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THE INTELLECTUAL DEBATE ON THE EUROPEAN UNION IN FINLAND

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This study on Finland is the fourth in a series published by "Notre Europe" with the purpose of providing an insight into the intellectual debate on Europe in the various Member States of the European Union.

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INTRODUCTION

The debate on the European Union (EU) in Finland is comparatively recent, because EU membership was not a serious option for Finland before this decade. From a Finnish perspective, dramatic changes in the political environment took place in the early 1990s, which saw the end of the cold war, the liberation of the eastern European countries and the collapse of the Soviet Union as a totalitarian structure. All these changes brought about – as Dr Teija Tiilikainen (1998, p. 159) indicates – an identity crisis in Finnish politics by breaking down the immediately visible basis of the former political doctrine. "The meaning of its material tenets – neutrality and a special relationship with the neighbouring great power – became dubious" (Tiilikainen, p. 159).

The Swedish application for EU membership further increased the confusion of Finland's politicians. But it was also the trigger which prompted Finnish political decision-makers to reassess the country's course and eventually change it by at least 90 degrees to the west. The formal reorientation began in early 1992 with a speech in which President Mauno Koivisto indicated that he was favourable to Finnish membership, followed by a government decision and finally the assent of the Finnish Parliament in March 1992. This brief background is important, because only after these decisions did the debate start in earnest.

Among most Finnish politicians and ordinary people the EU debate has, to a large extent, boiled down to support for or opposition to Finland's participation in European integration. This kind of discussion is not, of course, very "intellectual". Fortunately, among professors, journalists and politicians there are people who can make an objective analysis of Finland's international position and role in the European integration process.

Olli Kivinen, senior editor and columnist in Helsingin Sanomat, Finland's largest newspaper, said in 1994 – the year of the Finnish referendum on EU membership – that the intellectual climate in Finland has long been negativistic. According to Kivinen this reflected the hangover after the fall of communism and Stalinism. "The totalitarian philosophy attracted many individuals who regarded themselves as intellectuals." Kivinen also pointed out that according to the law of the intellectual land, a "real intellectual" did not get enthusiastic about anything or advocate anything and was critical of everything just for the sake of it. This, according to Kivinen, led to a situation where most intellectuals debated on the same small details, distorted information and scares as the general public. Only a handful touched on the future prospects for Europe: peace and a role as a beacon and promoter of European values in today's harsh and dangerous world. "Visions were in very short supply." Visions for the EU are still in quite short supply in Finland, particularly on the EU as a whole. There are more opinions – or merely short-term views – on the role of Finland in the EU.

1994, the year of the referendum, seems to have marked one of the watersheds in the EU debate in Finland. The Finnish referendum was organised on 16 October 1994. Even those people who regarded themselves as intellectuals put their arguments according to whether they believed Finland should join the EU or not. Finland became a member of the EU and a participant in the move towards economic and monetary union (EMU) in January 1995. But Finnish participation in EMU raised a new discussion along the same lines – for or against – even though Finland had accepted the Maastricht treaty, which provides for EMU.

The Finnish debate covers various areas and issues. Before the 1994 referendum and Finnish membership in 1995, it focused on the basic question of whether Finland should join the EU or not and on the pros and cons of possible membership. So exchanges were very pragmatic and to some extent non-intellectual – whatever the concept "intellectual" means. Yet it can be said that the debate before Finland's decision to join was more intense than after it.

In Finland, two issues have dominated all others: security and economic matters. But the question of independence and national sovereignty – and particularly the fear of losing them – has also been high on the agenda, in particular before Finnish membership. A persistent point has been the future of Finland's agriculture.[1] These issues have all formed part of the political debate. The more general and perhaps intellectual debate includes considerations such as national versus European identities, democracy in EU decision-making and the future shape of the EU as a federal or intergovernmental (union of independent States) entity. In the economic field, EMU has naturally been the prime concern. The newest point on the Finnish EU agenda is the Union's Northern Dimension. The initiative has hardly aroused any criticism. And, of course, this year's Finnish presidency has given Finland a high profile on the international stage. EU enlargement has not given rise to active debate in Finland, since there is a favourable consensus on the issue. The only controversy concerned Finland's strong support for Estonia's efforts to be among the first countries with which the EU will start negotiations on membership. In this paper, the enlargement question is discussed in connection with the Northern Dimension initiative and the challenges facing the Finnish EU presidency.

Interesting links have been made between the various topics mentioned above. The debate on Finnish participation in EMU, for instance, covered security policy aspects. At all events, Finland's participation in the European integration process is a historic turning point in its short history as an independent country. People are clearly still uncertain and even confused about the pace and extent of change in Finland's international stance. Still, one can say that the few years' experience of EU membership have prompted mainly favourable assessments. Many fears have proved to be groundless. In particular, EU financing of various projects which often have an impact on the everyday life of ordinary people has generated a positive image of the EU and brought it closer to the Finns. On the eve of the Finnish presidency, one may even argue that the Finns are proud of their role in the international arena.

The background material needed for this publication has been in quite short supply. This is perhaps due to the fact that Finland is a recent player in European integration. The people whose texts are used here come mainly from the research community and political science circles – which is quite natural. Quite a lot of writers whose thoughts I have drawn on work at the University of Helsinki or the Finnish Institute of International Affairs. Alongside Helsinki, Turku is a also a centre of expertise on Europe in Finland and is home to organisations such as the Pan-European Institute, for instance. Besides researchers, my sources include key politicians, officials both in Finland and in the EU and a number of journalists. This study is based on existing publications and newspaper articles as well as some major political speeches. I have also interviewed some people, but only for the purpose of finding important printed material. The validity and reliability of this type of study is a difficult problem. The issues selected for analysis, the choice of material and the use made of it are highly subjective. But since this study is a summary and analysis of the EU debate in Finland, it could be considered as a contribution to this discussion, including the writer's personal views and own interpretations.

The study is structured as follows: we start with more abstract and general issues – *"National and European identities"* (Chapter 1) and *"Democracy, legitimacy and federalism in the EU"* (Chapter 2). Then we proceed to the "tougher" issues – *"Security policy"* (Chapter 3) and *"Economic and monetary union"* (Chapter 4). Naturally, we also discuss the two topics that are currently of particular importance to Finland: *"The EU's Northern Dimension"* (Chapter 5) and *"The challenges facing the Finnish presidency of the Union"* (Chapter 6). Finally, I review the whole material and draw my own conclusions from the debate described in this study.

[1] The problems of Finland's agriculture are, however, not dealt with in this study owing to their particular and very practical nature.

1. NATIONAL AND EUROPEAN IDENTITIES

Europe today is on everyone's lips. We know it as a continent that has suffered greatly in the past and is suffering again today, in the Balkans. Finland, although an outlying country, has always been a part of Europe. The strongest links between Europe and Finland are definitely security and the economy, which are both part of the "basic needs" of any nation or any individual. Germany and the United Kingdom have been our most important export markets alongside our neighbouring countries. On the other hand, France has, for some reason, been a "black hole" for Finnish exporters. Among Europe's great nations, Germany and the United Kingdom have, in many ways, influenced Finland's destiny.

Finland's past is undoubtedly centred on the concept of nation State. During our relatively short history as an independent State, we built this country and defended its sovereignty in two wars against the Soviet Union. Finland as a homeland undoubtedly has a place in the hearts of Finns. We still experience a thrill when the Finnish ice hockey team wins the world championship or when Mika Häkkinen wins the Formula 1 world title. But the Finns have a much more rational attitude towards Europe and the EU. It seems that "official" Finnish participation in European integration has developed so quickly that it is well ahead of the population's feelings of being European or becoming European.

