

## A Centre-Right Government Takes Over in Helsinki: New Finnish Defence and Security Policy in the Making?

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The Finnish parliamentary elections held on 19 April 2015 produced a profound change in government in Helsinki. The old “Rainbow Government”, with its original composition of six politically very divergent parties from 2011 to 2015, was roundly defeated, and the Centre Party - now the largest party, with 21,1 % of the popular vote - was tasked with forming a new coalition.<sup>1</sup>

After five weeks of negotiations, Centre Party chairman Juha Sipilä was able to announce that he had the political base for a new government ready, consisting of the three largest parties – his own, plus the Finns Party (formerly True Finns) and the National Coalition Party. On 29 May, the new government was sworn in. It has solid support, with 57 % of the popular vote and 124 seats in the 200-seat Parliament.

Before the elections, it was widely expected that foreign and security policy issues would be hotly debated in the campaign, as Russia’s actions in Crimea and the ongoing war in eastern Ukraine raised concerns among the Finnish population. However, this was not to be the case. Voters turned out to be even more concerned about social and economic issues caused by three years of recession, rising unemployment and a shrinking working-age population, rather than how Finland should face emerging threats to its national security. President Sauli Niinistö’s meeting before Christmas with all party leaders and his stern call for caution in their comments on foreign and security policy put an effective damper on what was said about these issues during the campaign.<sup>2</sup>

So, the new center-right Sipilä Government is now in its first weeks of power. Will the government use its four-year term to strengthen Finland’s national

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<sup>1</sup> Other parliamentary parties’ share of the popular vote was as follows: National Coalition Party 18,2%, The Finns Party 17,7%, Social Democratic Party 16,5%, Green League 8,5%, Left Alliance 7,1%, Swedish People’s Party 4,9% and Christian Democrats 3,5%.

<sup>2</sup> “President meets with party chairs to find common ground on security policy”, [http://yle.fi/uutiset/president\\_meets\\_with\\_party\\_chairs\\_to\\_find\\_common\\_ground\\_on\\_security](http://yle.fi/uutiset/president_meets_with_party_chairs_to_find_common_ground_on_security).

security, or will it continue to push defence and security questions into the background and choose to focus on social and economic questions, hoping to get the country's badly ailing economy back on track?

The latter is apparently what the government would instinctively do, if only it could. The prime minister himself is a successful self-made businessman but he has no experience in international affairs. And, while the two ministers responsible for foreign and security policy - Timo Soini, chairman of the Finns Party, as foreign minister and Jussi Niinistö (no relation to President Niinistö) also of the Finns Party, as defence minister - are staunch supporters of Finnish national defence, they both harbor deep doubts about international security cooperation, and particularly about Finland joining NATO.<sup>3</sup>

The only clear support for Western security cooperation within the government comes from Alexander Stubb and his National Coalition Party, but Stubb chose to accept the finance portfolio rather than assume the position of foreign minister for a second time. Added to this, his party is a junior partner in the government, with just four portfolios out of 14.

But four years is a long time in politics, and it is possible that the outside world will intervene and press the government for action. In his inaugural speech to Parliament, the prime minister himself put it succinctly: "Right now, our country is not faced with a military threat but, as a nation, we must be ready for the worst".<sup>4</sup>

One issue the new government will have to address urgently is the question of the size of the defence budget. This is what the government's strategic programme says about the issue: "The government will raise the defence appropriations in accordance with the proposal of the parliamentary assessment group report on long-term defence challenges, published in 2014".<sup>5</sup> The previous government had sought to cut expenditure everywhere, and there were painful budget cuts in defence too. In 2011-2015, these cuts amounted to about 100 million euros a year from the nearly 3-billion-euro defence budget.

Within the Finnish Defence Forces, these cuts were mainly financed at the expense of materiel procurement, since cuts are even harder to make in other areas of the defence budget - personnel costs, training for conscripts, and day-to-day operational costs. In the end, the result was that procurement's share of the defence budget shrank from an average of 32 % in 1980-2012 to only about 20 % in 2014.<sup>6</sup> In addition, much of the ammunition and other materiel needed for training and exercises was poached from war time stocks, depleting them at an alarming rate.

