led government that entered into office in the summer of 2011 came under serious political pressure to 'defend national interests' more strongly in Brussels. Finland became the only EMU member state to demand bilateral lending guarantees on its bailout payments; and originally rejected the European Stability Mechanism's (ESM) 85% majority vote decision-making rules, demanding unanimity instead; and blocked, together with the Netherlands, the entry of Bulgaria and Romania into the Schengen area. Overall, the success of the Finns Party clearly pushed the other parties in the direction of more EU critical discourse (Raunio 2015a).

The main effects were nonetheless felt at home, with the euro crisis producing more contestation and debates in the government and especially in the plenary and the EU committee of the Eduskunta (Hyvärinen & Raunio 2014; Raunio 2016b).⁷ Although problematic for the government (and occasionally by extension for EU decision-making), these developments were good news in terms of democracy and the level of public discussion. The plenary debates about the eurozone were really the first time that the government was forced to justify and defend its EU policies in public – and when the opposition attacked the cabinet publicly over its handling of European matters.

⁵ The party adopted its current name, translated as the Finns Party, in August 2011. Until then it had been known as the True Finns. According to the party leader, Timo Soini, the new simpler name is intended to emphasize the fact that the party represents ordinary citizens. Soini also felt that the old name had an extreme right or nationalistic slant to it. The exact translation of the Finnish name of the party, *Perussuomalaiset*, would be 'common Finns' or 'ordinary Finns'.

⁶ In addition to the euro crisis, the Finns Party benefited from the economic downturn that began in 2008 and from an election finance scandal that hurt the Centre Party particularly. According to surveys, voters were drawn to supporting the party because they wanted societal change and to shake up both established patterns of power distribution and the direction of public policies, especially concerning immigration and European integration (Borg 2012).

⁷ In addition to the euro crisis inspiring long and heated plenary debates, the euro crisis also featured in interpellations that have become the standard form of confidence vote. Before 2010 only two interpellations were EU-related, but between 2010 and 2015 the opposition tabled six crisis-related interpellations. The first of these was signed by the Left Alliance, while the other five were put forward by the Finns Party. Voting became more common in the Grand Committee (the EU committee), with the losing opposition minority also adding its dissenting opinions to the committee reports and minutes. Most of the contestation was initiated by the Finns Party, and the clear majority of the votes and dissenting opinions were on euro crisis-related issues (Raunio 2016b).

The increased contestation has influenced government formation. In 2011, the Finns Party was close to joining the cabinet, but according to Timo Soini, the long-standing party chair, it was impossible to participate in a government that was committed to further eurozone rescue measures. However, after another strong election result in 2015 Soini guided his party to the new right-leaning cabinet. Similarly, prime minister, Juha Sipilä, has needed to look over his shoulder, given that the Centre has been internally divided over European integration ever since EU membership entered the domestic political agenda in the early 1990s. The European section of the government programme is certainly more critical of integration than the programmes of previous cabinets, with the programme emphasising that each eurozone member state is responsible for its own economy and ‘EMU should not be developed through such deepening of economic coordination which would lead to an expansion of joint responsibility’. Sipilä’s cabinet is thus ‘opposed to increasing Finland’s liabilities in handling the euro crisis’ and argues that ‘if the European Stability Mechanism must still be used, it should be done within the framework of the mechanism’s current capacity and capital structure’.⁸ Hence it was not surprising that in the summer of 2015 Finland was among those countries that were most critical of a new Greek bailout package.⁹ In the end the government swallowed the bitter pill and accepted the bailout deal, not least because it realised that under ESM rules Finland could not block decision-making alone.

Despite the domestic politicisation of Europe via a more Eurosceptic discourse, and occasional awkward moments in Brussels, Finnish governments have continued to support the various moves towards closer economic integration. Economic factors played a key role in the decision to join the Union, and, if anything, the euro crisis seems to have further convinced at least the political and economic elites of the values of internal market and monetary stability. Finland has supported tight budgetary discipline, emphasising that the success of the single currency and European economy depends on the performance of national economies. But while Finnish governments have consistently supported euro area rescue and coordination measures from bailout payments to Fiscal Compact and the banking union, they have certainly needed to pay closer attention to the mood at home.

