WHO DO (EU) THINK YOU ARE?

THE ROLE OF NATIONAL IDENTITY IN FINLAND'S AND SWEDEN'S DIFFERENT DECISIONS ON THE EURO

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Abstract

The Nordic countries have never been associated with what is usually described as nationalism. However, by examining the unique content of Finnish and Swedish national identity it is visible that the notions of neutrality and welfare have left a visible legacy on Finnish and Swedish political ideology, combined with a stance of scepticism towards Europe. By applying Alan Finlayson's theoretical framework, and focusing on unique contents of nationalism, as well as using John Campbell's theoretical framework on discourse as political ideas, this thesis has examined how the meaning of Europe has become legitimized in the two countries by scrutinizing how European integration was deemed compatible with both countries welfare traditions, and with both countries' policy of neutrality. Finland would furthermore decide to adopt the Euro as its currency, whereas the Swedish population voted against it in a 2003 referendum, with national identity playing a smaller part than was the case in the EU referendum 9 years prior.

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Introduction

When the European Coal and Steel Community was established to economically and politically secure lasting peace between the European states, Sweden decided not to take part. Sweden had been unscathed by the perils of the two world wars and would instead through its generous welfare policies and neutrality policy establish a well-functioning society that had no desires to integrate into the European community. The opposition between the global superpowers that had divided Europe during the Cold War combined with the Swedish policy of neutrality made EC and ultimately EU membership incompatible. With the fall of the Berlin wall in 1989, the debate surrounding EU membership shifted towards a more positive stance, and it would not take long before Sweden applied to join the Union.

The question of EU membership would ultimately be decided through a referendum, which was settled on the 13th of November in 1994. The result of the referendum was non-binding, but the political parties in advance decided to respect the outcome of the vote. 52,3% voted for membership, 46,8% voted against, and 0,9% voted blank. The voter turnout was high as 83% of eligible voters went to the polls. The Swedish population had thus voted for membership, and the Swedish Parliament officially decided to join the European Union two on the 15th of December 1994.

Finland gained its independence from Russia in 1917, as Russia fell into its civil war and eventual revolution. Fears of a Russian return were realized in 1939, as the Soviet Union invaded the eastern parts of Finland in what is known as the Winter War of 1939 to 1940, and again in the Continuation War of 1941 to 1944. After the Second World War, Finland was required to pay reparations to the Soviet Union. The reparations consisted of trains, ships, and raw materials. The reparations were financed through loans, which would have a positive spillover effect as Finland evolved from an agricultural country to an industrial one. While

Finland, similarly to Sweden, had a policy of neutrality throughout the Cold War, the Finnish policy was dictated through fear of the Soviet Union.[1]

Unlike Sweden, the Finnish entry to the EU in 1995 would include accession to the second stage of the EMU. This was a stage in which the economies of the EMU member states would become more intertwined, in order to smoothen the transition of the EMU's third stage, which was the actual transition to the new currency. Finland entered the third EMU stage in 1999, a stage in where the Euro became an account currency. In 2002 the Euro replaced the Finnish Markka as the country's official currency.

Does national identity thus play a big role in a country's economic choices? While different national heroes and holidays are celebrated all over the world, the role of identity in a country's *modus vivendi* is seldom examined and is quite often obscured. In the Nordics, all four countries share very many similarities and are yet still incredibly unique. In a political sense, however, one could argue that Sweden and Finland are the most similar of the four countries of the region. They share a common history; the Swedish language is official in Finland and people with Finnish heritage make up the largest ethnic group in Sweden. Both countries were furthermore neutral during the cold war, but for different reasons. This paper will present the histories of Finland and Sweden, focusing on the period after the First World War and showing how the countries sentiments towards Europe and European integration differed, and how the role of national identity shaped the Finnish wilful accession to the EU and adoption of the Euro, as well as how identity presented itself in the Swedish hesitation towards the EU and rejection of the Euro. The main corpus of text will focus on the period directly after the fall of communism, up until the Swedish EMU referendum in 2003.

[1] "Om Finlands Historia," InfoFinland, accessed July 26, 2021, https://www.infofinland.fi/sv/information-om-finland/grundlaggande-information-om-finland/om-finlands-historia.

The idea of this essay is to present that the role of national identity can outweigh economic benefits. This paper will look at the history of the two countries, as well as the two unique types of neutrality that emerged, and how they eventually shaped the national identity towards the common European monetary union. While this paper solely focuses on Finland and Sweden, developments in neighbouring countries as well as in the EU will be presented. The key concepts of the paper will be security and welfare. Sweden has had a policy of neutrality ever since the early nineteenth century, was neutral during the second world war, and wanted to act as a champion for the weak during the cold war. Finland has during the same period went from being the easternmost part of Sweden to the westernmost part of Russia, gained independence through a civil war, and fought against the Soviet Union during the Second World War. Finland's neutrality during the Cold War was a policy of appeasing the Soviet Union. The bulk of the text will focus on the time frame ranging from the beginning of the Cold War until the two countries' EU accession, as well as Sweden's Euro referendum in 2003. The earlier shared history of the two countries will also be presented for context.