The deepening trends of European integration have raised a number of questions in Finland, like in many other European countries: what is Europe? What is the European concept? What does it mean to be European? Although these matters do not seem to be of great interest to ordinary people, they are important for establishing a long-term view of the EU and Europe. Is this Europe a project that we are willing to subscribe to? What are the rational and emotional grounds for wanting to be European? These questions are proposed by Prof. Ilkka Niiniluoto (1996). He further asks: "Can Irish and Romanian people be European on the same terms?" Niiniluoto suggests that although our post-modern times favour a "skin effect", the common core characteristics (of being European) should still be sought from deeper layers of the culture (Niiniluoto, p. 37).

Dr Juha Sihvola (1998, p. 40) considers the problem of European identity. He begins by pointing out that appealing to common European values to explain integration amounts to goal-oriented justification: "It is assumed that there is a more or less established European set of values, which spontaneously or naturally produces the kind of result which the European integration process seems to be aiming for or is intended to be aiming for." In Sihvola's opinion, this argument does not stand up to historical analysis. Clearly, European history has not, at any stage, been governed by a "European spirit", but rather by circumstancial factors leading in various directions. The second point made by Sihvola is that the achievement of European values is a typical history of the winners. And thirdly, a list of common European values does not as such give grounds for defining the boundaries of Europe or European values, nor for assessing the significance of internal differences and local identities. "It is as difficult to draw the eastern border of Europe as it is to differentiate it from North America or the Islamic world" (p. 41).

At this point in time, there are clearly more questions than valid answers to the European identity issue. To me, identity is not really a workable concept. Maybe we should try to define various levels of identity development. The *feeling of togetherness* is one such level. The feeling of *European togetherness* is important at least in terms of legitimacy, and hence for the future of the EU, claims Dr Heikki Mikkeli (1998, p. 17). He believes this issue is closely related to the division of power between the centre (Brussels) and the Member States, and hence to the degree of EU federalism. This is an important point. Through increased integration, at least part of the sovereignty and power of the nation States will be transferred to the EU. Whether this will be accepted very much depends on people's perception of European togetherness. The concept of European togetherness is perhaps more important in this respect than the concept of European identity.

Values are an important element of identity. As in other countries, there has been a lot of research and other activities in Finland relating to possible common European values. High representatives of the Church are among the contributors to the debate. John Vikström (1994), the former archbishop of Finland, outlined the European values as follows: *"Europe is a community of three basic values: Reason (Athens), Law and Justice (Rome) and Mercy (Jerusalem). The high regard for science and technology, individualism, pronounced self-criticism, justice as the basis for peace and awareness of the duty to take care of the 'smaller and weaker' are therefore characteristic of Europe*". Archbishop Vikström describes the European identity as a combination of common values and pluralism.

Sihvola (1996) further elaborates on these European values. He finds in the history of European political thinking (p. 22) two human archetypes and two corresponding societal ideals which compete, clash and blend one with the other. The older originated in ancient Greece, and may be referred to as the *community archetype*. This began to be challenged by the *individualist archetype* in the late Middle Ages. This view sees people as distinct individuals who shape their own lives through their choices. The most famous representative of the community-based human archetype and the derived political theory is Aristoteles. According to his political theory, the task of the State is to create the conditions for the model of a "good life" to be possible within a citizen's lifetime (Sihvola, p. 23). Sihvola argues that the views of Aristoteles have influenced Finnish politics for over a hundred years through Hegel and J. V. Snellman. Owing to Hegel's political heritage, there is a more moralistic tone in Finnish politics than in other Nordic countries, for instance.

Before the 18th century, the concept of identity was connected with individuals. Later, the concept also came to be connected with nations. Now, at the end of the millennium, we are talking about the identity of a continent. Mikkeli (1998, p. 18) also reminds us that the concept of national identity is quite diverse and may be rooted in very different factors, such as family community, regional community, cultural community or a given administrative system. In people's perceptions of identity, the weight of very local communities is perhaps growing, in particular among the typically less-educated people who have not moved to large cities or abroad. Whatever the case, individualism is a strengthening trend in Finland and the community-based components of identity seem to be decreasing in importance.

What, then, is national identity? Saukkonen (1996) quotes an old definition mooted in 1899, one hundred years ago, by Zacharias Topelius, one of Finland's national authors: "All people who recognise Finland as their fatherland, who love it, and who honour the laws of Finland and will work for it, form the Finnish people." Topelius's definition could still apply today.

Mikkeli (p. 20) also points out that in EU circles it has been suggested that European identity need not be uniform. This is the concept of *unity in diversity*, whereby European nations could preserve their national characteristics while sharing certain common factors. So far, this form of togetherness has remained pure rhetoric without any concrete content, says Mikkeli.

Is it possible, then, to combine national and European identities? Finland's a new identity could be that of *a small country belonging to the core EU members*. Before, Finland's identity was that of a neutral country in Europe. But it joined the first wave of EMU participants on the principle that for a small country the best place is where the important decisions are made. As Antola (1998, p. 113) points out, the transition from the condition of neutral State to EU core membership was mentally a long and challenging step. For a small country, alongside its history and traditions, its current and future views on its international position and role are perhaps equally important. For the moment, part of Finland's political identity could be that the country is a highly valued player in a good team.

Finland's geographical and geopolitical location also gives it an identity as a *northern country* in the EU. And it is a country between East and West. Finland has accordingly been marketed as a trading gateway to Russia. This has prompted Finnish writer Johannes Salminen (1994) to ask why Finland could not be a *gateway for culture* as well.

2. DEMOCRACY, LEGITIMACY AND FEDERALISM IN THE EU

The concept of *legitimacy* seems even more important in the context of the future development of the EU. In the previous chapter we discussed legitimacy as perceived by citizens in emotional terms. In a democracy the right to make decisions that affect people's everyday life is acquired through elections. If the citizens of the Member States could feel able, through their democratically elected representatives, to influence the EU's decision-making, the Union's future development would be placed on a much firmer footing.

The interrelationship between legitimacy, democracy and federalism is important to understand. Put in a very simple way, the following mechanism can be observed: legitimacy can be increased by increasing democracy. In turn, democracy can be increased by increasing federalism. The problem for Finns and for many other people in Europe is that increasing legitimacy and democracy is accepted and welcomed but federalism is virtually taboo.

The positive interaction between democracy and federalism has not been clearly pointed out in the Finnish debate. Some writers see federalism as an either-or choice, others as a question of degree. Mikkeli (1998, p. 27) has an interesting explanation for the concept. He indicates that the word "federalism" originates from the Latin *foedus*, which means union or agreement, but also companionship and friendship. So according to Mikkeli, the term can be understood in a legal and political context as "union" or "agreement", but also as a relationship between people based on trust and friendship. In Mikkeli's opinion (p. 31), the security policy aspect is so central in Finland that the benefits and disadvantages that a more or less tight federal State would bring have not been part of the debate.

Antola (1998, p. 96) describes the EU's progress towards a federal State. The Union's progress is governed by a logic of deepening and enlargement. Decisions are increasingly made on qualified majority votes, new sectors of society are included in the Community sphere of competence and issues initially handled through intergovernmental cooperation are gradually transferred to the Community. According to Antola this route leads to a federal State. Economic development and military security have traditionally been arguments pleading for federations. Antola (p. 97) is of the opinion that the EU today fulfils the central prerequisites for a federation set out in the research literature. The EU is a political community, which has its own citizenship and whose legislation is interpreted by an independent court.