⁸ *Finland, a land of solutions*. Strategic Programme of Prime Minister Juha Sipilä’s Government, 29 May 2015. Government Publications 12/2015 (<http://valtioneuvosto.fi/en/sipila/government-programme>).

⁹ According to many sources Finland was the country most opposed to the deal, with Soini supposedly even threatening to leave the government should Finland agree to new loan arrangements. See for example <http://foreignpolicy.com/2015/07/13/the-biggest-roadblock-to-a-greek-deal-could-be-tiny-finland/>; http://yle.fi/uutiset/stubb_finland_is_not_alone_in_opposing_greek_bailout/8149043

Ideological responses to the financial crisis

The developments outlined in the previous section have clearly impacted on the positions of Social Democrats, the Left Alliance and the Greens towards the financial and euro crises. Multiparty coalitions limit the freedom of manoeuvre of individual cabinet parties, and hence government-opposition dynamics are evident in the behaviour of the parties. The rise of the Finns Party in turn resulted in the leftist parties adopting a more critical discourse towards the euro area coordination instruments. There is nonetheless also quite strong consistency, with all three parties essentially holding on to their policy stances throughout the 2007-2015 period.¹⁰

Social Democrats

Throughout the period under analysis, the Social Democrats remained solidly in favour of integration, especially because of its positive impact on economic growth, job creation, security policy and international solidarity. Nonetheless, the discourse was very different from 2007 to 2011 when the party was in opposition. Throughout the euro crisis period the Social Democrats have stressed repeatedly that EMU is important and that the rescue of individual eurozone countries is the right strategy, but that the burden of bailouts and other coordination instruments should not be borne by citizens alone.

Particularly critical was the 2009 EP election programme. Arguing that the ‘neoliberal bubble has burst’ and calling for more control and regulation of the markets, the party declared the need for a more human Europe: ‘In the European Parliament the direction of politics is decided between the two largest party groups, the Social Democrats and the Conservatives. The main alternatives are also in Finland Social Democrats or a market-oriented right. The consequences of bourgeois politics are known here in Finland and in the majority of European countries. This is what we want to change.’ The importance of protecting national public services and labour market policies was also highlighted: ‘Like the other Nordic countries, Finland has a lot to offer to the European Union. The Nordic model has provided security and well-being to citizens and has also been an economic

¹⁰ The analysis is based on a close reading of the positions adopted by SDP, VAS and the Greens between 2007 and 2015. The analysed documents were: the manifestos for the 2007, 2011 and 2015 Eduskunta elections, the manifestos for the 2009 and 2014 EP elections; plenary debates on national budgets, euro area coordination measures, and other relevant parliamentary sessions where the financial crisis or national economy was debated; the speeches and writings of leading party figures and MEPs; and position papers adopted by the three parties on either the economy in general or on the EU or the euro area. I am grateful to Mari Kettunen and Taru Ruotsalainen for their research assistance.

success story. We want to make the EU also an area of well-being and economic success that is based on the needs of the people.’¹¹

SDP has also at various times put forward other reform proposals. These include the democratisation of the International Monetary Fund (IMF) and turning it into an organ that controls financial markets, establishing an EU agency for overseeing credit-rating firms, and that the EU should combat tax havens and the unfair pay and reward schemes of the managers of large companies. The 2014 EP election manifesto welcomed the banking union, seeing it as a step in the right direction.¹²

When the euro crisis broke out, the Finns Party was rising in the polls, particularly among working class voters. Hence it was not surprising that SDP felt the need to respond to the challenge, with party chair Urpilainen declaring that no Finnish money should be sent to Greece or other euro area countries without bilateral guarantees of return payment. Once this position was adopted, it became the focus of the party’s public campaign together with the more general line of demanding that banks and private investors also share the burden of the bailouts. SDP has also underscored throughout the crisis period that each member state is responsible for its own economy and that control of banks and the financial sector needs to be strengthened both nationally and at the EU level. The wisdom of bilateral collaterals has been widely criticised, and the fact that no other member state demanded such special treatment suggests that such criticism is justified. Nonetheless, when the Social Democrats – and the Left Alliance and the Greens – entered the cabinet in the summer of 2011, the positions of leftist parties found their way into the government programme.