The Nordic countries are also widely associated with being welfare states. The Swedish welfare system was a point of national pride, and the debates before the two Swedish referenda were centred around the question of the system being compatible with European integration.

The reason for this essay is twofold. The first reason is to understand why Sweden, an export-oriented, tech-hub country where a common currency could have many benefits for the wide range of exporting businesses, did not grasp this opportunity. The second reason is two examine if the anti-Euro sentiment was a *zeitgeist* and if it is likely to change in the near future.

The central research question for this paper will thus be *What role did national identity play in Finland's and Sweden's decisions on adopting the Euro.* This question will be answered by examining academic journals and publications, specifically examining how the two countries

neutrality policies shaped national identity and in turn pro- or anti-European sentiments. This thesis will be organized in the following way; Firstly, it will begin with a literature review that presents what has previously been written on the issues of Swedish and Finnish integration to Europe, as well as the role of neutrality and welfare in conjunction with European integration in both countries. Secondly, it will present the theoretical and methodological framework. Thirdly, the empirical section will present the notion of Europe and European integration in Sweden and Finland, followed by the debates preceding the EU referendum, followed by Euroscepticism after the referendums, and finally presenting the role of national identity regarding the question of a new currency. The fourth section will analyse the empirics and answer what role national identity had in both countries' EU referendums and decisions on adopting the Euro. This thesis will conclude with the role of national identity in the countries today, and what the future can hold for the topics of currencies and further European integration.

This study will utilize Alan Finlayson's theory of studying nationalism, where it is essential to conduct a discourse analysis on nationalism and national identity not as an ideology, but rather layered within a common sense of the nation, and within competing ideologies. By applying John Campbell's theoretical framework on the role of discourse and ideas in politics, by showing how the elite politicians in both countries attempted to frame EU and EMU membership as legitimate, and how they were constrained by public sentiments.

1. Literature Review

This thesis aims to study the effect national identity had in the Finnish and Swedish EU-referendums, as well as in the two countries' decisions on adopting the new euro currency. There already exists a broad corpus of literature on Nordic Euroscepticism, and several academic articles have presented the role of national identity in the EU referendums. However, no specific study focusing on the role of national identity in the EMU decisions could be located. By mapping the debate on the role of national identity in the two EU referendums, this thesis will aim to extend the previous literature to the missing debate of the role of national identity within the EMU context.

Firstly, in Stråth's and af Malmborg's book *The Meaning of Europe*, the Finnish and Swedish meaning of Europe is presented. In the Finnish case, it is presented how Finland has struggled to cement its place in Western Europe, and how the fear of the neighbour in the East has made security and sovereignty the starting point of the Finnish political debate. In the Swedish case, the role of Protestantism, and Swedish exceptionalism is presented. The several reasons behind Swedish Euroscepticism are introduced, with the neutrality policy and the welfare system being central in the debate.[2]

When examining the role of the Swedish welfare states' compatibility with Europe, Lars Trägårdh's article titled *Sweden and the EU: Welfare state nationalism and the spectre of "Europe"* is an excellent contribution to the field. Trägårdh presents the hegemonic nature of the Social Democratic welfare system idea, and how it has been contested throughout modern Swedish history. The notion of Swedish exceptionalism is further presented throughout the

[2] Mikael af Malmborg and Stråth Bo, *The Meaning of Europe Variety and Contention within and among Nations* (Oxford: Berg, 2002).

text, showing how a unique form of welfare-nationalism shaped Swedish national identity to perceive the Swedish way of life as the best.[3] When examining the role of the welfare state in Finland, Tapio Raunio's article *The EU and the Welfare State are Compatible: Finnish Social Democrats and European Integration*, presents how the Finnish debate differed from the Swedish by showing how the unified Finnish Social democrats managed to persuade the general public that European integration was a necessity for Finnish welfare.[4]

Tapio Raunio's and Teija Tiilikainen's book titled *Finland in the European Union* examined the role of Finland as a new and small member state of the EU. The book presents the debates prior to the Finnish accession to the European integration project and presents the attitudes of the voters of the respective parties. The book's main contribution to this thesis is the role of state-centricity in Finnish politics, and how security and sovereignty always have been the first and foremost points of any Finnish government.[5]