Tiilikainen (*Turun Sanomat*, 23.5.1999) claims that the EU today is much closer to a federal State than traditional international organisations or other coalitions of States. She argues that the citizenship dimension of the EU would be best promoted if this were acknowledged and the various areas of federal development were assessed from both a national and an individual perspective. Tiilikainen makes a distinction between three central dimensions in the federal State: first, the relationship between the individual and the State; second, the division of power between the States and the federal State; third, the relationship between the federal State and the outside world. As an example of the issues between States and the federal level, Tiilikainen mentions EMU, the emergence of which has strengthened demands for social rights to be secured at Union level. These demands are based on the idea that since national economic policy and, in the long run, national public economies will be harmonised, there is a need for a degree of conformity in the social status of citizens regardless of the Member State. Most importantly, Tiilikainen lists the problems which are most difficult to solve without increasing federalism: unemployment, international crime, the democratic deficit and over-complex decision-making procedures.

Those who speak for a federalist European union argue that the nation States are unable to solve problems such as unemployment, international crime and environmental threats alone. Antola (p. 98) submits that the "crisis" stems from the mismatch between the scale of the problems and the ability of nation States to cope with them.

Democracy has deep roots in Finland, like in all Nordic societies. In the debate prior to the referendum, the fate of democracy was one of the main concerns. National decision-making power was seen to be transferred from the Finnish to the EU institutions.

The principle of democracy has also played a significant role in the plans for European unification in the 20th century. As Tiilikainen (1998, p. 83) notes, the commitment to democracy is enshrined in both the Maastricht and the Amsterdam treaties in about the same form ("…principles of liberty, democracy, respect of human rights and fundamental freedoms and the rule of law…"). But, as Tiilikainen (p. 85) says, even if democracy is highly valued by everybody as a government principle, putting it into practice at European level has generated much disagreement. Bureaucratic rule works against governmental democracy in the European Community (EC), but is not deep-rooted in Europe. Still, bureaucracy has become a typical characteristic of the workings of the EC. The standard features of bureaucracy, such as opaque procedures and the favouring of narrow expertise at the expense of general citizen participation, run counter to democracy.

The federalist and liberal traditions in Europe have, according to Tiilikainen (p. 89) both influenced the current EU. The EU today has a government structure with a clearly federalist outline, but whose internal structure and division of power reflect liberal pragmatic views. Tiilikainen further says that this combination has comforted the bureaucratic tendencies of the present Union government, thus preventing any large-scale improvements in a democratic direction.

The Maastricht treaty had introduced some provisions designed to resolve the democracy problem. Among these were the principles of subsidiarity and regionality and the concept of Union citizenship. According to Tiilikainen (1998, p. 39), the practical significance of subsidiarity and regionality were unclear from the outset, and effective development of Union citizenship met with opposition owing to its federalist character.

The Amsterdam treaty entered into force on 1 May 1999. The reviewed treaty includes some improvements in the relationship between the EU and its citizens. The Maastricht treaty had already provided for the concept of EU citizenship. While in the Maastricht treaty the basic rights of Union citizens were safeguarded, the Amsterdam treaty qualitatively improved citizen status and influence within the EU. Generally speaking, the goal of the Amsterdam treaty is to bring the union closer to the citizens. It deals with issues of more direct interest to people, such as employment, social affairs, the environment, public health, consumer protection and the proximity principle. This is what prompted Antola (1998, p. 28) to say that "the people's Europe" was the main winner in the Amsterdam treaty. According to Antola, the treaty reflects the willingness to prove that the EU, which people perceive as distant, will bring them something new and take their needs into consideration.

Promoting the transparency principle was perhaps the most important goal of the Finnish government in the intergovernmental conference. Transparency means two things: openness in decision-making and access to information on policy shaping, and improved readability and intelligibility of the founding agreements (perustamissopimusten). According to Antola (1998, p. 29), hardly any progress was made in the second area. More improvements were made in the field of openness. The governing principle now is that the citizen has the right to obtain information about EU documents and the workings of the Union in general. Only on clearly defined issues may deviations be made from this principle.

The treaty increases to some extent the powers of the European Parliament – a development noted in the Finnish media (for instance: Kivinen, *Helsingin Sanomat*, 6.5.1999).

Dr Jan-Otto Andersson (*Turun Sanomat*, 1999) suggests that a two-pronged strategy is needed to increase democracy. He believes the weight of both national parliaments and the European Parliament should be strengthened. The Finnish and Danish parliaments both have standing committees responsible for monitoring EU integration issues. Even so, these countries still find it very difficult to control what their ministers do in the Council of Ministers.

During the preparatory stages of the 1996 intergovernmental conference, strengthening the Union's democratic legitimacy was regarded as a central goal (Antola and Ojanperä 1995, p. 17). Two dimensions can be distinguished in achieving legitimacy: legitimacy at system level and legitimacy at citizen level (Antola and Ojanperä, p. 17). System-level legitimacy refers to the ability of the political institutions to address to the basic demands of the democratic system. Citizen-level legitimacy concerns the perceived and effective possibility of taking part in the political system.

At the 1996 intergovernmental conference, increasing the openness and transparency of EU decision-making was among the key objectives of the Nordic EU members. As Tiilikainen (1998, p. 36) points out, the Nordic newcomers (Finland and Sweden) appeared to be more affected by the issue of democracy being linked to federalism within the EU than many other EU countries. Neither Finland nor Sweden are willing to accept federalist means of improving democracy in the EU. They have also expressed reservations about strengthening the powers of the European Parliament. Yet Finland has accepted the further development of political citizenship within the EU framework. In the Amsterdam treaty, openness and transparency of EU decision-making were the main democracy elements stressed by the Nordic countries (Tiilikainen, p. 39).

It seems that most people feel excluded from ongoing developments in Europe. In point of fact, decision-making within the EU and the system as a whole are far from democratic. Is the European Parliament, then, the vehicle through which people really can influence the EU's development? Whatever the case, the feeling of helplessness is widespread among the population.

Antola (1998) considers the relationship between the EU and its citizens as a great challenge for the future. He believes the EU must gain acceptance and legitimacy from citizens. Participation in decision-making, policy-shaping and access to information are issues which must be addressed. A operational solution accepted by the citizens must be found. Today, influencing policy-shaping is possible only through the European Parliament elections. But Parliament has no autonomous legislative powers, only the right to contribute to legislation.

From the ordinary people's point of view, this means that the EU can influence their life much more than they can influence the EU. Sound democracy means that decision-making bodies are responsible for their decisions before the people. This issue was raised by Antola and Ojanperä (1995, p. 18). An important question is: how can this responsibility be put into practice? The answer is far from easy. What is happening for the moment is that the European Parliament is demanding more loudly than before that the Commission should be responsible for its actions before Parliament. In a way, the responsibility does exist since Parliament can dismiss the Commission – which it would no doubt have done in the recent crisis had the Commission not resigned first.

Antola and Ojanperä (p. 18) look at how the democratic deficit can be decreased by building institutions and developing the decision-making system. By "democratic deficit" they mean "the lack and even restriction of influencing channels available to citizens". In Finland, both democracy and the nation State are well-established traditions. Perhaps that is why direct elections to the European

Parliament are perceived as the best way to channel people's opportunities to influence the workings of the EU. The democratic tradition rests upon the responsibility of governments to a representative body elected by the people through direct elections. As we know, this model of democracy is not in place in the EU.

The role and power of the European Parliament is an essential part of the democracy debate. Kivinen (*Helsingin Sanomat*, 6.5.1999) states that the European Parliament is playing a continuously increasing role in the development of the EU. He even argues that, over the last 20 years, the power of Parliament has grown more than any other aspect of EU integration. According to Kivinen, the institution already has so much power that it will be able to impose the direction it wants when the EU's next restructuring exercise gets under way.

Although there is a European Parliament, there is hardly any parliamentary system in the EU. In the first place, the EU does not have a government supposed to enjoy the confidence of the Parliament since the Commission does not meet the criteria of a traditional parliamentary government (Rehn, p. 101).