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<sup>3</sup> "Jussi Niinistö epäilee Naton turvatakeita", <http://nelonen.fi/uutiset/vidcot..>

<sup>4</sup> Prime Minister Juha Sipilä, Speech in Parliament on the Strategic Government Programme, 2 June 2015.

<sup>5</sup> Strategis Government Programme, p.36, [http://valtioneuvosto.fi/documents/10184/1427398/Hallitusohjelma\\_27052015\\_final\\_EN](http://valtioneuvosto.fi/documents/10184/1427398/Hallitusohjelma_27052015_final_EN).

<sup>6</sup> Puolustuksen pitkän aikavälin haasteet, Parlamentaarinen selvitysryhmä, Eduskunnan kanslian julkaisu 3/2014, pp. 35-36.

That this would hurt hard-core defence capabilities was becoming clear to all. This was also noticed by the parliamentary assessment group, in the gloomy words of whose report, “without additional resources, the troops’ equipment cannot be modernised and the Defense Forces will only be able to carry out their present tasks for a few more years”.<sup>7</sup>

The group recommended that the previous four years’ cuts should be offset by annual increases in defence budgets starting in 2016 and lasting until 2020. Annual expenditure on defence equipment would be increased by 20 million euros in 2016, and gradual annual increments would follow so that by 2020 the increment would be 150 million euros. As a result, the total additional money available for materiel purchases in 2016-2020 would be about 500 million euros, which would increase the share of materiel purchases to about 26 % of the total defence budget in 2020. With these increases, in 2020 the defence budget’s share of GNP would be approaching 1,4%.<sup>8</sup>

Increases in the defence budget, as recommended by the parliamentary assessment group, would of course be highly welcome. We will see as soon as the August budget negotiations if the new government will be true to its word. Some of the omens are not so good. It is possible that what the government gives with one hand, it will demand back with the other. In other words, the Defence Forces might get more money for materiel purchases, but at the same time cuts will hit day-to-day operating costs, thus effectively shrinking the increases in the total budget.

Note also that, at best, these additional budget increases would only bring defence spending back to 2011 levels, and no more. And, as welcome as a positive government decision to beef up the defense budget would be, that decision would still not address the question of how to finance the replacement for the Navy’s missile boat capability in the early 2020’s, or where to find the resources to launch a project to replace the F-18 Hornet fighter capability, due to start in the mid-2020’s. Those decisions can certainly still be postponed for a while, but they will be something that the government will have to face sooner rather than later if it aims to be true to its programme, which promises to “ensure a credible defence in all circumstances”.<sup>9</sup>

What about the new government’s views on international security cooperation, especially its take on the perennial question of Finland’s membership of NATO? Let’s go to the text of the government’s strategic programme to find the answers.

The government programme sees Finland as enmeshed in a web of international cooperation: “Finland will pursue an active foreign policy, strengthen the national defence capability and deepen international security and defence policy cooperation .... The government will contribute to the security and stability of the Nordic region and the Baltic Sea region and

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<sup>7</sup> *ibid*, pp.28-29.

<sup>8</sup> *ibid*, pp.31-32.

<sup>9</sup> *ibid*, p.28.

strengthen Nordic cooperation. Defence cooperation with Sweden will be intensified. Estonia and the other Baltic States are important partners for Finland both in the EU and bilaterally”.<sup>10</sup>

After this declaration of wide and deep international security cooperation comes the government’s approach to Russia: “The improvement of relations between Russia and the EU would reinforce the security and economy of Europe as a whole. This cooperation must be based on respect for international law and international commitments .... Russia is an important neighbour for Finland. Finland complies with the European Union’s common positions on Russia and also maintains diverse bilateral relations”.<sup>11</sup>

Then comes a key sentence: “Finland is a militarily non-allied state which is engaged in a practical partnership with NATO and maintains the option to seek membership”.<sup>12</sup> To an outside observer, the reference to the option of seeking membership might be slightly puzzling given that, on the basis of Article 10 of the NATO Treaty, the current member states may invite any other European state “in a position to further the principles of this Treaty and to contribute to the security of the North Atlantic area to accede to this Treaty”.<sup>13</sup> It is therefore not actually an option for a state outside the Treaty to become a member merely by an act of its own will; it is, rather, up to the existing members of NATO to invite any state fulfilling the stated basic requirements to accede to the Treaty.

