



Country Issue: Finland



The Relaunch of Europe

Mapping Member States' Reform Interests

Europa

ip Institut für
Europäische Politik

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Institut für Europäische Politik (Institute for European Politics, IEP) is one of the leading foreign and European policy research centres in the Federal Republic of Germany dedicated to the study of European integration.

Further information on the project can be found here:

www.relaunch-europe.eu

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THE RELAUNCH OF EUROPE

MAPPING MEMBER STATES' REFORM INTERESTS

The Relaunch of Europe. Mapping Member States' Reform Interests (RelaunchEU) is a project conducted by the Institut für Europäische Politik (IEP) on behalf of the Friedrich-Ebert-Stiftung (FES) that surveys the implementation prospects for twelve concrete reform proposals. It covers the policy areas of Social Union, Economic and Monetary Union and Defence Union as well as asylum and migration policy and the EU's institutional set-up. Furthermore, it analyses the support for flexible integration and the positioning towards the five scenarios presented in the European Commission's »White Paper on the Future of Europe« of spring 2017. It covers the positions of national governments and of relevant progressive political parties, which received a minimum share of 5 % of the votes in the previous European or national elections.¹

The study follows two main objectives: (1) It demonstrates the scope of action for prompt reforms of the EU in the selected policy areas while also taking into account which member states would, under certain conditions, be willing to implement the specific proposals. (2) It empirically determines which member states could belong to an avant-garde group willing to deepen integration.

Researchers from think tanks and research institutions in the member states of the EU-27 compiled information to determine the position of governments and progressive political parties towards the twelve reform proposals. This qualitative analysis reflects the country experts' views and is based on documents such as coalition agreements, government or party programmes, position papers, press releases, interviews, op-ed pieces, and official documents. It presents a snapshot of the discussions within the governments and parties. In order to keep the country issues short, internal debates and deviating opinions cannot be covered in detail. Positions are subject to change, especially following elections and the formation of new governments. The snapshot was taken at the end of September 2017. More recent developments could not be included. Notable exceptions are the country issues of Austria and Germany, which were updated following the latest coalition negotiations.

The study's results are published in English on the website www.relaunch-europe.eu. It presents maps for every actor and reform proposal, 27 country issues and an analytical paper. The paper compares the positions of all actors in all member states of the EU-27 on the twelve concrete reform proposals and presents five flagship-projects, which bear the chance for a relaunch of Europe.

¹ If a party fulfills this criterion, but is not a relevant actor in the national public debate anymore, it was deleted from the sample based on the judgement of the projects' country expert.

FINLAND

The last elections in Finland in 2015 resulted in a centre-right coalition consisting of the three biggest parties in parliament: the Centre Party (*Suomen Keskusta, Kesk*) with 21.1 %, the right-wing Finns Party (*Perussuomalaiset, PS*) with 17.65 %

and the conservative National Coalition Party (*Kansallinen Kokoomus, Kok*) with 18.2 %. The progressive Social Democratic Party of Finland (*Suomen Sosialidemokraattinen puolue, SDP*) received 16.51 %, its worst result in history.

Support of the Finnish Government and SDP for Deepening EU Integration



Legend

- support for
- support under conditions
- against
- neutral
- GOV** National Government
- SDP** Social Democratic Party of Finland

- 1 – Scenario 1: »Carrying on«
- 2 – Scenario 2: »Nothing but the single market«
- 3 – Scenario 3: »Those who want more do more«
- 4 – Scenario 4: »Doing less more efficiently«
- 5 – Scenario 5: »Doing much more together«

SOCIAL UNION

While strengthening the social dimension in Europe is an important objective for the Finnish government, it is opposed to an **upward convergence of national social security schemes** through the adoption of binding EU-level minimum standards for wages, social security or social services. Questions of social security are regarded solely as a national matter. The EU should focus on its assistance to increase economic growth and employment as well as on guaranteeing fairness in the Single Market. While the government is rather reluctant regarding the European Pillar of Social Rights, as the Charter of Fundamental Rights already includes existing commitments to be fulfilled, the SDP regards the Commission's proposal as a step in the right direction. Strengthening the EU's social dimension by coordinating minimum standards is one of the party's main goals, as national prerogatives in this area have led to social inequalities and lower social standards in Europe. As the government aims at reducing the regulatory burden in general, it is also opposed to more **European coordination of national minimum wages**. Thus, it rejects any hard law proposals like an EU framework directive on this matter. According to the SDP, the regulation of labour markets, social security schemes and wage agreements primarily on a national level has led to an international lowering of social standards. Fast and effective EU-level measures and minimum standards (e.g. for wages) are deemed necessary. While the government has not expressed a position regarding a **new balance between social rights and internal market freedoms**, the SDP is supportive as it states that the development of the social dimension of the EU should not be overshadowed by economic integration. The internal market freedoms should be implemented in a socially sustainable way.