The article *Swedish Euroscepticism: Democracy, Sovereignty, and Welfare* by Milena Sunnus' maps out the main arguments and counterarguments that were debated prior to the Swedish EU referendum. The article presents the different standpoints of Swedish politicians on the topics of democracy and sovereignty, neutrality and being a small state, federalism, and finally gender equality and welfare.[6]

[3] "Sweden and the EU: Welfare State Nationalism and the Spectre of 'Europe': Lars Trägårdh," *European Integration and National Identity*, 2003, pp. 142-193, https://doi.org/10.4324/9780203402207-13.
[4] Tapio Raunio, "The EU and the Welfare State Are Compatible: Finnish Social Democrats and European Integration," *Government and Opposition* 45, no. 2 (2010): pp. 187-207, https://doi.org/10.1111/j.1477-7053.2009.01310.x.
[5] Tapio Raunio and Teija Tiilikainen, "Finland in the European Union," February 2004, https://doi.org/10.4324/9780203485019.
[6] Milena Sunnus, "SWEDISH EUROSCEPTICISM: DEMOCRACY, SOVEREIGNTY AND WELFARE," *Euroscepticism*, January 2004, pp. 193-205, https://doi.org/10.1163/9789401201087_010.

2. Conceptual Framework

2.1 The role of discourse and ideas in politics

This thesis will thus focus on the role of national identity in Finland's and Sweden's decisions in adopting and not adopting the Euro as a currency. While a brief section will initially cover the two countries historical relationship with Europe and European integration, the main body of empirics will focus on the two countries respective EU referendums, followed by the period of Euroscepticism after the referendums, and finally the Finnish adoption of the Euro as well as the Swedish EMU referendum.

National identity can be a very broad term, and it thus needs to be clarified. There are several published works on national identity. A notable book is *Banal Nationalism* by Michael Billig. The central thesis of Billig's book is that there exists a continual, almost subliminal, reminding of nationhood. Political leaders of the West are not typically defined as nationalists, but Billig argues that nationhood provides a continual background for their political discourses. Citizens are thus reminded on a daily basis of their national place in a world of nations. National identity further embraces all these forgotten reminders.[7]

When examining the continual notions of national identity within a political sphere in Finland and Sweden, two topics become prominent: Welfare and neutrality. The term neutral welfare states have become synonymous with the Nordic countries. While Billigs book would be useful for examining the role of these topics within the two studied nations, this thesis will rather

[7] *Billig, Michael. Banal Nationalism. London ; Thousand Oaks, Calif. :Sage, 1995, 8*

focus on how the notions became contested, and how the traditional national identities began to shift through the ideas of elite politicians.

In order to define what constitutes as an idea, John Campbell suggests that a two-sided distinction is required. Firstly, ideas can be embedded and "taken-for-granted assumptions residing in the background of policy debates", as well as being concepts and theories that are positioned in the foreground of these debates, in which they are explicitly communicated by the policymakers. Ideas can further be so taken for granted that they are invisible, in the sense that they remain accepted and unquestioned, similarly to principles of faith. Secondly, ideas can either be cognitive or normative. Campbell explains that "at the cognitive level ideas are descriptions and theoretical analyses that specify cause-and-effect relationships whereas at the normative level ideas consist of values and attitudes".[8]

Campbell combines these structural distinctions by adding a further layer to his typology and thus identifying four types of ideas: paradigms, public sentiments, programs, and frames. In the background, *paradigms* are cognitive assumptions that limit the range of alternatives that policymakers are likely to perceive useful and worth considering. *Public sentiments* are meanwhile normative assumptions that limit action by constraining the range of alternatives that elites are likely to perceive as legitimate to the public. Meanwhile, in the foreground of the debates, *programs* are cognitive concepts and theories that enable elites to take action by specifying how to solve specific policy problems. Finally, *frames* are normative concepts that are utilized by the policymakers for legitimizing the previous programs to the public, through processes such as transposition and bricolage.[9]

[8] Campbell, John L. "Institutional Analysis and the Role of Ideas in Political Economy." *Theory and Society* 27, no. 3 (1998): 377-409. Accessed June 11, 2021. http://www.jstor.org/stable/657900. 384
[9] Ibid, 385

This thesis will utilize the normative level of Campbell's framework in order to scrutinize how the political elites used *frames* on the issues of security and welfare in Finland and Sweden respectively, and how *public sentiments* could constrain the debate.

When examining ideas as *frames*, Campbell states that frames tend to appear in the public pronouncements of the policymakers, mostly through speeches and public statements designed to gather the support of the public for policy proposals. The framers here select symbols and concepts that mirror the values and opinions in public sentiments, thus manipulating public sentiments for their own goals. Campbell adds that policymakers need not be constrained by public sentiment but can actually mobilize it toward their own purposes.[10] This thesis will thus examine how the politicians in favour of membership framed both EU membership and EMU membership as being in accordance with the two countries' national identities.