Three core objectives for the government were identified as reduction of poverty, inequality and social exclusion; consolidation of public finances; and the strengthening of sustainable economic growth, employment and competitiveness. Regarding EU policy, the programme repeated Finland’s commitment to integration and stated that ‘Finland will work towards strengthening the social dimension of the European Union’. The programme also spoke in rather general terms about the need to stabilise the European economy and promised that ‘Finland will strive to expedite the introduction of a geographically extensive international tax on financial transactions that impacts activities of a speculative nature. The ultimate goal should be a global tax, but a system implemented at the EU level can be considered as an initial phase.’ Domestically the government

¹¹ Suomen Sosialidemokraattinen Puolue (2009), *Euroopan parlamentin vaalien vaaliohjelma 2009*.

¹² Suomen Sosialidemokraattinen Puolue (2014), *Oikeudenmukainen Eurooppa – laitetaan Eurooppa töihin*.

renewed collective wage bargaining with the unions, and, referring to social dialogue at the EU level, the programme underlined that ‘Finland strives for better functioning labour markets and strengthened minimum protection of workers’ terms of employment.’ On the eurozone coordination instruments, the programme stated: ‘Before making any decisions, the Government will assess whether decisions made under the European Financial Stability Facility (EFSF) or the possible European Stability Mechanism (ESM) are justifiable for Finland and for the citizens of the Member State in crisis. The Government will also evaluate whether the adjustment programme planned for the Member State affected will help resolve its problems. Accordingly, Finland will approve the establishment of the ESM, provided that the conditions set by Finland can be met.’¹³

As explained in the previous section, Finland approved the establishment of the ESM despite failing with the demand that decisions must be unanimous. And while initially favouring the Commission proposal on developing a financial transactions tax, the Finnish government decided in the fall of 2012 against participating in the further development of such a proposed tax in contrast to the views of the Social Democrats, the Left Alliance and the Greens. Nonetheless, the SDP could now approve bailout packages as the bilateral guarantees were in place and as banks and private investors were, at least according to the party, involved in sharing the burden.

Between 2007 and 2011 the Social Democrats argued in favour of public investments whilst arguing that the measures of the centre-right government were benefiting the rich and hurting the poor. And when in the government from 2011 to 2015, the party defended its record by saying that, whilst cuts to public spending clearly were needed, the inclusion of leftist parties in the cabinet had ensured that the reforms were implemented in a more balanced and fair manner. Overall, equality and fairness are concepts that keep appearing in the various party documents and speeches. Interestingly, at no point did the SDP, or the Left Alliance and the Greens, really share the often alarmist predictions of right-wing politicians, bankers and economists about the health of the national economy. An explanation might be that, while several economic indicators, including those regarding public debt, industrial output or exports, sent clear signals of a turn for the worse, unemployment did not increase that much. In January 2008 it stood at 6.8%, in 2009 at 7.0%, in 2010 at 9.5%, in 2011 at 8.2%, in 2012 at 7.8%, in 2013 at 8.7%, in 2014 at 8.5% and in January 2015 at 8.8%.¹⁴

¹³ Programme of Prime Minister Jyrki Katainen’s Government, 22 June 2011.

¹⁴ Statistics Finland / Labour force survey (<http://www.findikaattori.fi/en/34>).

The Left Alliance

The VAS is clearly located to the left of the Social Democrats on the political spectrum, and this shows in the positions and discourse of the party. Criticism of markets and ‘neoliberal’ policies is much stronger, and the party is considerably more willing to commit money to public services. Throughout the period under analysis VAS believed in investments and saw that the cuts were simply making matters worse and favouring the rich. Being a junior partner in the National Coalition-led cabinet proved very difficult for the party from the beginning, with party chair Paavo Arhinmäki first defending the decision to enter the government but in the end leading his party back to the opposition in the spring of 2014.