Tiilikainen (1995) recalls that Finland's efforts to achieve independence, and its later fight for sovereignty, are essential factors in its history. Hence, Finland has a strongly State-oriented history and never developed a federalist culture. Tiilikainen (1998, p. 173) adds that as a firm representative of the State tradition in Western Europe, Finland could be thought to be very poorly prepared in terms of adjusting to European integration. Finnish accession to the EU was therefore, as Tiilikainen points out, surprisingly easy. But the fact remains that it was a historic opportunity for Finland to redefine its international position, made possible by the weakening of Russia and the end of the cold war.

Dr Allan Rosas, the leading legal adviser of the European Commission, said in Turun Sanomat (8.5.1999), that the United States of Europe as a concept is either illusory or taboo. Nevertheless, he believes the EU has taken many steps towards supranational structures as well as economic and, later on, political union. Rosas further recalls that the EU is not an international organisation. It is a supranational community, a union, which, according to Article 1 of the Treaty on the European Union "marks a new stage in the process of creating an ever closer union among the peoples of Europe, in which decisions are taken as openly as possible and as closely as possible to the citizen".

But nation State and integration are perhaps not incompatible, as Olli Rehn (1996) reminds us. The ability of the nation State to create well-being and security were strengthened rather than weakened when Germany was enrolled in the European integration process and when free trade and common markets accelerated economic growth and sustained near full employment in Europe (Rehn, p. 37). Rehn has made an interesting finding concerning the degree of autonomy of the nation State. Between 1973 and 1985, when formal integration was slowest, is also the period during which the nation States lost most autonomy. Goods and people started to move across borders more than ever in the 1970s, and capital and investments followed suit in the 1980s. Rehn concludes that there is a difference between formal and real autonomy. Autonomy is, according to traditional State-centred thinking, a characteristic of nation States. This state-centred thinking emphasises formal sovereignty based on the fundamental law and the constitution. The other view stresses the qualitative change in international relations and economic interdependence, and the significance of *real* sovereignty. According to this school of thought, the ability of a nation to master its own destiny depends on the strength of its national economy and technological capacity rather than formal sovereignty underpinned by the constitution.

So far, the nation State is quite obviously the reference political entity. The switch from national to European sovereignty will be very slow. Everything is, of course, possible. If the European nation States so decide, they can let Europe achieve political unity (Laurent Bouvet 1998). In that case,

national sovereignty would decrease or even disappear altogether. But Europe's position in the world would be strengthened and its citizens could benefit.

The enlargement of the EU is a process directly related to political unity, because sovereign nation States are the basic units of the enlargement process. On the other hand there are still regions in Europe – such as the Balkans – where political entities tend to be defined along ethnic lines.

Political unity within Europe is still incomplete. The nation States have a cultural, historical and geographical base. People still want to identify with their nationality and be loyal to their nation State. In 1939, Finland engaged in the Winter War against the then Soviet Union. The Winter War united the Finns in defence of their independence. Even today, most Finns would be prepared to defend their country at the cost of their lives. But the Winter War spirit would not re-emerge if the Finns had to fight for the EU.

But is a federalist EU the only answer to the democratic deficit? In its usual acceptation, a federalist EU is based on the principles of the nation State. The risk remains that a federalist EU might reproduce the shortcomings of a nation State, but on a larger scale. I fully support the idea that the principles of democracy can and must be developed and adjusted to meet new circumstances. As regionalisation and globalisation increases, we need that kind of political imagination. Democracy must be seen as an ideal and principle of legitimacy which develops and adapts, and democratisation as a process that is not necessarily linked to a given historical model of society (Minkkinen and Patomäki, p. 124; Leander and Guzzini 1997).

3. SECURITY POLICY

Security policy is perhaps the area in which the history of Finland and of Europe are most closely intertwined (Mikkeli, p. 32). The prevailing view of Finnish history is that Finland is continuously under threat and has to be defended. Prof. Seppo Knuuttila (1994, p. 8) has described in his book "The Theory of a Stupid People" how "the history of the mythical, autonomous and independent Finland is penetrated by the ideal of defence, which has become a part of our mentality". Knuuttila further describes how Finland is always defending itself, even though in some cases the enemy is hard to spot… Paranoia and isolation are, in his opinion, the darker sides of the virtue of defence.

When Europe's political environment underwent momentous upheavals in the early 1990s, neutrality ceased to be central to Finland and Sweden's foreign policy (Pesonen and Sänkiaho 1994). Until then, neutrality had been the main feature of Finland's international position and security policy. Ever since the end of the war, neutrality had been a security option for Finland. Its small size and geography were – as Tiilikainen (1998, p. 152) points out – the factors which, in a realistic approach, prompted this policy.

A central factor in the new policy is that Finland wants to keep several options open as regards its national security. It was felt that the EU membership would increase the options available (Pesonen and Sänkiaho, p. 52).

Mauno Koivisto, a former President of Finland, said after Finland's accession in 1995 that "security policy reasons were the aspect which pleaded most strongly in favour of us joining the European Community". He considered that the economic reasons were secondary. Minkkinen and Patomäki (1997, p. 39) argue that in practice Koivisto's "security policy reasons" mean that EC membership offers – directly or indirectly – protection against the potential "instability" and threat of Russia.
EU membership was perhaps most significant for Finland's position on the international stage in general and its foreign policy in particular. The Council of State's 1995 security policy report pinpointed EU membership as an essential change in Finland's stance. According to the report, the previous position between East and West had been replaced by membership of the EU. The Council of State's report also said that Finnish membership of the EU will increase security by helping to resist military threats and preventing attempts at putting pressure on the country. The logic of the report was that, thanks to EU membership, Finland needed not worry about finding itself isolated but could afford to wait and see what happens.

One could also say that the Finns were tired of speculation about Finland's position. Kivinen expressed this quite clearly in his column in *Helsingin Sanomat* at the end of 1994 (29.12.1994) with the title: *"1.1.1995 – No Speculations"*. In fact, it was a great change. Until then – as Kivinen says – Finland was supposed to avoid any relationship with the West that could shake the Soviet leadership's confidence in the continuity of Finland's foreign policy within the framework of the Agreement on Friendship, Cooperation and Assistance between the Soviet Union and Finland. On the other hand, the West also needed to be certain of Finland's neutrality. The survey into voting motives in the Finnish EU referendum proved that national security issues had the greatest weight in deciding people for the EU (Kivinen 1994). Developments in Russia were then very uncertain, and the Finns wanted to make sure Finland would not be sucked into that chaos.

Alternative options are still open – at least from the Finnish point of view. Like Vaahtoranta (1998, p. 13) points out that under the current policy there is no hurry to join Nato. A move to join Nato at this stage would even cause Finland to be lumped together with countries which do not yet belong to the EU (Vaahtoranta, p. 13). But Vaahtoranta does not support this position. In his view, if fear of being left alone and security in the traditional sense are so important (as the report and statements by the

president and some ministers would seem to indicate) it would make sense to join Nato as well. He also points out that in spite of cooperation in foreign and security policy and the third stage of EMU, the EU is not a defence alliance, and has indeed proved somewhat ineffectual as regards traditional security policy issues.

Tomas Ries (1998) contends that in the next ten to fifteen years three key areas will directly affect Finland in the field of security:

1. Finland's eastern neighbourhood: the Russian Federation – "a collapsed modern empire"

2. Finland's western family: the European Union – "a spoilt post-modern community"

3. Europe's security anchor: the United States

Ries (p. 33) offers a convincing analysis of Finland's security policy situation. He says that in a way Finnish membership of the EU represents "an insurance policy should developments within Russia take a turn for the worse". But he also recalls, as many others have done before him, that EU membership provides no security guarantees in the event of a sharp crisis, nor does it look as if Europe alone will be able to provide any such guarantees in the foreseeable future. In my opinion, Ries raises four timely questions based on the above:

1. To what extent does the possibility of future dangerous developments in Russia warrant Finland's quest for further hard security support from the West?

