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Democratic Consolidation of the Political System in  
Finland, 1945-1970: A potential Model for the New  
States of Central and Eastern Europe?

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**DEMOCRATIC CONSOLIDATION OF THE POLITICAL SYSTEM IN FINLAND,  
1945-1970: A POTENTIAL MODEL FOR THE NEW STATES OF CENTRAL AND  
EASTERN EUROPE?**

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This working paper is a part of work for a doctoral dissertation which compares the process of political development of Finland (1945 - early 1970s) and Slovenia, (1974 - 1995) at key points of their historical junctions, and explores its link with those flexible factors that partly define the 'inner capacities' of the two states.

## INTRODUCTION

The key concept and the point of departure of this paper is the idea of Finland as a small state, positioned at the European 'interface-periphery',<sup>1</sup> which has encountered many international and domestic constraints (economic and political) in its efforts to 'catch up' with more industrialised democracies. According to Alapuro a nation or state is assumed to be at the 'interface-periphery' if its process of formation or consolidation has been influenced by European states with different traditions in state-building (in the case of Finland, by Sweden and Russia). 'Interface-periphery' may also be described as a position that the nation or country occupies if positioned between two outside centres with different socio-political systems: this has also been the case with Finland.<sup>2</sup> Depending on their character (economical, political or cultural) and strength, influences from outside centres may have different impact on the course of development in 'interface-periphery'.

Finland's progression from an interface position between Russia and Sweden towards the development of its own strong centre has been influenced by Sweden, as an economically and culturally dominant centre, and Russia, as a politically dominant but economically backward centre. Since political, cultural and economic domination have not been superimposed on one another, it would appear that this peculiar interface position of Finland has actually created for it some level of choice between alternative centres in its strategy of growth. Thus, the formation and the growth of the Finnish national economy as one of the necessary conditions for the consolidation of the state has benefited from its access to the large markets first of the Russian Empire, and later to those of the former Soviet Union.<sup>3</sup> The interwar period represents an exception in that respect, because following the gain of its independent statehood in 1917 Finland lost access to the Russian markets, which affected most the metal and textile industries.

The Finnish experience, both in the interwar and the post-war period, indicates that the benefits that the position of the interface-periphery may offer for the development of a national economy significantly depend on the ability of a country to balance its domestic and external politics with regard to the two external centres: that is to build and maintain political bridges and economic cooperation with both. Moreover, such a balance is necessary if the country positioned at the interface-periphery is not to become politically or economically dependent on one of the outside centres. Depending on their character and type, influences emanating from the two external centres may have negative effects on the political stability

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<sup>1</sup> Term adopted from Alapuro (1982).

<sup>2</sup> If we agree that the 'interface-periphery' denotes the position between the two states having different socio-political systems, and if we put that in the context of the Cold War Europe, another country that appears to have occupied that position was the former Yugoslavia.

<sup>3</sup> The early industrial development of Finland was aided by the Russian market. Though it was of no importance for the growing Finnish sawmill industry, it was a supplier of raw materials for the other Finnish industries and a consumer of several Finnish industrial products, thus fostering the industrial development of Finland much as a tariff supports infant industries. For instance, the development of the metal and textile industries was closely linked with sizeable export markets in Russia where Finnish exports enjoyed duty-free quotas or lower tariffs than those levied by other countries.

of the country, particularly if they are reflected in divergent opinions within the country regarding the development of the interface-periphery. Yet, as the Finnish case clearly demonstrates, external influences (political and economic alike) may contribute to the strengthening of the sense of the national political community and to the achievement of the political stability in the interface-periphery.

The ability of Finland to make effective use of its external opportunities makes it particularly interesting as a potential model for the countries that gained their independent statehood for the first time after 1989. Like those in Finland in the aftermath of the Second World War, their domestic politics are to a great degree influenced by external politics in several respects. First, as 'new-comers' in the international community, it is extremely important for them to build a place for themselves in international political and economic arenas. As in the case of the post-war Finland, security concerns figure high on their agenda, though for different reasons. Secondly, in order to alleviate the costs of economic transition and recession, which may have destabilising effect on the process of democratic consolidation, they seek to pursue foreign policies which they hope would create and increase opportunities for an increase of prosperity of their societies. The availability of those opportunities, most notably the closer economic and political cooperation with the European Union (EU), is closely linked with political stability of new states. Thirdly, the strains imposed on their political stability are great, and are directly related to the processes of economic and political transitions currently in progress in the new states. Though the lack of internal political stability may not in all cases be perceived as a threat to the political independence of new sovereigns, as was the case with Finland after 1945, its absence is perceived as an obstacle to the successful integration of new states into international political and economic arenas.

The purpose of this paper is to set out the experience of Finland, in the lieu of providing insights relevant to the new states of central and eastern Europe. People in these states have to judge whether any lessons may be drawn from the experience of Finland, both as a small state, to which category most of the new states belong to, and secondly, as an interface-periphery as the position most notably occupied by Slovenia.

## **Objective**

The objective of the paper is to analyse political development of Finland from 1945 until 1970 and to evaluate its relation to external and internal influences of the period. The obligation to deliver war reparations gave an impetus to the process of rapid industrialisation, due to which the social structure of the society started to change. Because of its sensitive geopolitical position (the Soviet Union considered Finland as the area of its special security concern) the country did not participate in the Marshall Plan for the reconstruction of the Western Europe, which made the task of economic reconstruction and restructuring more difficult. Finland had to rely chiefly on its own resources. The social cost of the reconstruction of the country, and of the need to deliver war reparation products was high. Even after paying the war reparations the social and political tensions were not over. They were closely related to the process of economic restructuring and related difficulties, such as structural unemployment and inflationary pressures. This process also gave rise to differentiation within the society.

Despite the potentially destabilising effects of economic, social and political tensions on the political stability of the country, Finland managed to stabilise its domestic politics. Moreover, by the end of the 1960s it firmly assumed the character of a stable democracy. The underlying argument of this paper is that Finnish democratic institutions consolidated by offering politically relevant groups appropriate channels and incentives to process their demands within the framework of representative institutions. The process of democratic consolidation strengthen political stability of Finland. The paper explores the impact of external and internal influences (political and economic) on the process of democratic consolidation, and investigates levels at which it took place: that is, at the level of the state, inter-group relations, and society. The role of the presidency during the process of democratic consolidation in Finland and its stabilising influence on its political system are also assessed.

The paper is divided into four parts. The first introduces the reader to the situation in Finland after the end of Second World War and defines the influences that gave impetus to the process of democratic consolidation and economic restructuring. The second part focuses on the specific features of the semi-presidential and multi-party system in Finland. An analysis of the process of democratic consolidation is given in the third section. The fourth part explores the role of the presidency in the process.

## **I FINLAND IN THE AFTERMATH OF WORLD WAR II**

The end of the war brought major changes in Finnish domestic politics and foreign policy. Firstly, the Communist Party was reintegrated into the political life of the country; and secondly, Finland's foreign policy came to be determined by its relationship with the Soviet Union.