Internal divisions over Europe are also evident in party positions. For example, in its 2009 EP election programme the party stressed the need for active international and European cooperation in order to fight for an ‘alternative, better Europe’... ‘not so dominated by business interests’. Hence, the party saw a need for a fundamental reform of the international and the European economy, with more resources invested in improving the well-being of the citizens and the environment. The party also stated that the EU should be developed as an association of independent member states; argued in defence of the Nordic welfare state model; and against the further militarisation of the Union.¹⁵ The 2014 EP election manifesto essentially repeated similar themes, with strong criticism of markets and European and global ‘capitalism’. According to the party, power had shifted during the crisis from the debtor countries to non-elected bodies such as the Commission, the European Central Bank (ECB), and the IMF – resulting in an EU that had become an unnecessary ‘austerity union’. Interestingly, VAS also recommended a new referendum about national EU policy.¹⁶

When in opposition VAS voted against the bailout packages, and after joining the cabinet in 2011 the party continued to criticise the measures, essentially for the same reasons as the Social Democrats. The party argued forcefully that banks and private investors must also bear the burden and not just ordinary Greek or Portuguese citizens. Linking the bailout loans to increasing Finnish public debt, the Left Alliance saw it as irresponsible to be saving foreign banks when the national economy was doing badly. VAS put forward quite a lot of reform proposals, with many of those echoing the ideas of the Social Democrats – including a ban on tax havens and bank secrecy, better banking regulation, by introducing a Tobin tax, for example. The EU should also aim at setting minimum standards of taxation for companies and capital in order to avoid a ‘race to the bottom’,

¹⁵ Vasemmistoliitto (2009), *Parempi Eurooppa on mahdollinen*.

¹⁶ Vasemmistoliitto (2014), *Kohti hyvinvointiunionina – Vasemmiston EU-vaaliohjelma 2014*.

the debts of Greece and other recipients of bailouts should be renegotiated, and the ECB should provide cheap loans to member states. Such measures would contribute to both European and global solidarity and fairness. Overall, the Left Alliance seems to pay more attention to issues dealing with the international economy than the Social Democrats.

The Green League

The Greens were in government from 2007 until the autumn of 2014. Programmatically the party continues to emphasise environmental issues, with economic policy receiving much less attention than is the case with either SDP or VAS.

The Greens are strongly supportive of integration, but – in line with overall green ideology – argue that the EU needs to adopt policies that facilitate sustainable development. Neoliberal policies have privileged the few at the expense of the welfare of the citizenry and the state of the environment, tax havens should be banned, and banks and global financial markets should be subject to democratic regulation. The Greens would also like to see more transparent and participatory modes of decision-making. In the 2014 EP elections the party continued its critique of neoliberal policy approaches, including the Transatlantic Trade and Investment Partnership (TTIP), arguing that short-sighted greed is behind the global financial crisis which in turn fueled anger and alienation. Like the Left Alliance, the Greens pointed out that the current policies increase inequality and hence undermine solidarity in Europe. As part of the governing coalition, the party voted in favour of the bailout packages and other eurozone stabilisation instruments.¹⁷

Discussion

There are many similarities between the positions of the Social Democrats and the Left Alliance. Particularly when in opposition both parties criticized the Finnish governments and the EU over ‘neoliberal’ policies that favour big banks and corporations. Both parties demand stronger EU-level or global regulation of financial markets, banks and creditors. In terms of domestic politics, SDP and VAS recognized the accumulation of foreign debt and the need to restore competitiveness, and differ from the centre-right in so far as they see public investments as a key strategy for restoring economic growth. This applies particularly to the Left Alliance, and as stated in the introduction, may have cost the party votes in the 2015 elections. The Greens share many of the goals of the two

¹⁷ In the 2009 and 2014 EP elections the Green League campaigned on the basis of the common manifesto of the European Green Party (EGP).

traditional left parties, but talk much less about the economy and their critique was clearly more moderate due to its status as a government party from 2007 to 2014.