2. What would be the cost of such links for the Nordic area (particularly for the Baltic states) and for Finland's long-term relationship with Russia?

3. How urgent is it that Finland should take a decision?

4. Where should such security guarantees be sought?

Ries (p. 33) is straightforward in his analysis. In his view, Finland's current existential dilemma is encapsulated in the first three questions. Ries calls Finland's current stance an excellent stop-gap measure: full political and economic fusion with the West through the EU, coupled with caution on the military front through military non-alignment, an independent defence capability (Ries adds the question of how real this actually is) and the insistence that no dramatic changes in Finland's security policy are necessary under current international conditions.

Rehn (1996) defines Finland's security position as follows: it depends on the power politics between Russia and the rest of Europe and Russia's policy towards Finland. Rehn (p. 73) indicates that this is the framework shaping "the legitimate security interest" of a small country like Finland, which the country has pursued throughout its history by seeking neutrality and relying on both collective security systems and military alliance relationships.

Of course, Finland is well aware of the background and current position with respect to the common foreign policy which the EC Member States have been trying to establish since the 1970s, but the fact is that decisions on security policy have been made elsewhere. Tiilikainen (1996, p. 105) states that the EC became a player in European security policy when the democratisation process in the Central and Eastern European countries began. The unification of Europe became a great challenge for the EC, and has also influenced the Community's move towards political union (Tiilikainen, p. 106). However, the EU has had great difficulty in finding suitable institutional arrangements in the field of security.

The EU is not a military alliance. Nevertheless, EU membership is beneficial to Finland's national security (Rehn 1996, p. 82). The EU cannot give Finland any military guarantees, but it can create a political sense of solidarity. Finland's destiny cannot be decided "over the heads of the Finns", without them having a say. Finland's history offers enough examples of that (Rehn, p. 82).

From the Finnish point of view, security policy is an important area but doubts have been raised as to the Union's operational ability. The area is, as Esko Antola (1996) points out, governed by intergovernmental procedures requiring unanimous decisions for practical action. Antola (p. 97) emphasises that, in a critical situation, political resolve, swift reaction and the ability to anticipate are essential. Antola also highlights the dilemma inherent in EU's security policy: while Member States are forthcoming on common security needs and the broad concept of security, they persist in evaluating security from their own national points of view. Antola claims that this dilemma is due to the fact that the Member States don't trust the Union with their security and are therefore unwilling to give it efficient instruments and binding tasks.

The *multifaceted character* of security is a central feature of the Finnish security policy debate. Alongside military security, the societal, ecological and democratic security dimensions are also important (Rehn, p. 98). The greatest threats facing Finland today are not the political or military events in Russia but the country's nuclear safety: the nuclear power plants in the St Petersburg area and the nuclear weapons in the Kola Peninsula. The EU's resources and expertise are needed to improve nuclear safety in Russia.

It also seems that Finland's security policy tends towards *community-based structures*. At the same time, Finland is anxious to sustain its own defence capabilities. Rehn (p. 98) estimates that a community-based security policy without any form of alliance might be the best security policy choice for Finland in the long run.

Tiilikainen (1996, p. 107) recalls that generally speaking the countries of Western Europe don't consider war or military aggression on the part of a nation or group of nations as a possible threat to their security. As in the former eastern European countries, the military aspect of security is still significant in Finland, although new aspects of security have emerged. According to Tiilikainen, the EU has not been able to assume the central role in the European security system that was expected of it after the cold war. The great powers of Europe have been unable to agree on a new security system.

4. ECONOMIC AND MONETARY UNION

Finnish participation in EMU has become a politically difficult issue in the country. When Finland applied for EU membership it also accepted the EMU objective by taking on board the Maastricht treaty. But that fact seems to have come almost as a surprise not only to the opponents of Finnish EU membership but also to some leading politicians. In a way, the debate on Finnish EU membership was replicated along the lines for/against participation. The Finnish government decided not to organise a referendum on EMU, although other countries such as Sweden did. Indeed, one argument against a referendum was that Finland should not follow Sweden as it did on EU membership.

The report supporting the political EMU decision was prepared in 1997 by a group of experts appointed by Paavo Lipponen, the Prime Minister of Finland. The chairman of that group was Prof. Jukka Pekkarinen. The summary of the report starts by saying that EMU is a *politically* remarkable step towards deeper, more flexible (monitahtisuus – "multi-speed") European integration (p. 11). The report goes on to stress that the Maastricht treaty does not change the basic model of intergovernmental cooperation that is characteristic of the Union. In its work, the expert group concentrated more specifically on assessing participation in monetary union in terms of economic stability. It suggested that being among the first countries to introduce a common currency would give Finland the possibility to influence EU decision-making on monetary union. Should Finland opt to stay out, the benefit would be that it would get information and experience about the workings of EMU.

In the introduction of the report (p. 15), the experts say that "Finland's participation in the common European currency is a multifaceted economic and foreign policy question. The final decision and overall assessment on which it is based belong to the political decision-makers." Prof. Veikko Reinikainen (1998, p. 7) comments that he understands the point being made but also wonders whether it does not lay excessive emphasis on the political nature of the decision and thus underestimate the significance of economic expertise.

The report (p. 15) thoroughly reviews the impact of EMU on Finland at both microeconomic and macroeconomic level. It points up the microeconomic benefits that will accrue through increased economic efficiency once the common currency has reduced currency exchange costs and risks, removed obstacles to market access and increased competition. In macroeconomic terms, the question arises as to the effect participation in monetary union will have on economic stability. These macroeconomic effects – according to the report – work both ways. Forfeiting an independent monetary policy means narrowing the scope of economic policy in situations where the national economy is affected by disturbances which do not have a uniform impact on all countries belonging to the monetary union. On the other hand, the step can strengthen the credibility of economic policy and reduce the risk of disturbances further to currency fluctuations. A common currency can therefore result in lower interest rates thanks to reduced uncertainty in countries where rate levels are high.

Monetary union was also discussed in general terms, beyond the purely Finnish point of view. Reinikainen (1998, p. 17) criticises the "mechanical application" of the theory of optimal currency area to the EMU project "without due consideration for the unique nature of European integration". He believes EU integration is about a group of countries characterised by a historical community of faith and willingness to promote both economic and political integration. In my own opinion, Reinikainen is quite right when he says that the EMU project cannot be assessed in terms of a "calculation in which all premises are given". The issue is rather about whether monetary union should be expected to start the kind of adaptation and transformation process which will make it beneficial in economic – not just political – terms.

The use of the *necessity* argument has been quite popular in the Finnish EMU debate. Its proponents say that since Finland is an EU member it should belong to the "hard core", where the major decisions are made. According to Minkkinen and Patomäki (p. 42), the fear of exclusion and isolation – and their possible consequences – is a typical feature of the debate in all countries that joined the EU after its inception.

In Finland, the discussion has covered both the economic and political implications of EMU. Indeed, the question of whether EMU is a political or an economic project became an issue in itself. Both economic and political arguments were put forward. The main economic arguments for EMU participation were that EMU will make the Finnish economy more stable and will add credibility to its economic policy, in particular among international investors.

A consequence of EMU participation is that the countries involved will lose their own national currency. This was also an issue in the Finnish EMU debate. The Finnish markka has been a symbol of independence. Among ordinary citizens – and elderly people in particular – this was perceived as an important point, but it did not eventually pose any real obstacle to continuing the move towards EMU. Of course, the politicians in favour of Finnish EMU membership tried to make the question of national currency as non-political as possible. But as Minkkinen and Patomäki (p. 69) rightly point out, making the currency a non-political question also undermined the potential value of the euro as an identity symbol.