According to the Armistice Treaty of 1944 Finland had to cede about 12.5 per cent of its territory to the Soviet Union and to pay war reparations to it.<sup>4</sup> The territory ceded was of great significance for the Finnish economy; in 1938 that area had accounted for 13 percent of agricultural production, 10 percent of forestry production, about 10 percent of industrial production, and nearly 25 percent of developed hydroelectric power (Fredrickson 1960:18). The three immediate priorities for the country were, therefore, the resettlement of over 400,000 Karelian refugees (representing about 14 per cent of the population), the payment of war reparations to the Soviet Union, and the reconstruction of Lapland, which experienced devastation during the withdrawal of German forces from the northern part of Finland.

Similar to Finland in the aftermath of WWII, the new European states that emerged in the early 1990s have also experienced the contraction of domestic market, though for different reason. In their case the contraction of that market is the direct consequence of the newly gained political independence. Like Finland in 1945, they have to re-evaluate their

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<sup>4</sup> According to the Armistice Agreement of September 1944, Finland was to deliver to the Soviet Union within six years war reparation products with a total value of \$300 million. The deliveries were valued at world market prices of 1938. Later the delivery period was extended to eight years and the nominal value of the reparations was reduced to \$226 million.

landscapes and resources which, before the independence, were re-evaluated within the broader context of their old states for which reason different approaches were applied<sup>5</sup>.

The smooth running and implementation of the programme of war reparations and the settlement of refugees required a political consensus. It was achieved, at least formally, from 1944 till 1948, principally because the 'extreme left' was accepted as a government party. The reintegration of the Communist Party into the political life of the country facilitated consensus-building, and thus contributed to the strengthening of the political stability of the country.<sup>6</sup>

Stable domestic politics were an imperative for a successful foreign policy for Finland. The development of the new line of the Finnish foreign policy was started by Juho Kusti Paasikivi (Prime Minister in the first two post-war governments) and it came to be known as Paasikivi-Kekkonen line.<sup>7</sup> In Paasikivi's view, Finland had to adopt a *Realpolitik* approach in its relations with the Soviet Union. It was, therefore, necessary to incorporate the legalised communists into government, and to strictly implement the terms of armistice, which required, *inter alia*, that persons guilty of war crimes should be brought to justice. Thus a political bridge was built between the Soviet Union and Finland.

The change in the attitude towards the Soviet Union helped to stabilise internal politics. It marked the end of the nationalistic terminology of the interwar period which blamed the Soviets for everything bad that happened to the country (the civil war, the strikes etc.). That discourse was developed by the centre/right parties and it labelled everything connected with communism as a threat to national independence. One of the targets of that nationalistic terminology was the Communist Party because of its 'pro-Russian' orientation.<sup>8</sup> Because of the need to change the attitude towards the Soviet Union, the activities of the Communist Party in Finland in the post-war period could no longer be presented as a threat to Finnish sovereignty.

Furthermore, the obligation of Finland to deliver war reparations, consisting mainly of metal machinery and ships, to the Soviet Union gave an impetus to the process of the rapid industrialisation. Finnish industrial capacities in 1945 were limited, partly due to the late start of industrialisation, and partly because of the loss of the territory. In order to be able to meet the deadline for war reparations, the country had first to expand rapidly its industrial base, and secondly, to start manufacturing products that it had not produced before. The process of rapid industrialisation was followed by changes in the structure of the society.

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<sup>5</sup> The task of re-evaluation of landscapes and resources involves defining the *inner capacities of a state*. They are divided into *inflexible factors* (e.g. quality and quantity of available natural resources, climate conditions, space dimensions etc.) and *flexible factors* (demographic size, national homogeneity, levels of social and economic development etc.). The flexible factors are dynamic by their nature and thus subject to continuous evolution.

<sup>6</sup> The Finnish Communist Party (*Suomen kommunistinen puolue, SKP*) was founded in 1918 in Moscow.

<sup>7</sup> Urho Kekkonen was the President from 1956. until 1982

<sup>8</sup> The Finnish Communist Party was banned in 1930.

The reintegration of the extreme 'left' in the political life of the country and the social tensions linked with the process of rapid economic restructuring might have been potentially destabilising elements for the political stability of the country. However, they did not result in its 'ungovernability'. It would appear that the explanation is to be sought in the process of democratic consolidation which strengthened the political stability of the country, as well as in the role of presidency in the process. A brief overview of the basic features of the political system of Finland will introduce us to our analysis of this process.

## **II SEMI-PRESIDENTIAL PARLIAMENTARY DEMOCRACY**

The introduction of parliamentarism in Finland in 1906 was more the outcome of political necessity than the outcome of an evolution of the Finnish political system. Within the internal and external context of that period (the 1905 general strike in Finland and Russia), parliamentarism was an attempt to create institutional structures which would integrate potentially revolutionary forces within the country into its political life. One of the main concerns of the builders of the Finnish Constitution (the Parliamentary Act) of 1918, similar to the concerns of constitution-builders in the post-socialist states, was how to constrain mass democracy and secure efficient executive policies. It was thought that a regulatory role of the president between the parliament and the cabinet could be developed for that purpose (Nousiainen, 1994). Finland therefore adopted a 'semi-presidential' system. The Constitution entrenched the supreme executive power in the President of Republic by asserting that:

Supreme executive power is vested in the President of the Republic. In addition to the President there shall be, for the general government of the State, a State Council consisting of a Prime Minister and the necessary number of Ministers (Article 2).

During the interwar period, Finnish politics combined a traditional paternalistic presidency, and parliamentary cooperation with the bourgeois elites. The role of the presidency was mostly as an arbiter and regulator. Every-day governing was left in the hands of prime minister and cabinet.

Since the Communist Party had been made illegal in 1930, and because domestic politics from 1920 until 1937 had been dominated by the parties of the centre/right, it would appear that Finland, although a multi-party parliamentary democracy, had not fully consolidated its democracy. It should be noted that the Communist Party did not accept the parliamentary line of action, and that the SDP was internally divided on the issue of whether to adopt the parliamentary line of action or not. It may be argued therefore that the level of institutionalisation of the democratic institutions in place in Finland at that time, in terms of whether they offered politically relevant groups the appropriate channels and incentives to process their demands within the framework of representative institutions, was not adequate. This is explained by the refusal of the bourgeois parties to create conditions which would accommodate ideologies different from their own within the existing institutional framework.

Cotta's (1994: 108) analysis of the processes of political transition offers a useful explanation of how a political regime may acquire a non-democratic character. According to him, that the transition process may lead to a non-democratic regime, as was the case with the interwar Finland, may be explained by fears in the bourgeois parties about left-wing militancy on the one hand, and by the pressure of right-wing radicalism on the other. The deep class division of Finnish society and the different perceptions across its classes regarding how the country



should develop in the future led to a Civil War in 1918. Though its end brought victory to bourgeois parties, the fear of left-wing militancy remained. It is important to note that the fear of left-wing militancy among the bourgeois parties was closely linked to their fear that the revolutionary activities in Russia might have spill-over effects for the course of political development in Finland, as well as for its political independence. As for right-wing radicalism, one of the reactions of Finnish society to the period of Great Depression in the late 1920s was the emergence of the Lapua movement (1929-1932) which had a fascist character.

