

Election slump for Finnish social democrats

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The outcome of Sunday's general election to Finland's single chamber parliament, the Eduskunta, proved humiliating for the Finnish social democrats, the SPD. Although the SPD remains the largest party, it lost 12 seats compared with the previous election in 1995, slumping to 51 seats out of 200, just three seats ahead of its closest rival. The party's overall vote fell from 28.3 percent to 22.9 percent.

Both of the SPD's rival parties, the anti-European Union Centre Party, and the Conservative Party, at present part of the ruling coalition, made significant gains. The Centre Party won 48 seats against the Conservatives' 46, up from 44 and 39 respectively.

The ex-Stalinist Leftist Alliance, another coalition member, suffered along with the social democrats. They lost two seats, leaving them with 20 seats. The Green League, another coalition member, gained two seats, giving them 11. Of the other smaller parties, the largest gain was made by the Finnish Christian Union who ended up with 10 seats, three more than in 1995. Turnout fell to 65.2 percent, the lowest since World War II.

The result shows growing hostility towards the SPD. The main beneficiaries of Sunday's election were the Centre and Conservative parties, despite having been driven from office in 1995.

Talks on a new coalition are set to begin next week and no combination of the three leading parties can be excluded. Whatever form of coalition is eventually cobbled together, the deepening division between the political interests of the Finnish ruling class and the vast majority of workers and small farmers is clear for all to see.

None of the three major parties dared raise the present government's record, nor did they broach the question of the continuing social crisis in which 11 percent of Finns are unemployed. After all, any combination of the three may form the next government, and there are

no significant policy differences between them.

To the extent that issues were raised in the election campaign, they were largely empty gestures towards the traditional social base of the various parties. Paavi Lipponen, prime minister and leader of the SPD, warned of the danger of a right-wing capitalist government of the Centre and Conservative parties. But Lipponen and the SPD have been in coalition with the Conservatives (National Coalition) for the past four years.

The Centre Party, whose social base is the large farming population, has always adopted a Euro-sceptic position. During the campaign, it blamed Finland's European Union (EU) and euro membership for the escalating poverty amongst small farmers. But the previous Centre and Conservative coalition took Finland into the EU in 1995. Immediately after the election result was announced, Centre Party leader Esko Aho offered to work in an SPD-led coalition within the EU on the basis of strengthening the hand of the northern EU countries and the EU's ties with neighbouring Russia.

The Conservatives called for more of the tax burden to be shifted away from industry and for labour "reform". But they have worked with the SPD in government to increase taxes on workers, lower business tax and mobilise the unemployed as cheap labour.

The SPD came to power in 1995 and formed a coalition with the Conservatives, the Leftist Alliance, the Green League, and the Swedish Peoples Party. With the SPD as the biggest party, its leader Lipponen took the prime minister position. Together the coalition controlled 141 seats.

The previous Centre/Conservative coalition had overseen a massive increase in unemployment to 15 percent. In 1994 as many as 500,000 were unemployed, out of a population of 5 million. The Finnish economy

was particularly badly hit by the collapse of the Soviet Union, with which the country had conducted as much as 20 percent of its trade. The Soviet Union's collapse left Finland with 7 billion markka of bad debts and posed the necessity of drastically re-orientating its economy towards the EU.

Following the 1995 accession to the EU, the new government set its sights on meeting the criteria for joining the euro-zone in January 1999. A huge programme of cuts was introduced, which slashed 23 billion markka annually from public spending.

This programme, which also included moves to increase productivity and labour discipline, was worked out with the prior agreement of employers such as telecommunications giant Nokia, the trade union federation SAK, and the remaining traditional industries such as forestry. The consequences for Finnish-based capital have been highly beneficial.

Trade with the EU has steadily increased to the present 56 percent of all exports. The government met the convergence criteria for euro-membership and was the first country to join the euro-zone. In contrast with neighbouring Sweden, the Finnish currency suffered no immediate fallout from the collapse of the Far Eastern and Russian markets in 1998.

Industrial growth has been running at around 4.8 percent. Half of this has come from the immensely profitable Nokia, one of the world's leading mobile phone companies, employing 44,000 workers worldwide. Nokia alone contributes 3 percent of total Finnish GDP. Profits were up 75 percent last year to nearly 15 billion markka, while many other areas of the economy have remained stagnant. Fully 15 percent of total Finnish exports are from Nokia. Lipponen hailed its success as the end of Finnish economic dependency on forestry and agriculture.

The rule of the social democrat-led coalition has had a very different impact on the working class. While absolute unemployment has fallen from its 1994 peak, a recent estimate suggested that 500,000 people are only marginally employed as part-time and temporary workers, on and off welfare, according to employers' whims. Wage increases have been held to around 1.6 percent. Social benefits have been cut and taxes on wages and salaries increased to a staggering 46 percent.

Farmers have also suffered, with the price of some foodstuffs falling by as much as 75 percent following

accession to the EU. Last month the centre of Helsinki was brought to a standstill by a demonstration by thousands of bankruptcies threatened small farmers.

During the campaign, Lipponen warned of an inevitable escalation in militancy from the working class, and noted that the SPD, with its trade union links, was in a far better position to control future class struggles. For its part, the trade union leadership, which is also closely tied to the Leftist Alliance, noted that public spending could only be defended on the basis of continued breakneck economic expansion.



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