When looking at ideas as *public sentiments*, Campbell explains that public sentiment can limit the normative range of solutions. If a solution lacks political legitimacy, it will not receive serious consideration, regardless of it being deemed instrumentally effective or not. Public sentiments are further made up of broad-based attitudes and normative assumptions on what is desirable and what is not, there need not be a consistent set of positions on different issues. Policymakers can recognize the public sentiments through opinion polls and constituent feedback, thus making public sentiments not so taken for granted that they are invisible, Campbell adds.[11] Public sentiments will be presented throughout the text. A majority of politicians in both Finland and Sweden were in favour of EU membership but

[10] Ibid, 394
[11] Ibid, 392

feared a lack of public support, and thus took the question to a referendum. This situation would be repeated in Sweden, as another referendum was held on EMU membership.

2.2 Conceptualizing National Identity-related elite discourses

Furthermore, one needs to examine the role of discourse in national identity in order to understand the relationship between national identity and political ideology. Alan Finlayson's theoretical framework argues against general and unitary theories of nationalism by focusing on unique national phenomena. This thesis aims not to discredit any general or unitary theory of nationalism; however, Finlayson's theory is more suitable with the theoretical and empirical research of this thesis.

The argument is that individual nationalisms contain a unique *content* that can define the general culture of the people, which is further related to the construction and deployment of such values within the ideological discourse. The best way to comprehend and analyse this content is a discourse analysis that "relates the production of nation and national identity to wider political, and other, discourses".[12]

A national type of common sense is settled within the discourse of national identity, which can be rejuvenated in political ideological discourse. Political projects and policies can thus legitimize themselves as an expression of the historic mission of the national people. Finlayson defines the national common sense as something which can set limits to political transformation while simultaneously is capable of transforming itself.[13]

[12] Alan Finlayson, "Ideology, Discourse and Nationalism," *Journal of Political Ideologies* 3, no. 1 (1998): pp. 99-118, https://doi.org/10.1080/13569319808420771.
[13] Ibid, 102

The political ideologies are legitimated through the association with the nation. Finlayson adds that "Nationalism provides political ideologies with the appearance of a natural derivation as if they stem from the very nature of the people themselves".[14] Nationalism is a collection of various attitudes and social/historical trajectories rather than just a political ideology. Political ideologies can out of this collection of attitudes manufacture principles of legitimacy.[15] This will be central in the thesis as there will be a comparison in how both the Yes and No campaigns in both countries competed for legitimizing their arguments. This thesis will further present how national identity was layered in the ideologies of the political elites.

This enables us to start to theorize the relationship between nationalism and political ideologies and to reconsider a definition of nationalism. Nationalism is not a political ideology but a clustering of various attitudes and social/historical trajectories. Out of this cluster, specifical political ideologies can manufacture principles of legitimacy. Nationalism can further be considered a discursive operation that acts to define a specific people in a specific way. The central discursive project is to establish a "we", and to give this "we" a meaning.[16]

2.3 Linking national identity and political economy

While Maja Eichler's study focuses on the post-communist transitions of Russia and Ukraine, the drastic effects that the fall of the Soviet Union had on Swedish and Finnish economic and foreign policy renders her theoretical framework suitable for this thesis. As Finland and Sweden were both dependent on their exports, the economic turbulence in the early 1990s heated the debate of whether further European integration was a necessity and whether it could

[14] Ibid, 105
[15] Ibid, 113
[16] ibid

coexist with the core values of the two countries. Furthermore, the struggle between state and societal actors needs to be presented, as the industrial sector would attempt legitimate EU and EMU membership as in line with a modern national identity, with Eurosceptics opposing.

It is important to clarify that while Eichler's study is centered around economic nationalism, the emphasis is not on economic nationalism as the realist doctrine associated with mercantilist policies, but rather as a generic term that helps exploring the relationship between political economy and national identity. It should further be understood as "the attempt by state and societal actors to link economic prescriptions to a particular understanding or "variant" of national identity in order to create greater legitimacy for their economic policies".[17]

Eichler adds that the study of national identity focuses on historical and cultural aspects, with limited attention towards political economy, whereas scholars of political economy, whether liberals, institutionalists, or Marxists, have mostly assumed the question of national identity to be marginal to our understanding of changing economic structures. One thus needs to integrate the study of national and nationalism with the study of political economy in order to understand how these two aspects are related.[18]

By building Katherine Verdery's emphasis on the ideological significance of the nation, Eichler's basic assumption is that national identity should not be seen as a basis of explanation but rather as that which itself requires explanation. This understanding of nationalism thus allows economic nationalism to be reconsidered in three steps.[19]

[17] Maja Eichler, "3. Explaining Postcommunist Transformations: Economic Nationalism in Ukraine and Russia," *Economic Nationalism in a Globalizing World*, 2019, pp. 69-88, https://doi.org/10.7591/9781501726620-006, 69.