### **Multi-party system**

The formation of parties in Finland was influenced by various cleavages.<sup>9</sup> The first parties were created around language and nationality issues, which can be described as structural cleavages.<sup>10</sup> One peculiarity of the Finnish party system is that it includes a politically organised language minority, i.e. the Swedish People's Party. Class-based political distinctions are of little significance for the Swedish People's Party which represents the Swedish-speaking minority at large.

Another stage of development in party life began around the turn of the century, when the language question became less important and two other serious problems, the social question and relations with Russia, came to the forefront (Nousiainen 1971:20). The issue of relations with Russia divided non-socialist parties between those which supported the Constitutionalist and those who advocated compliance, the Compliers.<sup>11</sup> The proclamation of the independence in 1917 created conflicting opinions regarding the form of government, which had a character of a non-structural cleavage.

The social question gave an impetus to the creation in 1899 of the Finnish Labour Party; this became the Finnish Social Democratic Party (SDP) in 1903. It developed its activities outside the Diet and mobilised the newly emerging class of workers (both industrial and agricultural) that were not represented by any other party. In that respect, it was the first mass party in Finland. The structural cleavage that influenced the formation of this party, as well as of the

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<sup>9</sup> For a good analysis of the party-preference formation in Finland see Arter, D. (1989), Nousiainen, J. (1971), and Allardt, E. & Pesonen, P. (1967).

<sup>10</sup> The term structural cleavage, as used here, refers to cleavages that differentiate groups in a society either along national, class or other such durable lines. Non-structural cleavages refer to differences between parties with regard to various issues in the sphere of politics, for example over foreign policy.

<sup>11</sup> The process of Russification in the late 19<sup>th</sup> century, aiming among other things to curb the relative autonomy of the Grand Duchy of Finland (1809-1917), provoked different reactions in the country. The Constitutionalist opposed the measures introduced by the Russian Empire and referred to the Finnish constitutional right of autonomy. The Compliers believed in a policy of compromise and negotiation, fearing that an uncompromising policy would only destroy any influence that the Finns might have had on the Russian authorities.

Finnish Communist Party was therefore the social class. The other parties that emerged in the second half of the 19<sup>th</sup> century could not be regarded as mass or modern parties.<sup>12</sup>

Another interesting feature of the Finnish party system is that despite the process of rapid industrialisation after 1945 the Agrarian Party retained its central position in the system.<sup>13</sup> The explanation is generally sought in the late start of industrialisation in Finland. One of its consequences was that the farm became firmly established as the basic unit of production, which explains the development of a strong class consciousness among the land-owning rural population before the advent of industrialisation. The onset of industrialisation created resistance to the city and to capitalism in large sections of the agrarian population and thus led ultimately to the rise of conservatism in the countryside, as opposed to liberalism in the city.<sup>14</sup> The friction, which can be described as the conflict between consumers (city) and producers (countryside), has remained one of the salient characteristics of Finnish parliamentary life after 1945. The Agrarians built up their political platform around this conflict and by rendering their political support to demands of farm producers as a whole, and not targeting one particular section of the agrarian population, strengthened their standing in the countryside.

### **The Post-War Period, 1945 - 1970**

The parliamentary life of the country in the post-war period was dominated by six major parties: the National Conservative Party (NCP), the National Progressive Party (NPP), the Swedish People's Party (SPP), the Agrarian Union (AU), the Social Democratic Party (SDP) and the Finnish People's Democratic League (SKDL). With the exception of the SKDL they were all historical parties.<sup>15</sup> Many smaller groups have also participated in political competition over the decades, but their significance has been rather small.

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<sup>12</sup> The Finnish Diet at that time consisted of the four Estates (the Nobility, the Clergy, the Peasantry and the Burgers), and the right to vote was limited to the members of those estates. The early parties drew their members mainly from the Swedish-speaking elites, who tended to regard political activities more as a hobby than as a professional occupation. In 1890 estates of nobility, clergy and burgess comprised in total 4 per cent and the estate of peasants 20 per cent of the total population. 70 per cent of the population did not belong to any estate (Roustetsaari 1995:13).

<sup>13</sup> I refer here to the fact that its electoral support from 1922 until 1966 showed a much higher degree of stability than the other parties for the same period.

<sup>14</sup> Dissatisfaction of farmers with the capitalism became particularly obvious during the period of the Great Depression when the city banks refused to extend loans to them, leading to the bankruptcy of many small farmers. The Agrarian Union, in a protest against the credit policy of the time, withdrew from the government in 1932.

<sup>15</sup> Cooperation among the splinter groups from the Social Democratic Party and the Finnish Communist Party resulted in the creation of the Finnish People's Democratic League (SKDL) in 1944, which was dominated by the Finnish Communist Party.

The party system in Finland of the post-war period can be described as fragmented and ideologically deep-split. The Agrarian Party occupied a central position on an ideological continuum whose far left was occupied by the SKDL (dominated by the Communist Party), and far-right by the National Conservative Party. It is to be noted that the coalition governments in the post-war period were formed by partners that were close to each other on the ideological continuum. As Törnudd (1969:65) noted, 'a coalition will not grow by "jumping" over one party on the scale'. Since the Agrarian Party had the choice of allying itself either with the parties to the left or the parties to the right it came to occupy the key position in the Finnish political life. The parties on the right and on the left of the centre were the National Progressive Party and the Social Democratic Party, respectively. It meant that the Agrarian Party took part in most of the post-war coalition cabinets.

Many cleavages cut across parliamentary party lines. For instance, the opinions of the six parliamentary parties regarding the path that Finland should pursue in its post-war economic and social development were divided. The parties on the left wanted greater state involvement in the management of economy. The SDP advocated a state-planned economy and the development of industry, especially of state-run industrial companies. The SKDL supported the nationalisation of enterprises and a planned economy. The parties on the right, such as the NCP, favoured a 'people's' capitalism based on private property. They opposed a planned economy as such, but welcomed state intervention only to keep competition within healthy limits. The Agrarians, positioned in the centre of the ideological continuum, supported development of small-scale enterprises and even regional industrialisation.<sup>16</sup> They were for neither socialism nor 'big' capitalism. The further source of conflict between the parties was social policy. While the right-wing parties favoured the 'marginal' welfare model, the centre-left parties (the Agrarians, Social Democrats, and Communists) wanted to introduce the 'institutional' model.<sup>17</sup>

The existence of different opinions regarding the course of the socio-and economic development, would lead one to expect a lack of the flexibility on the part of parties as regards coalition-building, if one of the main features of the party system is its fragmentation and the deep division along ideological lines, as was the case in Finland. Still, as our analysis in the following chapter will show, a significant change occurred in the inter-party relations during the period under consideration.

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<sup>16</sup> The Agrarian Union had a particular interest in promoting the development of Northern and Eastern Finland where the unemployment rates have traditionally been higher than in the other parts of the country, mainly due to their low level of industrialisation. The objective of the Agrarian Union was to strengthen its electoral support in those regions where it competed for the votes with the SDP and the SKDL.