Among the economic consequences highlighted was the risk that Finland will lose its freedom to respond independently to economic fluctuations. Devaluation of the Finnish markka has traditionally be regarded as the way out of deep depressions in the Finnish economy. According to observers, Finland's economy was quite distinct from its European counterparts, being much more sensitive to asymmetrical shocks. Rehn's (p. 59) opinion on this was that great fluctuations are merely the result of economic policy failure. He believes reactions to fluctuations have often been poorly calculated and timed.

The need for devaluation as an economic policy tool in the future was the subject of lively debate in Finland. By the spring of 1997, a virtual consensus had formed around the opinion that the devaluation-inflation spiral had worked to the disadvantage of Finland or at least was no longer a sensible option (Patomäki and Minkkinen, p. 43). Perhaps the turning point in this discussion was the opinion given by the chairman of the Central Union of Finnish Industry and Employers, Georg Ehrnrooth, in 1996. He said that Finland had no need to maintain the devaluation option. Ehrnrooth also pointed out that EMU stabilises the economy, lowers rent levels, improves the credibility of economic policy and thus the economy as a whole. The Finnish industry's chairman saw free markets as important for the Finnish industry. He was of the opinion that EMU could create the level playing field needed to guarantee free markets.

The political discussion on EMU focused on two issues: its security aspect and Finland's influence on EU decisions. Minkkinen and Patomäki (p. 49) argue that EMU also has a bearing on Finland's security policy. Finland wants to take part in European integration, right where the decisions on the EU's future are made. Again, Finland's goal is to avoid the possibility of its destiny being decided over the heads of Finns. Minkkinen and Patomäki (p. 151) further note that, besides security aspects, another political argument is that EMU offers new opportunities to influence EU affairs. Rehn (p. 64) says that EMU is basically a political and historical project. It is connected with the general progress of European integration, including the EU's enlargement to central and eastern Europe.

The criticism of EMU in Finland generally revolves around its economic policy content and the fear that it threatens the country's sovereignty and autonomy and hence also Finnish democracy –

particularly in a situation where there is no European democracy (Minkkinen and Patomäki, p. 51). There is a fear that EMU will further increase the EU's democratic deficit.

Antola (1998) says that EMU will change the EU in two ways. First, it will produce a core of Member States which will make decisions on the Union's action, including on behalf of the others. Second, it will extend the Union's sphere of competence to include areas of economic policy that hitherto were the preserve of the nation States (Antola, p. 43). Antola further considers (p. 44) that EMU calls for deliberate action in flanking areas of market integration such as employment, regional policy and social affairs. Through these measures, the EU can offset the societal side-effects of economic change.

Today, almost everybody seems to be satisfied with Finland's participation in EMU among the first wave. Finland even enjoyed positive publicity because it was among the best in meeting the EMU criteria. Although it has lost its currency, it is reaping a number of benefits. For instance, its central bank interest rate is now lower than at any point during the history of the markka. Prof. Paavo Okko (Turun Sanomat, 29.5.1999) remarks that, alongside the low interest rate, inflation is also low and that thanks to the US dollar's high rate against to the euro, Finland's exports and domestic market are healthy. Okko also says that Finland made the right decision by participating in EMU among the first countries. Sweden, for instance, has not benefited from the potential advantage of learning from others' experience. Finland's interest rate is lower than Sweden's and its political profile in the EU much higher. Okko says that at least some of the "euro fears" have proved groundless, but that it is still early days yet for an overall assessment of Finland's EMU decision.

5. THE EU'S NORTHERN DIMENSION

The Finnish initiative to "strengthen" the northern dimension of European cooperation was first made public by Finnish Prime Minister Paavo Lipponen in September 1997 at an international conference in Rovaniemi. The idea stems from Europe's recent history. Finland, Sweden and Austria became EU members in 1995. Finland and Sweden's decision to join the EU boosted Germany and Denmark's efforts to make the Baltic Sea area feature more prominently in the EU regional development debate. The accession of Finland and Sweden took the Union across the Baltic Sea and beyond the Polar Circle and gave it a 1,300 km border with Russia. And the future accession of the Baltic States and Poland will further emphasise the fact that the Union and Russia are now neighbours (Lipponen 1999, New Northern Europe Business Magazine). Simultaneously, the geo-economic balance of Russia has shifted to the west, in particular to the northwest. The EU's share of Russia's foreign trade was around 40% before the latter's current economic crisis. Lipponen (1999) supports Finland's opinion that the Northern Dimension initiative requires no new financial instruments or institutions. However, says Lipponen, as substantial new investments are called for, coordination between the various sources of finance must be improved, for instance in the form of joint financing operations.

Lipponen (1999, p. 4) compares the northern dimension with the southern one, and points out that Finland has furthered Union-wide interests regardless of their geographical scope and has participated actively in developing the southern and south-eastern dimension of the EU. "The Union's outreach, be it southern or northern, is a common outreach", says Lipponen. In the EU, quite a lot of work has been done to resolve the problems of the Mediterranean region. However, Finland's initiative is not designed to counterbalance developments in the Mediterranean region.

The Northern Dimension initiative is a consequence of the EU's enlargement to the Baltic Sea region but is also intended to support that process and help prepare the region's candidate countries for EU membership, says Lipponen (1999). The initiative will also contribute to normalising relations between the Baltic States and Russia. According to Lipponen, the accession of the Baltic states and Poland will prompt the redevelopment of the Baltic Sea area as the Baltic Sea becomes an internal waterway of the Union. Lipponen predicts that "EU-Russia-Baltic interdependence" will increase.

In his Rovaniemi speech, Prime Minister Lipponen defined the geographical scope of the Northern Dimension as extending from Iceland to northwest Russia and from the Arctic Ocean to the south coast of the Baltic Sea. Therefore, of the non-EU countries, the Northern Dimension involves not only Russia and the Baltic countries but also all Nordic countries and Poland (Lipponen 1997).

As proposed by Finland, the Northern Dimension is concerned with the following issues: environmental questions, sustainable exploitation of natural resources and improvement of communications and transport links. The northern regions of Europe are potential growth areas owing to their vast energy, forest, mineral and fishing resources. The EU's future dependence on energy imports is a significant factor at issue. It is estimated that by 2020, the EU will import 70% of the natural gas and more than 90% of the oil consumed in the Member States. Hence the need to diversify the sources and networks of its energy production. The gas reserves of the Barents Sea and the Kara Sea are the strategic energy reserve of Europe (Rauno Saari, Secretary of State, Turku, 30.11.1998).

Finland's Northern Dimension initiative has been of great significance to the country. Lassi Heininen (1999) describes the history of this initiative in his doctoral dissertation. In his opinion (p. 193), the Northern Dimension was first publicly presented by Heikki Haavisto, the then Finnish Foreign Affairs Minister, in early 1994. Haavisto (and Finland) suggested the Northern or Nordic Dimension as the EU's new operational area once Norway, Sweden and Finland had joined the EU. President Ahtisaari set three challenges for the Finland's policy towards the EU: preserving the Nordic culture and identity,

creating the Northern Dimension and developing crossborder cooperation with Russia and the Baltic area.

The first signs that Finland's crossborder policy and relations with Russia were a part of its foreign policy emerged in early 1996. For instance, Paavo Lipponen, the Finnish Prime Minister, wrote about the idea in the Finnish economic newspaper Kauppalehti. Today, the Northern Dimension is clearly an important strand of Finland's foreign policy. The initiative was put on the EU agenda at the Luxembourg summit meeting in December 1997. The great challenge now, however, is to give it some content.