[18] Ibid, 72
[19] Ibid, 73

Firstly, economic nationalism should generically be understood in terms of the relationship between national identity and political economy. The meaning of economic nationalism cannot be recognised in advance, as it can take on a plethora of ideological contents. Economic nationalism thus depends on the historically specific balance of social forces in where it is positioned. The given meaning of any economic nationalism requires specification by its historical and social context. Furthermore, focus is not placed on the economic ideas of nationalists, but instead on the notion of national identity put forward or supported by state and economic actors. This kind of approach focuses on how the understandings of national identity are cemented in the political economy of a country.[20]

Secondly, economic nationalism should be examined as a form of domestic political struggle. Eichler's definition of economic nationalism is the attempt to link a specific understanding of national identity to certain economic policies, which in turn capitalize on the legitimating effects that the concept "nation" brings with it. The politics of national identity can be viewed as the theatre of conflict between and among state and societal actors over the course of economic policy. National identity thus has the potential to become a political tool for actors in their struggle for economic transformation.[21]

Finally, Eichler further adds that economic nationalism can help explain the post-communist transformation as it addresses the central problematic legitimacy in post-communist states at the intersections of national identity and political economy. She highlights the fact that post-communist transformations are not linear processes with given outcomes, but rather the result of social and political struggles. Furthermore, the concept of economic nationalism promotes the linkages between the political, economic, and ideological moments of the transition as it highlights how the notions of national identity are defined by the balance of social forces and

[20] Ibid
[21] Ibid, 73-74

are used as a political tool in the struggle over economic reform. The official constructions of national identity further play a vital role in legitimizing a specific course of economic transformation. Economic nationalism ultimately clarifies the fact that national transformations are entrenched within the regional and global context, as definitions of national identity and economic policies are influenced by developments in the global political economy, whereas policies focusing on integration are linked to specific domestic projects of change.[22]

[22] Ibid, 74

3. Empirical analysis

3.1 The meaning of Europe

3.1.1 The Swedish meaning of Europe

The Swedish view of Europe has its roots in Protestantism. The vision of a Protestant Europe fighting for just beliefs through military victories resulted in the ultimate collapse of the envisioned European Christian *Res Publica*. Sweden was a European power during the signing of the Westphalian Treaty and remained a power during the coming 70 years, with Swedish national identity being actively distanced from European unification discourse, favouring national consolidation during this period.[23] Further distancing from Europe would accelerate when Sweden lost its military and political might in the early nineteenth century, as the Finnish territory was lost to Russia. When Karl XIV Johan acceded the Swedish throne, he imposed the policy of neutrality as Sweden was separated from the rest of the continent and would therefore not get involved in any conflicts that didn't concern its peoples. While revolutionary winds were blowing across Europe, the Swedish reformists viewed Europe as an old and obsolete system, where the new order was instead to come through national, constitutional and universal liberal terms. Swedish reforms were thus prioritized above European Unification for peace.[24]

Furthermore, the concept of the continent was established during this period of time. Instead of belonging to Europe, the notion in Sweden was to demarcate the European mainland from

[23] Mikael af Malmborg and Stråth Bo, "Swedish Demarcation from Europe," in *The Meaning of Europe Variety and Contention within and among Nations* (Oxford: Berg, 2002), 126
[24] Ibid, 129

both the British Isles and Scandinavia. While the Swedish notion is similar to the English, Stråth states that going to Europe and the continent means the same thing in England: crossing the channel. This is not the case in Sweden, as one can go to the continent but not go to Europe. Stråth explains this peculiarity by stating that the Swede feels European but acknowledges the clear political and cultural demarcation.[25]

When The Social Democrats rose to prominence in the 1920s, they stood for the international orientation in Swedish politics, believing in a new Europe with international cooperation building a democratic world.[26] They would however have to reconsider their hopes in the 1930s due to the developments that were occurring to the east and south of Scandinavia, combined with the collapse of the League of Nations. Instead of Sweden being a member of a progressive Europe, Europe would instead become the Other in the Social Democratic strategic thinking of the 1930s.[27] The idea of a Protestant Europe would remain and (re)appear after the Second World War. Bo Stråth calls this a *Third-way world conscience* which had its roots in the Social Democratic mobilization of Protestant values in the 1930s. The missionary idea of fighting for just belief disappeared, but that the values of Protestantism and belief in progress remained.[28] The role of Protestantism in Swedish culture remained strong, as Catholicism would still be presented as a threat after the Second World War. The mental boundary between a Protestant progressive Sweden and conservative Catholic Europe would continue after the Second World War, with the meaning of Europe still being equal with Catholicism.[29]