<sup>17</sup> The marginal model is premised on a commitment to market sovereignty, i.e. it stipulates that government plays only a limited role in the distribution of welfare. The institutional model is based on the assumption that the welfare of the individual is the responsibility of the social collective. It is institutionalised because it gives citizens a basic right to a very broad range of services and benefits, which, as a whole, is intended to constitute a democratic right to a socially adequate level of living.

### III THE PROCESS OF DEMOCRATIC CONSOLIDATION IN FINLAND

This part draws heavily on Pridham's (1994) analysis of the process of democratic transition and his suggestion that it may occur on three levels, that is:

- a) on the state level (its political, institutional and bureaucratic structures);
- b) on the level of inter-group relations (political, military, economic, religious, ethnic etc.); and
- c) on the society level (the pressures for democratisation may be 'top-down' or 'bottom-up').

The first qualification to be made regarding the process of democratic consolidation of the political system in Finland in the post-war period is that it was gradual, i.e. it took almost two decades for it to be completed. Secondly, it was induced by both external and internal pressures (political and economic alike). And lastly, but not the least important, it took place mainly, but not exclusively, on the level of inter-group relations.

#### **Accommodation**

One of the results of the relegalising of the Communist Party (SKDL) in 1944 was that its supporters were given the opportunity to become included in the policy-making process. In that respect the state was able to accommodate within its political and institutional structures political mobilisation based on communist ideology. In other words, popular demands from all sections of the society for political participation were met, which had not been the case during the interwar period. Though it may be argued that universal suffrage by definition provides people with the right to political participation, it does not necessarily provides them with access to the policy-making process. For instance, though Finland adopted universal suffrage in 1906,<sup>18</sup> those voters that supported the Communist Party were denied the access to the policy making process because it was made illegal.<sup>19</sup>

The Finnish Communist Party was thus reintegrated into the political system through a process of accommodation, subject to the conditions that it would not lead to the changes in the political regime. Since there were no changes in the political regime of Finland in the post-war period, it seems appropriate to say that the process of democratic consolidation was preceded by the process of accommodation.

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<sup>18</sup> In 1906 Finland became the first country in Europe to give equal voting rights to men and women aged 21 and over.

<sup>19</sup> Likewise, the peoples of Central and Eastern Europe were given the right to vote during the period of socialism. But, since their choice of who to vote for was limited on the candidate(s) of one party only, i.e. the communist party, those of different opinions, ideologies or convictions were not able to gain access to the policy-making process.

## Democratic consolidation

### *a) Inter-group relations*

The process of democratic consolidation led to changing relations among the various political parties and their elites. Still, there was no change regarding the relationship between the SKDL and the other parties.

The Social Democratic Party was internally divided on the issue of the co-operation with the SKDL, as well as regarding foreign policy towards the Soviet Union.<sup>20</sup> The split between the two was further strengthened by the struggle of both parties for the primacy within the trade unions.<sup>21</sup> The SKDL supported strikes as means of adding to the pressures for wage increases on the government. The opinions of the SDP elites were divided on this issue. It seems, however, that the struggle for the primacy within trade unions acted as a 'push' factor for the SDP to support workers' demands. This may be explained by their fear that its [the SDP's] eventual lack of support for workers' demands might result in diminishing electoral support from this social class. The split between the two parties thus hindered the creation of an unified left-wing block that would, most probably, have had significant influence on the course of socio-economic and political development of Finland in the period under consideration. Since industrial workers as a social class supported both the Communists and Social Democrats (see Table 1), it would appear that the non-structural character of the cleavage between the two parties impeded cooperation between them. This was principally due to the lack of cooperation at elite level of elites in the SDP and the SKDL.

The emergence of the Cold War in the late 1940s resulted in the exclusion of the SKDL (dominated by the Communists) from the government. In contrast to the interwar period, when the communists were kept out of the political system because they were labelled as being the threat to national independence, this time they were prevented from taking part in the cabinet-building from 1948 until 1966 because of the suspicion that they were opposed to the system.<sup>22</sup> The fact that the exclusion of the SKDL did not undermine Finland's relations with the Soviet Union is attributed to the careful balancing external and internal politics masterminded by Urho Kekkonen, who was the leader of the Agrarian Union. Disputes within the SDP regarding the co-operation with the communists created an opportunity for him to suggest to General Zhdanov of the Soviet Union, in 1945, that it would be to the

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<sup>20</sup> Anckar (1973:9) referred to the foreign policy cleavage by stating that 'the party [the SDP] has felt a solidarity with the international Social Democratic movement, whose attitude towards the Communist countries has often been cool, and at times even quite hostile'.

<sup>21</sup> After it was made illegal in 1920, the Finnish Communist Party concentrated all its activities on trade unions and their central organisation, the Finnish Federation of Labour (founded in 1907), and tried to use strikes organised by trade unions as a source of extra-parliamentary pressure. In 1929 the Social Democratic workers withdrew from the Federation and in 1930 started the Confederation of Finnish Trade Unions (SAK).

<sup>22</sup> It was the power of the president that was crucial in bringing them back into coalition cabinets for the most of the period 1966-1983.

advantage of the Soviet Union to support a 'radical bourgeoisie' in Finland because this would support good relations with the SU, and defend a standpoint opposed to the official social democratic line of non-cooperation with the communists (Moring, 1989). The same author indicates that Kekkonen also justified to General Zhdanov the unwillingness of the AU to form an electoral coalition with the SKDL by the fear of his party that such a move might result in the loss of electoral support from farmers who were prejudiced against the SU and communism. It may be argued that Kekkonen's activities helped to keep the bourgeois parties in the mainstream of the Finnish political life and made them acceptable to the SU. Moreover, the bourgeois elite was thereby brought into direct contact with the Soviet leadership; both private business elites and members of the bourgeois parties were present during the negotiations of five-year trade agreements with the SU, the first being held in 1950. This was possible due to a policy which guaranteed the Soviet Union its security interests.

Table 1. Voters grouped by social class and party preference, 1958

Party preference	Farmers (%)	Workers (%)	White collar (%)
Social Democratic Party	3	34	14
SKDL	9	34	5
Agrarian party	54	5	5
Other bourgeois parties	17	11	61
No preference	17	16	15
Total	100	100	100
Sample size	308	421	133

Source: Eric Allardt, 'Structural Cleavages in Finnish Politics', *Helsingin yliopiston sosiologian laitoksen tutkimuksia* no. 6, 1961 (mimeographed), p.I.

