

Governing parties suffer defeat in Finnish elections

By Roger Jordan
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Finland's general election held on April 19 saw the defeat of the two main government parties, the conservative National Coalition Party (NCP) and Social Democrats (SDP).

Talks on forming a new government will be led by the Centre Party, which made gains at the governing parties' expense.

Centre Party leader Juha Sipilä is a multimillionaire former businessman, who only entered politics at the last election in 2011, taking over as party leader in 2012. He has committed his administration to pursuing labour reforms and other moves to deregulate the economy, together with spending cuts in public services.

Finland has suffered badly since the onset of the economic crisis in 2008, with GDP still 5 percent below the level prior to the downturn. Unemployment is running at 9 percent, and last year the state lost its AAA credit rating.

The Centre Party obtained 49 seats in the 200-seat legislature, followed closely by the right-wing populist Finns Party, formerly the True Finns, led by Timo Soini with 38 seats. The NCP came in third place on 37 seats, down 7, and the SDP on 34, down 8. The vote marked the eighth election in a row that the SDP had suffered defeat, including parliamentary, presidential and local elections stretching back over a decade.

Other parties securing parliamentary representation included the Green League (15 seats), Left Alliance (12), Swedish People's Party (9), and Christian Democrats (5).

The outgoing government, led until last June by NCP prime minister Jyrki Katainen, implemented austerity measures domestically, while backing Finland's closer integration with NATO through its Programme for Peace.

Katainen's successor and outgoing prime minister, Alexander Stubb, is firmly in favour of full NATO membership, and could take a leading position in Sipilä's cabinet.

The aggressive US-led drive to encircle Russia in eastern Europe and the Baltic will be one of the main issues confronting the incoming administration. Finland has stepped up its joint activities with NATO over recent years, while avoiding joining the alliance outright. This reflects conflicting interests within the ruling class linked to Finland's substantial trade with Russia and the 1,300-kilometre border the two countries share.

Although Sipilä is not as overtly pro-NATO as his predecessor, he is in favour of continuing to expand Helsinki's cooperation with the US-led alliance. In comments to *YLE* prior to the election, Sipilä stated, "I do not support applying for NATO membership, but Finland should develop its Partnership for Peace programme with NATO and maintain the possibility of applying for NATO membership. What is most important is that Finland takes care of its own defence capability."

Partnership for Peace has seen the militaries of non-NATO members, including Sweden and Ukraine, participate in virtually all of the alliance's major exercises directed at stoking conflict with Russia.

Sipilä's position is entirely in keeping with the Nordic defence agreement signed by the outgoing government earlier this month. The agreement, struck with the full backing of US imperialism, will see the Nordic area become a region of increased military activity, aimed above all at intimidating Russia. It explicitly identifies Russia as the greatest security threat in Europe at present.

The four main party leaders have all expressed their readiness to hold a national debate on NATO membership, regardless of the final composition of the government.

Giving an insight into the thinking in ruling circles, Charly Silenius-Pasternak of the Finnish Institute for International Affairs told the *Financial Times*, "It may have been possible in the Cold War to stay out of a conflict between the US and the Soviet Union, but we

won't be able to stay out of it now if there's a dogfight in the Baltics."

As well as deepening cooperation with NATO, the previous government backed the European Union (EU)-led bailouts for Greece and Portugal, which provided billions to the big banks and investors in exchange for devastating attacks on the working class.

But sections of the ruling elite have been questioning the wisdom of continued Finnish backing for any further bailouts for investors in Greece for some time. In 2012, Helsinki caused friction in Europe when a government plan was revealed that considered the possibility of a Greek euro exit. Finland also pushed Greece to put up collateral to receive funds from the Finnish state in its previous bailouts. Helsinki's own worsening economic position is contributing to the view that no further money should be made available.

Soini's party was previously excluded from government because of its strident opposition to backing EU bailouts, but now it is seen as entirely possible that the second-placed Finns could find themselves in government. Although Soini has toned down his attacks on the EU somewhat, this nonetheless reflects the growing support within Finnish ruling circles for a change in relations with Brussels.

EU officials have sought to downplay the impact that Finland could have on preventing future aid packages to Greece, given that under the terms of the European Stability Mechanism (ESM), the EU's permanent bailout fund, the declaration of an emergency situation enables decisions to be taken with only 85 percent of votes in favour. Finland's vote equates to 1.8 percent of the total.

The disputes over whether or not to continue support for EU-led bailouts are over how best to uphold the interests of the Finnish ruling elite. It therefore comes as no surprise that all of the parties have committed themselves to major labour market reforms to slash wage costs, and spending cuts in the public sector.

The *Financial Times* complained that Finland faced "a deteriorating competitive position undone by wage rises that have outstripped production." It went on to cite a study claiming that the average Finn works only 50,000 hours in his or her working life, while in Germany the figure is 70,000.

Indicating that what was necessary was an assault on workers' wages and conditions comparable with the austerity policies adopted in EU bailout countries, the Research Institute of the Finnish Economy (ETLA) said in 2013 that Finland was "at least half a decade behind

Spain and Portugal in matching pay with productivity."

Sipilä has promised a government programme within a month. It remains unclear which parties will be involved. While the second-largest party usually fills the post of finance minister, this tradition may be broken since the Finns took second place in the vote. Soini is seen as a more likely candidate for foreign affairs, having led the parliamentary foreign affairs committee for the past four years.

A possible candidate for finance minister is Olli Rehn, a Centre Party member and former EU finance and monetary affairs commissioner who became the spokesman for austerity throughout Europe.

Under the previous government, workers confronted a steady stream of austerity measures that saw billions slashed from public spending to satisfy the demands of the banks and international financial institutions. A critical role in selling this agenda to voters following the last election in 2011 was played by the pseudo-left group Left Alliance, which joined the conservative-led government and gave the government's programme fulsome praise.

Left Alliance is made up of ex-Stalinist elements from the Communist Party, along with other radical groups. It belatedly took the decision early in 2014 to leave the government, ostensibly over its opposition to welfare cuts but in reality driven much more by electoral considerations. Voters punished the Left Alliance at the polls, with the party losing two seats in parliament. According to *YLE*, it faces losing more than €300,000 of state funding due to its reduced representation and may have to lay off some full-time staff.

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