[25] Ibid, 131
[26] ibid, 134.
[27] Ibid, 135
[28] Ibid, 127
[29] Ibid, 137

The Swedish national identity is tightly connected to the welfare state through the concept of *Folkhemmet*, meaning "the people's home". This was the main slogan of the Social Democrats, which had dominated Swedish politics since 1933. While the slogan of all-covering welfare was utopian, Trägårdh states that many Swedes saw themselves as the most modern, democratic, and equal people by inhabiting this model of the future.[30] Trägårdh further states that the left-wing supporters viewed Europe as a "backwards bastion of neo-feudalism, patriarchy, hierarchy, disorder, corruption and inequality". [31] The continental features of federalism and civil society were identified as antithetical to the principles of the welfare state.[32]

In the 1960s, the Swedes perceived themselves as the most democratic as well as amongst the richest people in the world. The high GDP of Sweden would become a matter of pride and national identity.[33] Free trade would be favoured, but closer integration was still rejected due to the neutrality policy. The Swedish image of Europe in the 1960s and 1970s was still similar to the one of the 1930s, with European values being portrayed as conservative, capitalist, catholic and colonial. Europe was thus the conceptual opposite of Sweden, Trägårdh adds.[34]

When the Swedish economy began to weaken, the pro-European conservative party leader Gösta Bohman argued that Swedish businesses could leave Sweden, should Sweden be denied access and equal terms to the European markets. This was an argument that would become central for the pro-European side. The 1980s would see the rise of neo-liberalism and increasing calls for deregulation of the economy and a dismantling of the welfare state.[35] Centre-right politicians and business owners established the think tank Timbro, as an

[30] Trägårdh, *Sweden and the EU,* 131
[31] Ibid, 132
[32] Ibid
[33] Ibid, 151
[34] Ibid, 154
[35] Ibid, 157-158

alternative to the academic institutions which were perceived as being dominated by the Social Democrats and Left. Timbro would critique the Swedish welfare state, and refer to it as the social state, thus conjuring visions of a bureaucratic social(ist) state.[36] Pro-EU arguments would gain traction in Swedish discourse when the legitimacy of the welfare state was undermined. Timbro argued that welfare statism would over time lead to economic stagnation, whereas a relative dismantling of the welfare state would ensure economic growth and prosperity.[37]

3.1.2 The Finnish meaning of Europe

When looking at Finland, Henrik Meinander states in the chapter *On the Brink or In-between? The Conception of Europe in Finnish Identity* that Finland has often been described as the most western country in Eastern Europe and simultaneously the most eastern country in Western Europe. When Finland joined the EU in 1995, many Finns felt as if history had come full circle as the land had once again become integrated within a great power.[38] Teija Tiilikainen similarly writes in her paper *Finland — An EU Member with a Small State Identity*, that Finland has in its past been a border as well as a territory that has been fought over between the two hostile empires, Sweden and Russia. Tiilikainen further states that Finland was the main borderland between Roman Catholic Christianity, and Orthodox Christianity.[39]

When Finland was a Grand Duchy of the Russian Empire, the meaning of Europe in Finnish identity became increasingly evident. As industrialization and urbanization spread throughout

[36] Ibid, 159
[37] Ibid, 160
[38] Meinander, *On the Brink or In-between? The Conception of Europe in Finnish Identity*, 149
[39] Teija Tiilikainen, "Finland — An EU Member with a Small State Identity," *Journal of European Integration* 28, no. 1 (2006): pp. 73-87, https://doi.org/10.1080/07036330500480599, 75.

Western Europe, Finland would gradually become integrated into industrialism.[40] The Finnish liberals would welcome this integration into industrialism, as it fitted their belief of Finland being a part of Western civilization, if not Western Europe. The Finnish liberals found Western solutions in politics, social planning and culture as necessities for a social modernization and a maturing of the national state.[41]

Meinander further notes that the concept of Europe in Finnish discourse became polarized in the aftermath of Finland's independence from Russia. While there existed a proud guardian attitude towards the West, the fear of being left alone with a recovered Russia aiming to retain the Baltic provinces remained.[42] These fears would become realized in 1939 as Soviet forces invaded Finland in what today is known as the Winter War. The Soviet invasion was eventually thwarted, and a peace treaty was signed in March 1940, however, the Finns were according to Meinander "*left with a deep wound in the heart"* as the war justified the previous fears of being left alone with Russia. The Finnish image of Europe and the Western world, in general, would be one of remembering that fatal consequences could emerge from believing that any Western country would attempt to rescue Finland unless it was to serve its own military interests.[43] As a result of this, Finland would according to Meinander be "on the brink" and "somewhere in-between Europe" during the Cold War, with Finnish foreign policy aiming to strengthen the belief of a united Europe capable of moving forward from the perils created by the two world wars and the ongoing cold war. Meinander further states that while this was a mere illusional conception of Europe, it helped establishing an optimistic perspective on Finland's Western position in the Cold war. [44]