The relations between other parties were also riven with problems, most notably between the AU and the SDP. Conflict over price and wage policy, which placed industrial workers and farmers in two opposing camps, consumers and producers, was reflected at the governmental level, where distributional struggles from 1948 until 1956 were mostly fought between the two. The SDP supported workers' demands for wage increases. The AU, on the other hand, relied for its electoral support on farmers and supported their demands for increases in food-prices to follow wage increases. Governmental cooperation between the two parties therefore suffered a severe crisis every time that the interest organisations connected with one or another of the parties, i.e. the Central Trades Union or the Union of Agricultural Producers, exerted strong pressure, interfered directly at the government level or threatened to resort to extra-parliamentary actions.<sup>23</sup>

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<sup>23</sup> Those threats became reality in 1956, when the Confederation of Trade Unions started a three week strike in order to obtain compensation for recent food-price increases. It was immediately followed by the food distribution strike of farmers. The strike ended when the workers obtained their twelve mark rise in the hourly wage. The gain was nevertheless soon offset by additional increases in food prices.

The distributional struggles between these two largest parties resulted in their increasing reliance on the co-operation of small parties. This tendency became particularly apparent when one or other of the large parties was reluctant to form a coalition with the other, as was the case from 1959 until 1966. In the wake of the General Strike of 1956, the Centre/Left alliance broke down in 1959 and did not re-emerge until 1966. Meanwhile the AU formed two minority governments (in 1959/61 and 1961/62), and two majority governments in cooperation with the National Progressive Party, the Swedish People's Party, and the National Conservative Party (in 1962/63, and 1964/66). In the light of the divergent opinions among these parties on a number of issues, in particular economic and social policies, the coalition cabinets of 1962/63 and 1964/66 may be interpreted as signs of efforts at consensus-building amongst political elites. It would have been very hard for those coalitions to emerge unless the coalition partners had been willing to moderate their demands.

The central position of the AU on the political spectrum enabled it to look for the partners on either side. Thus, the periods in which cooperation broke down between the centre (the AU) and the left (the SDP) put the SDP in a difficult position. Since it was not common for parties to form alliances with those on the other side of the spectrum unless the centre was also a part of that alliance, the refusal of the AU to form a coalition with the SDP meant that the latter was not able to establish alliances with other parties.

The Social Democrats' attempts to form coalitions with other parties failed, mainly because of external influences. This was illustrated by the crisis in the relations with the SU during the term of the so-called Night Frost Government (1958-59), led by the SDP's Karl August Fagerholm. Fagerholm's cabinet included the Conservative Party positioned on the far right of the continuum. It may be argued that this crisis was used as a pretext for the exclusion of the SDP from all influential positions in national politics. Namely, the underlying reason is more likely to be found in the fact that during the 1950s, the SDP was trying to adjust its platform to the changing structure of society. It wished to broaden the basis of party support beyond the traditional working class and include urban consumers; if successful this could have jeopardised the central role of the Agrarian Party.<sup>24</sup>

It would appear that the changing social stratification of society (as a consequence of rapid industrialisation) resulted in a fierce struggle between the political parties for votes in their efforts to maintain or strengthen their standing in national politics. Though the majority of the population was until 1970, employed in agriculture (see Table 2), it is to be noted that three parties, SKDL, SDP and AU, competed for the electoral support of agricultural population, whose votes were therefore divided among the three. Had the SDP succeeded in broadening its electoral base, it could thus have assumed a position in the centre.

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<sup>24</sup> The SDP nevertheless failed to achieve its objective, mainly because of an internal rift between the SDP parliamentary leadership and the Social Democratic leadership in the trade unions. The latter feared that the broadening of the party base would reduce their influence in the party.

Table 2. The structure of the economically active population in Finland, 1950-1980, per cent

Means of livelihood	1950	1960	1970	1980
Agriculture, forestry, fishing	45.9	35.5	20.1	12.3
Industry & construction	27.8	31.5	34.0	33.6
Commerce	9.2	13.2	18.8	13.9
Transport	5.4	6.3	7.1	7.9
Services	11.7	13.5	20.0	32.4

Source: *Suomen tilastollinen vuosikirja 1985-6* (Tilastokeskus: Helsinki, 1986).

The relatively small size of the population and the rather stable division of society along the six party lines before the WWII made the adjustment of the parties to the changing structure of the society a fairly difficult task. There was always a risk that efforts by a party to broaden its electoral support by changing its political platform would result in the loss of existing votes. The SDP, the SKDL and the AU managed to avoid this problem by rather prudently moderating their platforms. For instance, in order to create a new image as a party of the ideological centre the AU changed its name in 1962 to the Centre Party. The process of industrialisation had changed the structure of the society and the number of farmers had declined. The AU became aware of the need to distance itself from its image as the party of the rural population, if it was to broaden its electoral support and to preserve its central position.

It may be argued that the AU experienced fewer difficulties in adjusting to changing conditions than the SDP, mainly because it had no internal divisions. The SDP, for its part, had been burdened with internal conflicts ever since the end of WWII. The main cause of the difficulties of adjustment was the conflict between the parliamentary leadership and the leadership of trade unions (Paavonen 1984: 145). One faction of the leadership wanted to broaden the base of the party support beyond the traditional working class support. That was resisted by the SDP elites in the trade unions; they considered their union activities as an important channel to top party positions, and for that reason were not in favour of broadening the competition. There were also conflicting opinions regarding the cooperation with the AU and the SU. Those who wanted the party to regain its position in the national politics were for a more moderate approach. They were opposed by the 'hard-liners' who found the co-operation with the AU and the change of the attitude to the SU hard to accept. The unity of the party finally broke down at the Extraordinary Party Congress in 1957. Those who were willing to take part in the AU-led government of 1957 were expelled from the SDP and in 1959, they established a new party, the Social Democratic League of Labour. Their cooperation with the AU led to further deterioration of the relations between the SDP and the AU.

The exclusion of the SDP from the government between 1959 and 1966 convinced its party elites of the need first to consolidate their ranks internally, and secondly to adopt a more moderate attitude towards the co-operation with the AU and the SKDL, and with the SU. The conditions were created by two factors. Firstly, in 1963, Rafael Paasio was elected as the new chairman of the SDP. He stressed the intention of the party to improve relations with the President Kekkonen and the SU, including some movement towards the cooperation with the Communists. The rupture in relations between the SDP and the president had occurred in the



aftermath of the war, and it was concentrated at the elite level.<sup>25</sup> It was important for the SDP to improve its relation with Kekkonen because he used the 'foreign policy factor' as means for keeping them out of the government. It was also believed that the change of his attitude towards the SDP would help to re-establish the Centre/Left alliance.

As for the cooperation with the SKDL, some available sources suggest that members of the SKDL were exposed to various measures of political pressure aimed at making their stand more moderate with respect to the SDP.<sup>26</sup> Conflict between the two parties led to an open schism in the Confederation of Finnish Trade Unions (SAK). Many Social Democrats and trade unions loyal to the SDP withdrew from SAK, and in 1960 they formed a new Finnish Confederation of Trade Unions (SAJ). The Confederation of Finnish Employers (STK) was, however, interested in negotiating with an integrated front, and many informal meetings were organised in efforts to achieve this. Though these were articulated through parliament, the key people involved came from the SAJ, SAK and the political sphere.