EUROPEAN ECONOMIC AND MONETARY UNION

The government has stated its general support for **fighting tax fraud and tax evasion on a European level**, but is reserved towards proposals that could be disadvantageous for Finland. In the case of the Commission proposal on a Common Consolidated Corporate Tax Base (CCCTB), it is concerned about how the tax base would be shared between member states. In general, the SDP calls for more ambitious actions at EU level to fight tax evasion to strengthen the euro zone economy and to promote employment and welfare, however, to date it has not taken a more specific stance. The government opposes the creation of a **fiscal capacity for the euro zone**, which aims at income redistributing between member states or expanding joint responsibility across the EU. It does not see the need to establish new macroeconomic stabilisation instruments to cushion economic shocks in the euro zone. The creation of such instruments risks permanently subsidising member states with structural problems. Market discipline and national measures to consolidate the economy and stabilise public finances as primary means to handle the financial problems are the

responsibility of member states. A European unemployment insurance or an emergency fund are seen to have only modest factual benefits while possibly resulting in a permanent income redistribution across the EU. The SDP is supportive with regard to the creation of a fiscal capacity such as a treaty-based and insurance-like fund for cyclical adjustment in the euro zone. However, it is only necessary if current mechanisms are not adequate to maintain economic stability. The party has further conditions: a fiscal capacity should not develop into a permanent income redistributing mechanism as well as its use must be conditioned on economic indicators and have to be under the Commission's supervision to ensure its political independence. The government generally opposes the **mutualisation of public debts** and rejects proposals that aim at increasing joint liabilities or sharing risks with regard to the European banking sector. However, it is reluctantly ready to accept – under strict conditions – debt restructuring for members of the euro zone, the further usage of the European Stability Mechanism (ESM) if still needed and the establishment of a European Monetary Fund (EMF). Its acceptance is furthermore conditioned as the principles of strong investor responsibility, no-bailout, and member state responsibility for own debts have to be respected. Financial problems are primarily a national matter. If national measures fail to consolidate a country's economy and to stabilise its public finances, the implementation of investor liability is possible. The SDP also opposes to further increase joint liabilities in the EU and emphasises that each member state is responsible for its own economic policy and debts. However, a controlled debt restructuring mechanism can be created, but only in extreme crises situations. Thus, the SDP supports a responsible crisis management mechanism and deposit guarantee scheme in order to increase the stability of the euro zone as well as the creation of an EMF within the ESM in order to help member states being in trouble.

EUROPEAN DEFENCE UNION

The government considers the EU to be an important security community. Thus, it is in favour of a stronger Common Security and Defence Policy (CSDP) and the **extension of EU military planning capabilities**. The establishment of the Military Planning and Conduct Capability (MPCC) has been seen as a step towards a stronger EU headquarters structure. Accordingly, permanent EU headquarters that cover all military and crisis management operations should be achieved soon. The government also supports more defence cooperation within the EU, e.g. by strengthening the cooperation in capability development, the European defence industry and the establishment of the European Defence Fund, as well as a wide range of defence cooperation within the framework of a Permanent Structured Cooperation (PESCO) which should be open to all member states willing to fulfil the required commitments. The SDP endorses deeper security and defence cooperation in the EU and stronger defence capacities, but has not yet adopted an official stance concerning the extension of European military planning capabilities. In contrast,

the establishment of an **EU army** does not seem realistic to both actors. The Finnish Prime Minister rather underlines that recent initiatives focusing on deeper defence cooperation will not result in the creation of an EU army.

ASYLUM AND MIGRATION

The government firmly calls for a voluntary system for the relocation of asylum seekers whereby each member state should decide alone on the number of asylum seekers it is willing to accept. Thus, it rejects a permanent and mandatory **pure quota system for the relocation of asylum seekers**. EU negotiations relating to a system of burden sharing can be continued, however, all member states have to participate and decide on the annual quota at national level. Finland is willing to continue to take its fair share of the burden and the government has also displayed such willingness by its acceptance of the Finnish quota on the relocation of refugees as agreed upon through the EU's emergency relocation scheme. As the Dublin agreement is not working effectively, the government remains active in the further development of the Common European Asylum System (CEAS) in order to enhance the control of migration to the EU. The SDP addresses issues related to asylum and migration policy mostly in a non-EU framework. The discussion is on a general level and does not address questions of burden sharing between member states. The government supports the prompt implementation of existing arrangements concerning the **extention of the competences of the European Border and Coast Guard Agency (EBCG)**. EBCG is seen as a more effective means in controlling the Schengen area's external borders in order to detect vulnerabilities and to enforce cooperation within member states which have previously neglected their responsibilities. Although being an opponent of the deployment of border guards against a member state's will at first, the government is willing to agree that member states should be obliged to receive help in border control by the EBCG even against their will if they fail to sufficiently build up their own capacities on time. The SDP has not voiced a position on these issues in the context of the EU so far.