[40] Meinander, *On the Brink or In-between? The Conception of Europe in Finnish Identity*, 151-152
[41] Ibid, 152
[42] Ibid, 157
[43] Ibid, 159-160
[44] Ibid, 164

Raunio argues that during Finland's treaty signing with the EC in the 1970s, the most prominent political actors were adamant in not exceeding the official neutrality policy. Full EC membership was never considered by the political actors, but debates on the possibilities to establish a free trade agreement with the EC existed. Opposition towards a free trade agreement came from mainly the extreme left. Sitting president Urho Kekkonen's Centre Party initially opposed the agreement, however, Raunio notes that the general opposition towards the agreement would be neutralized by the fact that both the West and Soviet Union were offered identical trade privileges, and thus in line with Finland's neutrality policy.[45]

Finnish opinion polls in the late 1980s reflected the general political climate regarding further European integration. The Finnish public supported the neutrality policy, but Raunio points out that there were few public surveys regarding foreign policy at the time, thus making it difficult to determine the Finnish stance towards EC membership prior to 1987. While the surveys measured the popularity of foreign policy, which presented high scores, Raunio adds that there was no alternative policy option presented within these surveys. A survey conducted in 1970 found that the Finnish general public opinion towards the EC was one of ignorance and uncertainty.[46]

The changes in the international system and liberation of Eastern and Central Europe in the late 1980s led Finland to become more active in its European integration policy, however, EC membership was still considered incompatible with the neutrality policy, with Raunio claiming that joining the European Economic Area would be a natural step for Finnish policy.[47]

[45] Raunio, Tiilikainen, *Finland in the European Union*, 22
[46] Ibid, 30
[47] Ibid, 22

3.2 Both countries joining the EU

3.2.1 The Swedish EU referendum

Clive Archer writes in his paper *Euroscepticism in the Nordic region* that Sweden and the Social Democratic Prime minister Tage Erlander rejected what the EC had to offer in economic and social policy terms, stating that the Swedish economic situation did not have any reason for replanning its trade policy.[48] Both the agrarian Centre Party and the Left party were strongly against EC membership. The conservative Moderate Party and the liberals were the opposition on this question and did not want to rule out the possibilities of future membership. Archer however notes that the opposition's hopes were essentially silenced through the association of the EC being a threat to the Swedish policy of neutrality.[49]

Stråth notes that from the mid-1980s, there were political attempts to intensify the degree of market integration with western Europe. The conservatives would further view EEC membership to be compatible with the policy of neutrality. The Social Democrats however viewed Swedish sovereignty as self-chosen, with the neutrality concept being the guarantor of sovereignty.[50] This would however begin to change with the fall of the Berlin Wall and the Swedish currency undergoing severe speculative pressure in 1990, leading the Social Democrats to fear that Sweden could become isolated.[51] The Social Democrats would submit the application for EEC membership in 1991 and would frame EU membership as a possibility of "Swedenizing Europe" by spreading the Swedish welfare model into Europe,

[48] Clive Archer, "Euroscepticism in the Nordic Region," *Journal of European Integration* 22, no. 1 (2000): pp. 87-114, https://doi.org/10.1080/07036330008429080, 102.
[49] Ibid
[50] Stråth, *Swedish Demarcation from Europe*, 143
[51] Ibid, 144

whereas the Conservative-Liberal frame was to "Europeanise Sweden" after the many years of Social Democratic rule.[52]

Archer notes that public opinion in Sweden would shift from being in favour of membership in the late 1980s, as well as supporting the membership application in 1991 to being against membership in 1992, when the Danish population rejected the Maastricht treaty in a June 1992 referendum. The Social Democratic voters were further largely against EU membership. When the Social Democrats won the parliamentary elections in 1994 and Ingvar Carlsson was reinstated as Prime minister, support for the EU would resurface with party members having an equal amount of support for both camps.[53]

Milena Sunnus meanwhile writes in the article *Swedish Euroscepticism: Democracy, Sovereignty, and Welfare* that as of the 1990s, the notion of Swedishness had become increasingly debated. The economic crisis of the early 1990s led to fears of the Swedish welfare state coming to an end with many Swedes becoming uneasy about their cultural self-awareness. Sunnus argues that the debate surrounding Swedishness was to what extent Sweden is or should become European. The Eurosceptic themes found a deep resonance with the general public in the inter-referendum period, as Sunnus notes that the debate on the cultural dimension of European integration was portrayed in a way of threatening Swedish and Nordic values.[54]