The tone of the debate in Finland was strongly influenced by the rise of populism. As the 2011 elections approached and the Finns Party was making significant advances in the polls, SDP and the Left Alliance adopted a tougher discourse about protecting national interests, with the Social Democrats demanding bilateral collaterals for bailout payments and especially the Left Alliance being strongly critical of a perceived bias towards the interests of 'big banks' in the bailout packages.¹⁸ At the same time the findings offer at least some comfort for those who question whether parties still matter. The inclusion of SDP, VAS and VIHR in the cabinet formed in 2011 was clearly reflected in the government programme and in the policies pursued by the government domestically and in Brussels during the 2011-2015 legislative period.

Concluding remarks: the left on the defensive

The euro crisis destabilised Finnish integration policy. The outbreak of the euro crisis coincided with the campaign for the 2011 Eduskunta elections and revealed the fragile basis of the domestic (elite) consensus over Europe. That consensus was fragile because public opinion has consistently been more critical of integration than political parties. Moreover, most Finnish parties are internally divided over the EU, and hence there was always potential for dissent and electoral gains for a party with a more critical view of European integration. The politicisation and the success of the Finns Party have influenced domestic EU discourse, which is certainly more cautious, downplays any moves toward further centralisation, and emphasizes the role of national interests. Yet at the same time the Finnish government, with some reservations, supported the implementation of the various eurozone coordination instruments and bailout packages (Raunio 2015a).

The crisis clearly affected the parties on the Finnish left. In terms of votes, the left saw its electoral support decline during the crisis while Social Democrats and the Left Alliance saw their combined vote decline from 30.2 % of the vote in the 2007 Eduskunta elections to only 23.6% in 2015 – the lowest ever vote share of left-wing parties in Finland. Clearly both parties are struggling to maintain their core voters and much depends on whether the Finns Party manages to retain its popularity. However, including the Greens among the left-wing parties brings the vote share of the left to

¹⁸ Particularly in the Social Democrats there were voices, not least its MEPs, that criticized the party for its inward-looking discourse that placed national interests ahead of what is best for the whole EU.

32.1% in the 2015 elections, and the Greens achieved their best-ever result in the 2017 municipal elections with 12.5% of the vote.

More troublesome for the left has been the general direction of domestic debate in Finland. The global and European uncertainty together with serious domestic fiscal challenges have brought about increasing criticism of leftist economic solutions. Whereas from the 1960s onwards leftist parties, particularly the Social Democrats, and trade unions closely linked to them, were often behind important and popular socio-economic reform initiatives in Finland, today they mainly focus on defending the status quo, with the initiatives coming from the centre-right parties or business interests. The current economic climate, including the accumulation of high levels of national public debt and the associated need to cut public expenditure, is far from ideal for advocating traditional left-wing policies and this situation is unlikely to change in the next few years or at least not before the next Eduskunta elections scheduled for 2019. The agenda is thus strongly set by the political right, with Finland's political left on the defensive.

At the same time the crisis has nonetheless revealed ideological differences between the Finnish parties and has offered the left-wing parties the opportunity to distance themselves from the 'austerity' policies of their right-wing competitors. As Finnish coalition governments typically bring together parties from both the right and the left, the ability to pursue such goals depends primarily on the balance of power within the government and the Eduskunta. But even if the pendulum swings to the left in the next elections, the Social Democrats and the Left Alliance face hard ideological choices over economic policies. Both parties need to also react to the success of the Greens, and at least for the Social Democrats the likely path is further towards the political centre.

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Table 1. Distribution of votes in Eduskunta elections, 1945-2019 (%).