It was of no small significance for the strengthening of the role of the SDP in the political life of the country in the late 1960s that that was the period of intensive emigration from Finland. The emigration reached its peak in 1969/70, when altogether 77,000 Finns emigrated to Sweden, and the population of Finland actually decreased. The outflow of the labour force from Finland is explained by the difficulties that the country experienced in adjusting to the international economy. The conclusion of the Finn-EFTA Agreement, or the EFA, in spring 1961 forced Finland to open its market further and to liberalise its trade. As a consequence, Finnish domestic industries came increasingly to compete in the Finnish market with companies from EFTA countries. However, Finnish industries were not fully able to absorb the labour force which was shifting from the primary to the secondary and tertiary sectors. The potentially destabilising effect of growing unemployment was alleviated by the opportunities offered to Finland by the Common Labour Market Treaty that it had signed with other Nordic Council members (Denmark, Iceland, Norway and Sweden) in 1954. Thus Finland could export its surplus population to Sweden where they were able to work without work-permits.<sup>27</sup>

The shortage of labour forced the employers to become more flexible in their approach to the demands of the trade unions. Their previous approach had been more rigid, mainly because the labour movement was weakened by the internal division of the trade unions. Since the trade unions were controlled by the two left-wing parties, the employers gave their support to the strengthening of the SDP, it being the more moderate of the two parties. Another element

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<sup>25</sup> Many leading Social Democrats had been involved in war-time politics, and some of them were put on the trial, a demand of the SU. Among those who were tried and sentenced was the SDP leader Väinö Tanner, and the party secretary Väinö Leskinen. Kekkonen, who was at that time a member of the AU, had changed his initial support for the war-time policy and adopted a negative attitude towards it. He worked together with the late President Paasikivi on improvement of relations with the SU and was one of those that endorsed the Soviet demands for the trials.

<sup>26</sup> For more details see Moring (1989).

<sup>27</sup> Maude (1976: 11) argues that 'it may be said without exeggeration that for Finland, a small country, with large-scale capital-intensive industry geared to export, for many years the greatest importance of the Nordic cooperation was the opportunity it offered to export Finns'.

which prompted the employers to render their hidden support to the SDP was the fact that the SAK (controlled by the SKDL) had very little power to implement collective agreements in individual unions. The SAK adopted the view that it was undemocratic to force its members into anything that they had not agreed. Despite its apparently centralised character, the organisation was in practice highly decentralised and the individual trade unions enjoyed a great deal of independence. On the other hand, the SAJ (dominated by the SDP) had the power to ensure the compliance of its members to the agreements signed. That helped the SAJ to gain gradually control over the unions and to push for unification. The unification of SAJ and SAK came after the former SDP secretary, Väinö Leskinen, and the newly elected chairman of the Communist Party, Aarne Saarinen, succeeded in reaching an agreement in principle in 1966 (Paavonen 1984: 147). The reunification of the trade unions and the victory of the Social Democrats in the 1966 parliamentary elections set the basis for the emergence of an incomes policy in 1968. In it the government, in cooperation with the confederations of employers and employees, promoted a comprehensive solution simultaneously to safeguard high levels of employment, stable growth rates of real income and stable price levels. The peculiarity of the Finnish incomes policy was the inclusion of the 'social package'; this, it may be argued, put the state under an obligation to enact the measures which it specified. The inclusion of 'social package' in collective agreements may be interpreted as a shift of the legislative power away from the parliament, albeit to a limited extent.

Thus a change in relations between employers and employees was accompanied by a change in relations between the elites of the two central trade union organisations, which resulted in their reunification. As we can see, this process of democratic consolidation in the inter-group relations had more a 'top-down' than a 'bottom-up' character. The pressures for expansive or participatory democracy that might have produced a process of a 'bottom-up' democratic consolidation were not apparent in Finland during the period under the consideration. This was largely because the existing political parties demonstrated an adaptability to the changing structure of society, i.e. they were able to integrate new groupings. Their flexibility in choosing coalition partners, though relatively limited at the beginning of the period, gradually increased indicating that the parties moderated their expectations and demands when taking part in government, as well as in parliament.

Another factor that contributed to the moderation of the objectives of the parties (political, social and economic alike) was the institutional mechanism of the policy-making process in Finland. Due to the fragmented character of its party system, none of the parties has been big enough to ensure sufficient backing for its policies in parliament due to the qualified-majority legislation rule.<sup>28</sup> Large parties therefore come to rely on the co-operation of small parties.

Changes in the relations among the political parties, their elites and parliamentary groups shall also be understood in the view of the Törnudd's (1969:64) assertion that there has been a

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<sup>28</sup> According to the Parliamentary Act, which in Finland has the status of a constitution, a qualified majority (two-thirds of the votes) is required for legislation on taxation. In addition, a five-sixth majority is necessary for any economic measure to be declared urgent if it was to be enacted in the lifetime of a single parliament. This rule has a historic origin. During the period of the Grand Duchy of Finland (1809-1917) the approximate equivalent of the today's government was the Senate which was chaired by the Governor General appointed by the Russian Czar in order to control that central administrative organ of the Duchy. The qualified-majority legislation rule acted as a safeguard of Finnish economic autonomy.

general desire for more long-lived governments in Finland, mainly because frequent cabinet crises have been regarded as disturbing elements in the political life of the nation. It has been thought that the ideal solution is the creation of coalition governments with the participation of parties representing a majority in the Parliament. Throughout the 1945-1982 period there were many governments that held a majority in the parliament (see Table 3). This clearly indicates the consensus-oriented trend in Finnish politics. For example, from 1950 until 1982, 17 out of 31 governments enjoyed majority support in the parliament (Törnudd 1969: 67).<sup>29</sup>

It may also be argued that one of the factors that facilitated this form of consensus was the desire of the parliamentary parties to counterbalance the increasing concentration of power in the presidency.

Table 3. Governments in Finland: 1950 - 1982

Prime Minister	PM Party	Date in	Duration years	Party Composition of Government	Parliam. Support %
Kekkonen I	AGR	17.03.50	0.8	3,4,5	37.5
Kekkonen II	AGR	17.01.51	0.7	2,3,4,5	64.5
Kekkonen III	AGR	20.09.51	1.8	2,3,5	59.5
Kekkonen IV	AGR	09.07.53	0.3	3,5	33.0
Tuomioja	-	17.11.53	0.5	4,5,7	-
Törngren	SWE	05.05.54	0.4	2,3,5	60.0
Kekkonen V	AGR	20.10.54	1.4	2,3	53.5
Fagerholm II	SDP	03.03.56	1.2	2,3,4,5	66.5
Sukselainen I	AGR	27.05.57	0.5	3,4,5	39.5
Von Fieandt	-	29.11.57	0.4	0	-
Kuuskoski	-	26.04.58	0.3	0	-
Fagerholm III	SDP	29.08.58	0.4	2,3,4,5,7	73.5
Sukselainen II	AGR	13.01.59	2.5	3,5	31.0
Miettunen I	AGR	14.07.61	0.7	3	24.0
Karjalainen I	AGR	13.04.62	1.7	3,4,5,7	54.0
Lehto	-	18.12.63	0.7	0	-
Virolainen	AGR	12.09.64	1.7	3,4,5,7	56.0
Paasio I	SDP	27.05.66	1.8	1,2,3	76.0
Koivisto I	SDP	22.03.68	2.1	1,2,3,5	82.0
Aura I	LIB	14.05.70	0.2	0	-
Karjalainen IIa	AGR	15.07.70	0.7	1,2,3,4,5	72.0
Karjalainen IIb	AGR	26.03.71	0.6	2,3,4,5	54.0
Aura II	LIB	29.10.71	0.3	0	-
Paasio II	SDP	23.02.72	0.5	2	27.5
Sorsa I	SDP	04.09.72	2.8	2,3,4,5	53.5
Liinamaa	SDP	13.06.75	0.5	2,3,4,5,7	-
Miettunen II	AGR	30.11.75	0.8	1,2,3,4,5	76.0
Miettunen III	AGR	29.09.76	0.6	3,4,5	29.0
Sorsa IIa	SDP	15.05.77	0.7	1,2,3,4,5	76.0
Sorsa IIb	SDP	02.03.78	1.2	1,2,3,4	71.0
Koivisto II	SDP	25.05.79	2.6	1,2,3,5	66.5