POLITY

Regarding an **increased democratic accountability of the economic governance of the euro zone**, the government considers the existing institutional arrangements to be adequate, and opposes the creation of new institutions such as a European finance minister or a euro zone parliament. It is concerned that the tasks that are probably envisioned for such institutions would be associated with permanent mechanisms of income redistribution. As there are no reasons to create a separate euro budget or further instruments for macroeconomic stabilization, there is no need to create institutions either. The SDP has not given further details with regard to the democratic accountability of the economic governance. However, it regards strengthening

the European Semester as the primary instrument to combat inequalities and maintain the stability of the euro zone. While the SDP has not articulated a specific stance on the reform of the **European Citizens' Initiative (ECI)**, the government is a strong supporter, as the ECI aims at strengthening the participatory democracy and increasing citizens' and civil society's democratic participation. It is seen as a way to propose legislation to the Commission and to raise political discussions in the EU. The government asks for the procedures and requirements to be clear, proportionate and more user-friendly. Partial registration by the Commission and a possibility to resubmit an ECI after receiving guidance from the Commission should be enabled. Regarding the follow-up actions, the Commission should be given more time to hear other interest groups before giving its answer, while the European Parliament or the Council should not be able to express their opinions before the Commission's decision. Furthermore, it supports the right of EU citizens living outside the EU to participate and is also in favour of the use of electronic identification methods (eIDAS) for signing an ECI.

WHITE PAPER PROCESS

The government's approach concerning the **»White Paper on the Future of Europe«** is pragmatic, seeking concreteness and unity. It endorses scenario 1, »carrying on«, as the Prime Minister states that the EU should rather be developed along a »realistic middle road«: neither EU competences should be dismantled, nor the deepening of EU integration significantly pushed forward. Reforms that would require amendments to the EU treaties are in principle rejected. The SDP is more supportive towards deepening EU integration and favours scenario 3, »those who want more do more«. The party has called for a more ambitious Finnish EU policy and urged that the government has to be more involved in EU decision-making and must also contribute to a stronger and deeper union. The government is reluctant about the concept of **flexible integration**, as formations such as a permanent »core Europe« or closed circles are against the interests of Finland, a policy of cherry-picking of benefits or opt-outs have been rejected, too. It would only accept a limited form of differentiated integration within the scale and scope of the treaties, following the core principles of the EU while being open to all member states to join. However, it prefers to proceed in unity and proposes to extend the use of qualified majority rule in order to reduce the pressure for flexible integration. While a multi-speed EU is not a goal for the SDP, it supports the concept of flexible integration, provided that Finland remains actively involved in the further integration of the EU and must not be excluded from its inner circle. The SDP, thus, would like to advance within the treaties.

Legend

Actors Covered by the Study in each EU Member State

- *National Government*: including its members from one or more political parties, the Head of State or Government, relevant executive ministers and administration.
- *Progressive Parties*: They include all parties that are represented either in the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D) or that are members of the Party of European Socialists (PES) and have gained a minimum share of 5 % of the votes in the last national or European elections. They also include La République en Marche (REM) in France.

Concrete Reform Options in Different Policy Areas

Social Union

1. *Upward Convergence of National Social Security Schemes* to provide Europe-wide protection against social risks and to ensure a decent standard of living for EU citizens.
2. *European Coordination of National Minimum Wages* to ensure a decent income within the EU to prevent in-work poverty, to promote social convergence and to avoid social dumping across the EU.
3. *New Balance of Social Rights and Internal Market Freedoms* to compensate the current precedence of internal market freedoms over national social rights.

European Economic and Monetary Union

4. *Fighting Tax Fraud and Tax Evasion on a European Level* for a fair allocation of tax burdens among natural and judicial persons.
5. *Fiscal Capacity for the Euro Zone* to provide stabilisation against economic shocks through public expenditure in the euro zone.
6. *Mutualisation of Public Debts* to tackle the problem of a sharp increase in public debts in some member states as a result of the euro zone crisis.

European Defence Union

7. *Extending EU Military Planning Capabilities* also for executive military missions and operations.
8. *EU Army* establishing a permanent multinational military force under European command.

Asylum and Migration

9. *Pure Quota System for the Relocation of Asylum Seekers* which would replace the Dublin system.
10. *More Competences for the European Border and Coast Guard Agency (EBCG)* expanding the current EBCG tasks in terms of »shared responsibility« between the EBCG and national authorities.

Polity

11. *Increase Democratic Accountability of the Economic Governance of the Euro Zone* to make its institutions more responsive to EU citizens.
12. *European Citizens' Initiative (ECI)*: revision of the ECI regulation to make the instrument more citizen-friendly and effective in order to strengthen the participative democracy in the EU.

White Paper Process

13. *The White Paper on the Future of Europe* by the European Commission presents five possible scenarios for the future course of European integration.
14. *Flexible Integration*: limiting the application of certain rules to certain EU member states.
15. *Preferred Reform Instrument*: Treaty reform, reforms inside or outside the Treaties.

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