Finnish parliament approves Portuguese bailout

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Finland's parliament approved the European Union's (EU) bailout for Portugal yesterday, by a vote of 137 to 49. It commits Finland to a somewhat limited participation in the bailout, but also allows the full 78-billion euro package to be implemented, as this required unanimity among EU member states.

Finland is the only EU country that required parliamentary approval.

Only the anti-EU True Finns Party and the Left Alliance voted against the bailout, but this does not simply mean that a crisis has been averted; far from it. The flames have been fanned by what is already a politically incendiary issue.

Finland already formally announced its support for the Portuguese bailout on May 13. The 25-member parliamentary Grand Committee, which decides matters concerning European Union business, supported the line of incoming Prime Minister Jyrki Katainen.

It did so in defiance of broad popular hostility to what is in effect the handing over of billions of euros, not to "Portugal", but to the European and international banks and financial elite, who will now continue to have their demands for interest payments paid at the cost of the savage austerity measures directed against the working class of Portugal and the rest of Europe.

One of the main features of Finland's parliamentary elections held in April was a sharp rise in opposition to the EU and the bank bailouts. But the main beneficiary of this opposition were the far right True Finns, which combines appeals for limited social measures and the preservation of the welfare state with nationalism and anti-immigrant rhetoric.

Katainen's right wing National Coalition Party, which emerged as the largest grouping in parliament after last month's elections, struck an accord with the Social Democrats (SDP) on the bailout. The SDP abandoned its professed concerns on supporting Portugal. Although party leader Jutta Urpilainen had called for reference to be made in the final agreement to the responsibility of investors to shoulder some of the burden, the announcement by the Grand Committee made clear that Finland, like every other EU state, would demand that the government in Lisbon do everything it could to bail out the banks at the expense of the working class.

The Committee insisted that Finnish support would only be extended if state assets were privatised to raise funds, and tax breaks and other incentives handed out to encourage investors to remain in the country.

Helsinki's assent to the EU-International Monetary Fund (IMF) package for Lisbon was welcomed by the financial elite.

The full support of the Finnish ruling elite for the package was expressed by governor of the Finnish central bank and European Central Bank (ECB) Council member Erki Liikanen, who stated it was in Finland's own interests to help with the bailout in order to prevent the threat of contagion. Liikanen spelt out clearly what the aim of an EU-IMF bailout would be: "At least three things will be demanded. First, all the actions that were agreed on to stabilise the economy have to be executed. Second, the property of the government has to be sold. Third, the economy has to be freed from its regulations".

Liikanen's strict conditions were backed up by Katainen, who ruled out Finnish support for future EU

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bailouts unless the respective government puts up collateral. Commenting on the possibility of a further bailout for Greece he stated, “When measured in terms of property, Greece is one of the wealthiest countries. It is natural to first sell property and then to apply for help”.

While preparing to support a bailout package which will see the destruction of the living standards of working people in Portugal, the political elite are preparing a similarly severe attack on workers in Finland with the full support of the so-called parties of the “left”.

The role played by the Left Alliance is significant in this context. The party agreed to enter government talks which began last Friday along with five others—the National Coalition, SDP, Green, Christian Democrat and Swedish People’s parties. Although portraying its opposition to the EU-IMF bailout of Portugal as a principled rejection of the bailout of the financial elite by the working class, the content of the government talks proves otherwise.

While the Left Alliance was allowed to cast its vote in opposition to bailing out Lisbon, this will be the only occasion on which it is allowed to dissent from the official government line. In exchange for this, the government will gain the support of the Left Alliance in pushing through its broader agenda.

Left Alliance leader Paavo Arhinmäki even stated that his party’s position on the establishment of a permanent EU financial stability mechanism could change. Detailing his demands after the meeting with Katainen, he declared, “They include responsibility on the part of investors. We are investigating the matter now, and we are ready to discuss them in government formation talks, if we get that far”.

The result of this unprincipled deal has been a further rise in support for the True Finns, which in some opinion polls are registering the largest percentage. The True Finns already saw a significant rise in their electoral fortunes in April’s election, winning almost a fifth of the vote.

As it became clear that Katainen could find a majority to support bailing out Portugal, True Finns leader Timo Soini held a press conference on May 12 to announce his party’s withdrawal from government talks, leaving them in position as the sole oppositional voice to a six-party “Rainbow” government that includes both the main nominal “left” parties.

The full-scale of the attacks which will be carried out by the incoming government were made clear by the Ministry of Finance, which published a list of cuts that must be made. It called for at least 6 billion euros in spending cuts, amounting to 12 percent of the entire state budget. Cuts would include reduced funding for local authorities, which would impact upon funding for education, childcare and health.

Arhinmäki made clear he was quite prepared to act as a fig leaf for the drastic austerity measures to be imposed. Last week he met with Katainen to discuss possible cooperation in government. Discussions on economic policy were a key part of the meeting, with Arhinmäki commenting, “We spoke more about economic and taxation policy than the EU’s support mechanisms”.

The Left Alliance’s origins lie in the merging of a number of pro-Stalinist parties in 1990. Subsequent years have seen continuous factional disputes within the organisation, with frequent defections to the SDP and the Communist Party of Finland, formed in 1997 by unreconstructed Stalinists from within the Left Alliance.

The Left Alliance previously entered government, where it proved itself as a reliable partner in defending Finnish capitalism. It agreed a coalition in the mid-1990s with the SDP, in the immediate aftermath of the sharp economic crisis which gripped Finland and Scandinavia in the early 1990s. The coalition, which lasted for eight years until an electoral defeat in 2003, oversaw Finland’s entry into the EU, while at the same time launching a drastic attack on the working class to enable the economy to grow through stepped-up exploitation.

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