0 - non partisan

2 - Social Democratic Party

4 - Liberal Party

7 - National Coalition Party (conservative)

1 - SKDL

3 - Agrarian/ Centre Party

5 - Swedish People's Party

Source: Adopted from Nousiainen (1988: table 13.1)

<sup>29</sup> For 21 years between 17 March 1950 until 19 February 1982 (approximately 32 years), Finland was governed by majority coalition cabinets.

#### IV THE STRENGTHENING OF THE ROLE OF THE PRESIDENCY

In the aftermath of WWII and particularly after the emergence of the Cold War, the Finnish political elites were concerned with the precarious position of their country. Maintenance of national independence came to be concentrated on one principal policy: the improvement of relations with the SU. External pressures from the SU were a catalyst of national unification in Finland; that is, its sense of the national political community became stronger. They also had a stabilising effect on Finnish domestic politics.

It seems that the precarious international position of the country led to the strengthening of the role of presidency, especially in the field of foreign policy, most notably, in the relations between Finland and the SU. There are two explanations for this. The first is to be sought in the preference of the Soviet government to handle their international affairs with one person rather than several. The Finnish government, with its usually short life-time, did not constitute a body which could give them a firm guarantee that the policies agreed between the two countries would be honoured. Changes at the top executive level of the country were infrequent in the SU. In addition, the traditional context of 'confidentiality' in the high-politics of the SU, where information was withheld from the public, might have been jeopardised, had the main contacts been between the Soviet President and the Finnish government, i.e. its prime minister. The willingness of the Soviets to deal with the Finnish prime minister was also hampered by the changing party affiliations of successive Finnish prime ministers. All of these factors increased the standing of the Finnish President as the central figure in the field of the foreign policy.

Another explanation for the strengthening of the presidency seems to lie in the divergent opinions of the Finnish parties regarding policies and commitments designed to improve relations with the SU, although they all in principle agreed on the need for this.<sup>30</sup> There was therefore the need for an institution that would not be connected with the potentially destabilising influences of parties on the Finnish policy. The solution was found in the institution of the presidency, which enjoyed a constitutional right to play a decisive role in the shaping of a foreign policy.<sup>31</sup>

The strengthening of the role of the presidency became particularly prominent during the term of the office of Urho Kekkonen (1956 - 1982).<sup>32</sup> He built an image of a president as an authoritative, father-figure, not easily approachable, being somehow detached from the

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<sup>30</sup> Anckar's (1973) analysis indicates that the AU showed the most adaptable approach to the issue of the relations with the SU, while the Swedish Peoples' Party, the National Coalition Party and the National Progressive Party showed the most restraint, i.e. they were critical of the policies and commitments made in order to ensure good neighbourly relations with the SU. The same author also indicates that in debates concerning western relations the most restraint was adopted by the SKDL, which might be explained by ideological differences. All other parties demonstrated adaptive or supportive approach.

<sup>31</sup> Furthermore, within the framework of the Finnish system of semi-presidential rule, the President is often in a position to nominate a Prime Minister, and, in exceptional circumstances, to end a governments's term of office by dissolving Parliament and ordering new elections.

<sup>32</sup> For more details see, for instance, Nousainen (1971), (1988), (1984).

parliament, and chiefly concerned with the life of the nation as a whole. Nousiainen (1985: 274) describes this phenomenon by asserting that:

....the same political culture that is longing for a national authority, a paternal guide and an authoritative arbiter, imposes him [the president] to take distance from the everyday game of politics and retire to the missionary position of a statesman.

Kekkonen introduced the 'foreign-policy factor' in coalition-building - that is, a concern to anticipate and to avoid a negative Soviet response (Arter 1987:171). He used it on several occasions to exclude from the government those parties whose objectives and platforms were thought of as potentially harmful for good relations with the SU. It is to be noted that in the Finnish institutional context the formation of an electoral coalition and eventual electoral victory of that coalition do not guarantee access to government for the winning parties. Moring (1989) elaborates on this very important issue and states that:

The elections may be regarded as only partly influential for government formation, by shaping the environment for the strategic action of the elite. It could be argued that this is a general feature in multi-party systems without strict boundaries between different political blocs. To this should be added a special feature of the Finnish system. From a decisive presidential influence on government formation follows that the ability of parties to cooperate is only one prerequisite, an other being the impact of the preferences of the President himself.

It was Kekkonen's power that kept the communists out of the office from 1948 until 1966. It was also the power of the president that was crucial in bringing them back into coalition cabinets for most of the period 1966-1983. Furthermore, Kekkonen exploited the internal rift within the SDP over cooperation with the Communists and relations with the Soviet Union, and introduced the 'foreign policy factor' as a basis on which, in 1959, the SDP became ill-suited for the government.<sup>33</sup>

The introduction of the 'foreign policy factor' as the criterion for the formation of the cabinets acted as a stabilising factor in the Finnish internal politics. By restricting the access to government of the parties from the far sides of the ideological spectrum he prevented opposing ideologies from acting as a destabilising factor in domestic politics. The limited scope of coalition-building also facilitated the emergence of consensus-building among the parties away from the far sides on the spectrum. In that respect it may be argued that the strengthening of the role of the presidency helped to bridge political polarisation in parliament as well as in the government. In addition, if the state is understood as a set of institutions, of which political institutions represent a constituent part, it may be argued that the role of the state, particularly the role of the presidency as one of its key institutions was significant in strengthening national cohesion of Finland.<sup>34</sup> The reintroduction of the SKDL

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<sup>33</sup> Anckar (1973:9) argues that 'the party has felt a solidarity with the international Social Democratic movement, whose attitude towards the Communist countries has often been cool, and at times even quite hostile'.