	SDP	Cent	Cons	Left	Green	RKP	Christ	Pop	Lib	Others
1945	25.1	21.3	15.0	23.5	–	7.9	–	–	5.2	2.0
1948	26.3	24.2	17.1	20.0	–	7.3	–	–	3.9	1.2
1951	26.5	23.2	14.6	21.6	–	7.3	–	–	5.7	1.1
1954	26.2	24.1	12.6	21.6	–	6.8	–	–	7.9	0.6
1958	23.2	23.1	15.3	23.2	–	6.5	–	–	5.9	2.8
1962	19.5	23.0	15.0	22.0	–	6.1	–	2.2	6.3	5.9
1966	27.2	21.2	13.8	21.1	–	5.7	0.5	1.0	6.5	2.9
1970	23.4	17.1	18.0	16.6	–	5.3	1.1	10.5	6.0	2.0
1972	25.8	16.4	17.6	17.0	–	5.1	2.5	9.2	5.2	1.2
1975	24.9	17.6	18.4	18.9	–	4.7	3.3	3.6	4.3	4.3
1979	23.9	17.3	21.7	17.9	–	4.3	4.8	4.6	3.7	1.8
1983	26.7	17.6	22.1	13.5	1.4	4.9	3.0	9.7	–	1.1
1987	24.1	17.6	23.1	13.6	4.0	5.6	2.6	6.3	1.0	2.1
1991	22.1	24.8	19.3	10.1	6.8	5.5	3.1	4.8	0.8	2.7
1995	28.3	19.8	17.9	11.2	6.5	5.1	3.0	1.3	0.6	6.3
1999	22.9	22.4	21.0	10.9	7.3	5.1	4.2	1.0	0.2	5.0
2003	24.5	24.7	18.6	9.9	8.0	4.6	5.3	1.6	0.3	2.5
2007	21.4	23.1	22.3	8.8	8.5	4.6	4.9	4.1	0.1	2.2
2011	19.1	15.8	20.4	8.1	7.3	4.3	4.0	19.1	–	1.9
2015	16.5	21.1	18.2	7.1	8.5	4.9	3.5	17.7	–	2.5
2019	17.7	13.8	17.0	8.2	11.5	4.5	3.9	17.5	–	5.9

Party abbreviations

SDP Social Democratic Party

Cent From 1907 to 1965 Agrarian Union, thereafter the Centre Party

Cons National Coalition

Left From 1945 to 1990 Finnish People's Democratic Union (FPDU), from 1991 on Left Alliance

Green Green League

Swe Swedish People's Party

Christ From 1966 to 2002 Finnish Christian League, thereafter the Christian Democrats

Pop From 1958 to 1966 Small farmers' Party, from 1966 to 1995 Finnish Rural Party, thereafter The Finns Party

Lib From 1918 to 1950 National Progressive Party, from 1951 to 1965 Finnish People's Party, from 1965 to 1983 Liberal People's Party. In the parliamentary election of 1983 the Liberal People's Party was a member organization of the Center Party. From 1987 to 2002 Liberal People's Party, thereafter the Liberals

Source: Ministry of Justice.

Table 2. Distribution of votes in Eduskunta and EP elections, 2007-2019 (%).

<i>Party</i>	2007 Eduskunta	2009 EP	2011 Eduskunta	2014 EP	2015 Eduskunta	2019 Eduskunta	2019 EP
Centre Party	23.1	19.0	15.8	19.7	21.1	13.8	13.5
National Coalition	22.3	23.2	20.4	22.6	18.2	17.0	20.8
Social Democrats	21.4	17.5	19.1	12.3	16.5	17.7.	14.6
Left Alliance	8.8	5.9	8.1	9.3	7.1	8.2	6.9
Green League	8.5	12.4	7.3	9.3	8.5	11.5	16.0
Christian Democrats	4.9	4.2	4.0	5.2	3.5	3.9	4.9
Swedish People's Party	4.6	6.1	4.3	6.8	4.9	4.5	6.3
The Finns Party	4.1	9.8	19.1	12.9	17.7	17.5	13.8
Others	2.2	1.9	1.9	1.9	2.5	5.9	3.1
TOTAL	100	100	100	100	100	100	100

Source: Ministry of Justice.

Note: Governing parties are in bold. For example, at the time of the 2007 elections the ruling coalition consisted of the Centre, SDP, and the Swedish People's Party. At the time of the 2019 EP elections, Finland was yet to appoint a new cabinet after the April Eduskunta elections.