However, be the reality behind the word “option” what it may, it is a fact that the new government’s stand on the NATO membership issue is clearly more positive than that of its predecessor. While the previous Katainen government also promised to maintain the option of applying for membership, it stated point blank in its strategic programme that “Finland will not prepare a membership application during this government’s term of office”.<sup>14</sup>

By contrast, the Sipilä government’s strategic programme promises that the government will prepare a report on Finnish security and defence policy and, in connection with that, “assess the effects of Finland’s possible NATO membership”. In addition, the government will prepare a separate report defining defence policy guidelines for “the maintenance, development and exercise of defence capability”.<sup>15</sup>

The idea of a government report on NATO is interesting. Before the elections, there was some discussion of how the report should be prepared. As it is, there is no particular need for such a study just to bring out the facts on NATO. In

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<sup>10</sup> The Government Strategic Programme, p.35.

<sup>11</sup> *Ibid.*, p.35

<sup>12</sup> *Ibid.*, p.35

<sup>13</sup> Full text of the North Atlantic Treaty can be found at [http://www.nato.int/cps/en/natolive/official\\_text\\_17120.htm](http://www.nato.int/cps/en/natolive/official_text_17120.htm).

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[http://valtioneuvosto.fi/documents/10184/147449/Programme\\_of\\_Prime\\_Minister\\_Katainen\\_Government](http://valtioneuvosto.fi/documents/10184/147449/Programme_of_Prime_Minister_Katainen_Government).

<sup>15</sup> The Government Strategic Programme, p.35-36.

fact, several comprehensive studies on NATO have been conducted in Finland over the past decade - for example, one produced by Ambassador Antti Sierla on behalf of the Ministry for Foreign Affairs and two separate studies carried out by the Ministry of Defence. All these explain what NATO is and how it functions. But there is obviously room for a study owned by the government, and behind which it lends its political clout. If the government truly commits itself to preparing a separate report on NATO, as well as launching a national debate on the issues the report presents, then Finland has taken a big step toward openness in its national security policy. Some are arguing that such a study should be made in close cooperation with Sweden.

In conclusion, the Sipilä government is taking over at a crucial moment, with the Finnish economy in unusually bad shape. As the government itself says, "Despite its many strengths, Finland is in a spiral of decline".<sup>16</sup> Its economic growth has waned, and its competitiveness is flagging. As a result, its exports are shrinking. And as its economic growth has declined, deep structural changes are needed, even unavoidable.

In the Defence Forces, such structural changes have already been made. For example, the number of Defence Force personnel has been cut from about 16,000 to about 12,500, a number of bases and garrisons have been scrapped, and the strength of reserves in full mobilization has been scaled down from 350,000 troops to 230,000. All this has been done in the hope that the savings accrued through these changes would be used for improving national defence. If they are not, and especially if the additional financial resources recommended by the parliamentary assessment group are not available, then those hoping for badly needed improvements in national defence capabilities will feel cheated.

The new government's promise that it will promote more open discussion of Finland's NATO policy is only to be applauded. A full analysis of pros and cons, in the form of a fully-fledged study of the costs and benefits of NATO membership called for the government is very welcome. While membership itself might still be some way off, Finnish citizens have a right to know, and to be able to debate, what future membership of the North Atlantic Treaty Organization would mean for the safety and security of their country.

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<sup>16</sup> The Sipilä Government Strategic Programme, *loc.cit.*, p.6.