Besides the "hard" and very long-term issues of the Northern Dimension Programme (NDP), the initiative must also address the "soft" issues relating to the everyday life of people (Stenberg in *Helsingin Sanomat*, 13.11.1999). The 1,300 km Finnish-Russian border, which is also the EU's border with Russia, marks the deepest social and economic divide in Europe, if not in the whole world (Heikkinen 1999, p. 5). A dramatic indicator of this is life expectancy at birth, which is 57 years in Russia and 73 years in Finland. The salary of Finnish teachers and nurses is 50 to 70 times higher than that of their Russian counterparts. The northwest areas of Russia in particular face serious social difficulties owing to the collapse of the local industries since the early 1990s. According to Stenberg, forestry investments in the Archangelsk area in 1995 were at only 10% of their 1990 level, and only four of the 30 forest industry companies of that area made profits in 1997.

Heikkinen says that the key new issues related to social policy and security are crime prevention, including drug-related crime and illegal immigration, and the prevention of social and public health problems.

Antola's view of the Northern Dimension (1998, p. 87) differs slightly from the "official" approach. According to Antola, the Northern Dimension has at least three meanings: first, it reflects Finland's special circumstances in the EU; second, it corresponds to the EU's enlargement and third, in its traditional acceptation it means the northern areas of the globe, the "north of the north". Antola further says that as a consequence of the EU's development trends, the Northern Dimension can also be interpreted in yet another way: it is also related to the Union's foreign policy – enlargement in particular, but also the EU's structural renewal. Antola links the Northern Dimension to the EU's internal and external growth through the Baltic Sea. The Baltic Sea is becoming, as Antola reminds us, the internal sea of EU. All the bordering countries of the Baltic Sea are either EU members or have applied for membership. Antola even says that the Baltic Sea is the focal point of the Northern Dimension. He believes that seen from this angle, a parallel can be drawn between the Northern Dimension and the Mediterranean programme and Barcelona process. The goals of the Northern Dimension and the Mediterranean programme are to some extent similar. The Mediterranean programme aims to combine the diverse and fragmented aid and development policies implemented by the EU on the southern side of the Mediterranean, i.e. in Northern Africa.

The Northern Dimension initiative was made with two essential provisos: no new organisations and no new financing systems. What is needed is to coordinate the operations of the existing organisations. The EU's Tacis, Phare and Interreg programmes are mentioned among the most likely sources of financing. One of the aims of the northern dimension policy is to secure finance from the European Investment Bank (EIB) for projects in Russia (Heikkinen 1999, p. 6).

The proposal was put on the EU's agenda at the summit meeting in Vienna and praised as a valuable initiative by the 15 Member States. The Council has started to discuss it within the working group on eastern Europe. The guidelines were identified under Germany's presidency. Rather than earlier issues, such as the constitutional State, the emphasis is on health and social affairs. The working group's report

was approved by the foreign ministers at the end of May 1999. The European Council adopted the EU's Russian strategy at its meeting in Cologne. There has been some debate on the relationship between the Northern Dimension initiative and the EU's strategy towards Russia. There is an obvious geographical difference: the EU's Russian strategy covers the whole of Russia, while the Northern Dimension covers only the "European" parts of Russia together with other countries.

Cooperation in the Arctic is regarded as important by Finland, but it seems that the European Commission and the other Member States do not share that view. It is even fair to say that visions are in short supply about what should be done in the Arctic area.

6. THE CHALLENGES FACING THE FINNISH PRESIDENCY OF THE UNION

Finland took its turn in the chair of the EU Council from 1 July to the end of 1999. Already now, it can be said that 1999 will be an exceptionally challenging period in the Union's history. Rehn (1998) has written a book on the challenges Finland will face during its presidency. He says these challenges will be reflected in the Agenda 2000 document, which is to guide the Union's development in the years ahead. He lists four outstanding issues for 1999 (p. 1): first, the negotiations with the applicant countries, which will have reached a very intensive stage. Second, the agreement between the Member States on the financial perspective for 2000-2006, which must be agreed by the end of 1999. This requires *inter alia* a consensus on how to manage the costs of enlargement. Third, the review of the criteria and financing of the Structural Funds, which also is a precondition for reaching an agreement on the budget. Fourth, the negotiations on the renewal of the common agricultural policy, which had to be finished by the end of 1999 at the latest. These were in fact completed during Germany's presidency.

Besides these substantial issues, Rehn lists a number of other topics on the agenda: (1) the Northern Dimension, (2) competitiveness, the information society and employment, (3) the EU's administrative reform, and (4) the presidency tasks in the sphere of the EU's external relations.

Rehn (p. 2) also points out that the focus of the EU presidency will be on finding a solution to common European problems. He says that the success of the country holding the presidency will be measured by how these problems are resolved. Rehn thinks that little scope remains for national projects, and that these must therefore be selected with particular care. For instance, as regards strengthening the EU's northern dimension, Baltic Sea cooperation and relations with Russia, Finland should cooperate with Germany, the former presidency, which also has a natural interest in promoting these projects.
In addition, the implementation of the EU's Russian strategy will start during Finland's presidency.

7. DISCUSSION AND CONCLUSIONS

I will begin with my own subjective evaluation of Finland's journey towards the EU. Since the beginning of the 1990s, Finland has been eager to participate in the European integration process. In less than ten years, the country has managed to almost totally redefine its position on the international stage. Its suppressed aspirations became possible after the collapse of the Soviet Union. The idea of Finland's full membership in the EC (and later on the EU) was, however, already under discussion in the late 1980s. The fact that Sweden's decision to apply for membership dramatically influenced Finland's approach has attracted surprisingly little attention in the debate. Sweden's decision to give up its "traditional" neutrality policy in the rapidly changing international environment came almost as a shock to the Finnish politicians. In taking its decision at that time, Finland clearly followed Sweden's lead. Interestingly, one argument for Finland's EMU decision (put forward at least by Prime Minister Paavo Lipponen) was that Finland must take decisions based on her own interests and not follow Sweden.

Second, I will move on to an analysis of the EU debate in Finland based on the sources referred to in the text. We began by looking at national and European identities. On the basis of this analysis, it can be said that national identity is still stronger than European identity in Finland. Of course, identities also adjust to major changes such as the switch of Finland's position in international politics. When talking about a European identity and the common values behind it, I think it may legitimately be wondered, as does Sihvola, whether the appeal of common European values is not to some extent "goal-orientated justification". It would be truer to say, at least in a country like Finland, that there does exist some kind of feeling of togetherness within the EU. Only at the more abstract level of intellectual debate has some common European identity been sought. Generally speaking, individualism is a strengthening trend in Finland and community-based identities are losing their value. Still, I believe a positive European identity can gradually develop if integration continues in a balanced way. Anyway, national identities should be supported because they are also an asset and strength of the EU.

Many writers submit that the EU must find new ways of securing the popular legitimacy it needs as a prerequisite for further development. Therefore more democracy and new ways for people to influence the EU's decision-making and development should be found and offered to people. In practice, increasing democracy means strengthening federalism – or does it? The paradox is that democracy is a very positive value but federalism almost taboo for many Finns. This is perhaps due to the strong State-oriented history and the lack of federalist heritage in Finland. The first step needed is to make it clear to people that federalism and intergovernmental procedures are not either/or issues. However, problems like crime, environmental threats and even unemployment are international and cannot be solved independently by the various nation States. An open evaluation of the various areas of federalist development should be undertaken from both the national and EU viewpoint, as Tiilikainen suggests. But nation States will still for a long time be the basic units of integration, *inter alia* because the enlargement process takes place on the nation State basis.

The further development and practical implementation of EU citizenship is also one way to increase popular legitimacy. The move towards more open and transparent decision-making procedures is an important development that should be pursued. The outcome of the Amsterdam treaty was quite satisfactory from Finland's point of view, because promoting the transparency principle was perhaps the most important goal of the Finnish – and Swedish – governments in the intergovernmental conference. It is interesting to note that the Nordic governments are less willing to accept federalist methods of improving democracy within the EU. In my opinion, expertise must be favoured as well, but whether it must take place at the expense of general citizen participation remains an open question.