<sup>34</sup> Reference is made to Badie's and Birnaum's (1983: 105) definition of the state as 'a system of permanently institutionalised roles which has the exclusive right to the legitimate use of force, whereby it exerts sovereign

in 1966 indicates that by that time the process of democratic consolidation was almost accomplished, and that Finland had become the stable democracy. Despite the great influence of Kekkonen on internal politics, the strengthening of his role did not result in the development of the presidency as an authoritarian institution. It would appear that this was avoided largely due to the ability of the parties to achieve a consensus among themselves and thus to counterbalance the power of the president. It might therefore be said that the increasing power of the presidency acted as an internal influence on the process of democratic consolidation.

## CONCLUSION

The focus of our analysis has been the process of democratic consolidation of the political system of Finland during the period from 1945 until the late 1960s, which as shown, was induced by external and internal pressures.

The external pressures imposed on Finland were very much linked with its peculiar position, i.e. of the interface-periphery. Finland found itself between two socio-political systems (i.e. capitalist and socialist) which made its international position precarious, especially after the emergence of the Cold War. One of the prime concerns of the Finnish political elites therefore became the maintenance of independence. Yet, compared to the interwar period, there was an important shift in the way in which the concept of national independence was understood, as pointed by Allardt and Pesonen (1967: 362): 'Instead of being an end in itself, as was the case earlier, independence has now become to take on the appearance of a means by which other goals may be reached'.

The foreign policy of Finland came to be concentrated on one principal policy- the improvement of relations with the SU. Its success largely depended on the political stability of the country, i.e. the stability of internal politics. The efforts of Finland to build and maintain a political bridge with the Soviet Union provided an impetus for the process of democratic consolidation, in which respect it may be argued that external political pressures had stabilising effects on domestic politics in Finland. One of the factors that helped Finland to stabilise its domestic politics was the strengthening of the sense of the national political community. It has actually been one of the salient features of Finland's political history to react to external pressures by strengthening the internal unity of the country. It would appear therefore that one of the political responses of Finland, as an interface-periphery, to outside pressures has been both the strengthening and the further institutionalisation of its political institutions in a sense of increasing their representative power. The institution of the presidency is the most obvious example of the strengthening of political institutions in the post-war context. Similarly, the post-1945 period was characterised by efforts geared towards increasing representative power of Finnish political institutions which contributed to the consolidation of the political system.

Given its fragmented and ideologically deeply-split party system, as well as social and economic tensions that might have had resulted in 'ungovernability' of the country, it may be

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power over a given territory, including its most remote provinces, and defends the borders of that territory against foreign incursion. That system is institutionalised in the form of political and administrative machine run by civil servants'.

argued that there are similarities between the challenges to the process of democratic consolidation of political system in the post-war Finland and to the same process in the new states of central and eastern Europe. One of the main features of the emerging political systems in those countries is the fragility of their representative and political institutions. They also appear to be lacking collective projects and socially integrating ideologies. Following the completion of the war reparation deliveries to the SU, Finland was faced with the same problem, though for different reasons and to a different extent. The role of the state in Finland in compensating for the lack of socially integrating ideology was significant: the national cohesion was strengthened by the presidency as one of Finland's key political institution. It bridged political polarisation in parliament as well as in government. The relevance of the Finnish experience for new central and eastern European countries is in the fact that fragmented and ideologically deeply-split party system need not necessarily diminish the national cohesion of society, particularly if the international position of a country is precarious. Actually, external pressures may contribute to the strengthening of that sense and have stabilising effects on domestic politics, as obvious in the case of Slovenia. Like Finland, it occupies the position of an interface-periphery.

Democratic consolidation of the political system in Finland was preceded by the process of accommodation which opened political space for the Communist Party and enabled its reintegration into the state institutions. The accommodation facilitated the emergence of the political consensus required for the successful accomplishment of the task of reconstructing the country after the war. Political consensus helped to strengthen social consensus, so much needed for the successful completion of war reparation deliveries to the SU.

The changes in the political context in Finland after the end of WWII, mainly in relation to the SU, produced a situation in which a previously latent institution of the presidency became salient with implications for political outcomes. It would appear that the process of democratic consolidation of the political system of Finland resulted in the institutional dynamism of the institution of the presidency.<sup>35</sup> This dynamic is reflected, among other things, in the fact that the activities of the president, especially during the presidency of Urho Kekkonen, were not restricted to the field of the foreign policy. Kekkonen introduced the 'foreign policy factor' as one of the criteria for approving or disapproving of the composition of the cabinet. He clearly increased his influence, or more precisely, the presidency gained decisive influence on the government formation. One of the outcomes of the introduction of the 'foreign policy factor' was the reduced scope of coalition-building which ultimately had a stabilising effects on domestic politics. Namely, the parties responded to the restriction in coalition-building by demonstrating greater flexibility in choosing coalition partners. There emerged a tendency of the Finnish political parties towards consensus-building, with a general preference for governments that enjoyed majority parliamentary support. It was believed that they would increase the political stability of the country. Thus the presidency helped to bridge political polarisation amongst parties themselves and within the parliament.

The pressures coming from the SU were not only political. The task of delivering war reparations, as well as of reconstructing the country, imposed a great burden on the Finnish economy, and, since the country found itself isolated in the aftermath of the war it had to rely

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<sup>35</sup> For more details on institutional dynamism see, for example, Steinmo, Thelen and Longstreth (1992).

mostly on its own resources. The population had to bear the cost. Despite the fact that the cost meant many economic sacrifices, Finland managed to achieve a social consensus, largely explained by the strengthening of the sense of the national political community, a factor which had been lacking during the interwar period because of the legacy of the Civil War of 1918.

But, the social consensus weakened after the war reparations were delivered, mainly because the process of economic restructuring created many problems, such as the structural unemployment and inflation. One source of inflationary pressures were demands for higher prices and wages. Demands from the trade unions (SAK) for higher wages often resulted in strikes with negative effects on the Finnish economy. The situation became especially difficult during the 1960s, when the split within the labour movement resulted in the creation of the two central trade union organisations, i.e. the SAK and the SAJ. The late 1960s were also the period of intensive emigration from Finland. Despite potentially destabilising effects that the weakening of social consensus might have had on the stability of the Finnish domestic politics, political consensus was maintained.

The opportunities for building social consensus and peace in industrial relations anew emerged during the late 1960s. They were created mainly by the changes in relationship between political and economic groups. Several factors induced those changes. On one side, the shortage of labour, due to the emigration and the need to increase the stability of industrial relations contributed to the change in the attitude of the employers' association (STK) towards cooperation with the trade unions. This change resulted in the creation of the incomes policy system in 1968. Its emergence was also facilitated by the reunification of the trade unions. The change in the relations between trade unions occurred mainly because the SDP's political elites adopted a more moderate approach towards cooperation with the SKDL. The reunification of the trade unions and the victory of the Social Democrats in the 1966 parliamentary elections set grounds for the emergence of the incomes policy in 1968. Furthermore, the renewed cooperation between the AU and the SDP, increased the speed of the institutionalisation of social policy. Though the early 1950s were the period of economic boom created by the Korean War in 1951, a major surge towards welfarism did not occur until the 1960s. The exclusion of the SDP from the government from 1957 until 1966 enabled the parties on the right to oppose moves towards the institutionalisation of the social policy during that period.



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