Security aspects are clearly the most important motivating factor in Finland's EU policy so far. In a way, this is natural for a small country which has lived first under the threat and then within the sphere

of influence of a great neighbouring power. When the traditional neutral stance became less important in the early 1990s, Finland redefined its security policy. Now the official definition is that Finland is a non-allied country with an independent defence. Although the EU's own security system is still undefined and many EU countries are Nato members, Finland has not applied for Nato membership but does not want to rule that option out either. In the recent stages of the Kosovo crisis, the non-Nato members of the EU have taken on a more important role in peace efforts. Today, and even more so in the future, the multifaceted character and community-based structure of Finland's security policy remain crucial, as Rehn remarks. Besides the military aspects, the societal, ecological and democratic dimensions of security are important. A community-based security policy independent from any alliances may be the most probable choice for Finland's security policy in the long run as well.

The fact remains that the EU has been unable to assume the central role in the European security system expected of it after the cold war, as Tiilikainen reminds us. The best option for a country such as Finland would be a new EU-based security system that it could join without major problems. But so far, the great powers of Europe have not been able to agree on a new security system.

The above discussion on security does not mean that the economic reasons for participating in the European integration process are of no importance. Both security and a wealthy economy are among the basic needs of any nation. Finland's EU history is essentially the history of a small country.

In a way, Finland's participation in EMU was a logical and natural prolongation of its EU membership. It was also in line with its aspiration to join the very core of the EU and hence strengthen its new position in international politics. Finland's EMU decision also included security policy aspects. Despite some criticism of EU membership in Finland, it seems – on the basis of our very short experience – that Finland's decision was the right one. Sweden, for instance, has not benefited from the potential advantage of learning from the experience of others. On the contrary, Finland's interest rate is lower than Sweden's and its political profile in the EU much higher. It remains to be seen how Finland's national economy will respond to disturbances in the international economy in EMU circumstances. EMU can also be seen as an expression of the willingness of the Member States to further develop their economies and the whole integration process.

The Northern Dimension initiative is, no doubt, the favourite "EU brainchild" of the present government of Finland. Although the initiative is not yet precisely defined and the Finnish people are not very familiar with its meaning and objectives, it has generated a positive feeling towards the EU and Finland's EU policy. The Northern Dimension has also been welcomed in Russia as a very positive development and has improved Russian attitudes towards the EU and Finland. Alongside the large-scale energy and infrastructure projects, the everyday life of people in northwest Russia should also be improved. The border between Russia and Finland marks the greatest social and economic divide in Europe. One focal point of the Northern Dimension will be the Baltic Sea area. The Baltic Sea is set to become internal to the EU once Poland and the Baltic countries join. The approved initiative requires no new organisations and financial instruments. It remains to be seen how successful the implementation of the programme will be.

Outside Finland, the EU presidency is what has brought our country under the international spotlight. Finland has prepared for this historic task very carefully. The assessment that will subsequently be made of Finland's presidency is obviously of utmost importance to the country. I believe that the presidency is a part of a process which will further strengthen Finland's new position in international politics. Finland's double role as a non-allied EU country and as chair of the Union may enable it to make an innovative contribution to the EU's efforts to solve the Kosovo crisis.

Because Finnish EU membership was not a realistic option until the early 1990s, the "intellectual EU debate" in the country is comparatively recent. Although intellectuals should also discuss unrealistic matters, few people in Finland systematically sought to become EU experts at a higher analytical level. In academic research, Europe is more a facet of other fields of research than a research area *per se*. One could also say that the development of the EU has been so rapid that researchers may have had difficulties monitoring its progress with scientific methods. The EU stage of Finland's history to date is so short that we cannot say very much about the significance of it yet. But it has quite obviously opened up new – and generally optimistic – perspectives for Finland's future.

SUMMARY

The early 1990s saw the end of the cold war, the liberation of the eastern European countries and the collapse of the Soviet Union as a totalitarian structure. All these changes brought about – as Tiilikainen (1998, p. 159) indicates – an identity crisis in Finnish politics by "breaking down the immediately visible basis of the former political doctrine". The formal reorientation began in early 1992 with a speech in which President Mauno Koivisto indicated that he was favourable to Finnish membership.

The EU debate in Finland has, to a large extent, boiled down to support for or opposition to the country's participation in European integration. Fortunately, among professors, journalists and politicians there are people who can make an objective analysis of EU issues and Finland's role in the European integration process. Before the referendum in 1994 and membership in 1995, the main point at issue was the basic question of whether Finland should join the EU or not. Alongside that, two other issues have prevailed: security and economic matters. But the question of independence and national sovereignty – and particularly the fear of losing them – has also been high on the agenda. A persistent issue has been the future of Finland's agriculture. The more general and perhaps intellectual debate includes issues such as national versus European identities, democracy in EU decision-making and the future shape of the EU as a federal or intergovernmental entity. EU enlargement has not given rise to active debate in Finland, since there is a favourable consensus on the issue.
The deepening trends of European integration have raised a number of questions in Finland, like in many other European countries: What is Europe? What is the European idea? What does it mean to be European? Is this Europe a project that we are willing to subscribe to? What are the rational and emotional grounds for wanting to be European? These questions are proposed by Niiniluoto (1996). At this point in time, there are clearly more questions than valid answers to the European identity issue. The feeling of *European togetherness* is important at least in terms of legitimacy, and hence for the future of the EU, claims Heikki Mikkeli (1998). Finland's new identity could be that of a small, northern country belonging to the core EU members.

As has been said above, legitimacy seems even more important in the context of the future development of the EU. The interrelationship between legitimacy, democracy and federalism is important to understand. Put in a very simple way, the following mechanism can be observed: legitimacy can be increased by increasing democracy. In turn, democracy can be increased by increasing federalism. The problem for Finns and for many other people in Europe is that increasing legitimacy and democracy is accepted and welcomed but federalism is virtually taboo. Tiilikainen (1999) has reviewed the problems which are most difficult to solve without increasing federalism: unemployment, international crime, the democratic deficit and over-complex decision-making procedures.

Security policy is perhaps the area in which the history of Finland and of Europe are most closely intertwined. Mauno Koivisto, a former President of Finland, has remarked that "security policy reasons were the aspect which pleaded most strongly in favour of us joining the EC". He considers that the economic reasons were secondary. Finland's current security policy leaves scope for adjusting to changing events. As Tomas Ries (1998) explains, Finnish membership of the EU represents "an insurance policy should developments within Russia take a turn for the worse", although EU membership provides no security guarantees. The multifaceted character of security is a central feature of the Finnish security policy debate. Besides the military aspects, the societal, ecological and democratic dimensions of security are important. It also seems that Finland's security policy tends towards community-based structures.

The debate on EMU in Finland covered both the political and economic aspects. The political discussion focused on two issues: the security aspect of EMU and Finland's influence on EU decisions.

Among the economic consequences highlighted was the risk that Finland will lose its freedom to respond to economic fluctuations independently. Today, almost everybody seems satisfied with Finland's participation in EMU among the first wave.

From Finland's point of view, its Northern Dimension initiative has been of great significance. The proposal was put on the EU's agenda at the summit meeting in Vienna and praised as a valuable initiative by the 15 Member States.

Finland took its turn in the chair of the EU Council from 1 July to the end of 1999. Already now, it can be said that 1999 will be an exceptionally challenging period in the Union's history. Negotiations with the countries that have applied for membership will have reached a very intensive stage, and the financial perspective for 2000-2006 must be agreed by the end of 1999. The implementation of the EU's Russian strategy will also begin during Finland's presidency.

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