While the right parties framed the single market's benefits as well as the possibility of having a voice in the EU-decision making, the Eurosceptic left leaning parties would warn against the loss of self-determination. The lack of transparency was a further cause for concern amongst the left, with a Social Democratic MEP stating in an interview with Sunnus they had

[52] Ibid, 145
[53] Archer, *Euroscepticism in the Nordic Region*, 104
[54] Milena Sunnus, *SWEDISH EUROSCEPTICISM: DEMOCRACY, SOVEREIGNTY AND WELFARE*, 194.

voted against Swedish EU membership due to the reason of EU democracy being imposed from above, instead of their desired bottom-up system.[55] Other Social Democratic parliamentarians from rural areas would argue that the distance to Brussels would be a social and political problem. They voiced their concerns by stating that the EU would do nothing towards their personal problems, exemplifying unemployment, day care centres, and social security. Swedish Social Democratic EU Commissioner at the time, Anita Gradin, countered these arguments by stressing that Sweden is an export-oriented country and that the rural north, with its many industries, was a bit out of touch with reality. She added that the historical emphasis of the neutrality policy had led people to believe that Sweden could manage everything by themselves. [56]

Industry and commerce groups were the largest proponents for Swedish membership of the EU. These included the Swedish Federation of Industries, the Swedish Employers Federation, as well as the CEO of Volvo, Per Gyllenhammar. The opposition towards membership consisted mainly of grass-roots union members in the blue-collar sector.[57]

The pro-EU camp initially attempted to frame the internal market as increased competition, which was nothing to be afraid about. EU advocates would later scrap the market related discourse, fearing that it sounded intimidating. They would instead focus on sports related metaphors, arguing that Europe was a soccer field where Sweden had to show that they were ready to play with the best, as well as claiming that if Sweden was to remain out of the EU, it would be as humiliating as if Sweden was not to take part in the ice hockey world championship.[58] EU membership was compatible with the welfare state according to the pro-

[55] Ibid, 196
[56] Ibid, 197
[57] Archer, *Euroscepticism in the Nordic Region*, 104
[58] Erik Ringmar, "Re-Imagining Sweden: The Rhetorical Battle Over EU Membership," *Scandinavian Journal of History* 23, no. 1-2 (1998): pp. 45-63, https://doi.org/10.1080/03468759850116016, 52.

EU advocates. The EU was further framed as being more than a market, as the Maastricht Treaty had added social dimensions to the common agenda. The Social Democrats attempted to frame the EU as a "Social Democratic project", by claiming that there would be a Social Democratic "stamp" on European projects. The liberals would in turn argue that some European Countries already maintained higher social standards than existed in Sweden. The No-camp would focus on the public sentiments, arguing that Swedish welfare would have to conform to the lower Continental standards, combined with the, at the time low, unemployment rate rising to an average European level.[59]

The neutrality policy was central to many Eurosceptic politicians. One Eurosceptic Social Democrat parliamentarian stated that they voted against EU membership as they feared joining a federal Europe with a common defence. A Christian Democrat parliamentarian highlighted that the Swedish lack of participation in the wars of the twentieth century made it difficult for the general public to understand the idea of the EU being a peace project, as they could not identify with it and see the potential gains. They further argued that the EU was portrayed as an institution that micromanaged tasks.[60]

Sunnus further states that many of her Eurosceptic interviewees identified the EU with federalism, with an MP from the Greens arguing that European decisions would make countries the same without taking national and cultural differences into account when establishing laws. The same MP would further argue that collective European action was required to tackle environmental issues but would at the same time fear that Sweden would have to tone down their environmental laws in order not to coerce other counties. Sunnus adds that Eurosceptics

[59] Ibid, 53
[60] Milena Sunnus, *SWEDISH EUROSCEPTICISM: DEMOCRACY, SOVEREIGNTY AND WELFARE*, 197.

argued that Sweden would lose its ability to establish strong environmental regulations, adding that EU membership would compromise the country's high standards in environmental and welfare issues.[61] The Swedish alcohol policy would further be a hot topic prior, during, and after the EU referendum. The sale of alcohol in Sweden was, and still is, through a state monopoly. While the EU and Sweden agreed to maintain the retail monopoly for alcohol, the freedom of movement of goods allowed Swedish citizens to import higher quantities of alcohol. A Christian Democrat MP highlighted the risks of EU law in the field as they wanted Sweden to have its own policy to keep alcohol away from minors as well as to combat alcohol abuse. Sunnus adds that Eurosceptics would view themselves as the defenders of a political culture that saw it as the state's duty to preserve the *folkhem*. Europe and its open borders were portrayed as an outside force that would weaken the Swedish welfare and wellbeing.[62]

A final source for Swedish Euroscepticism was gender equality and social welfare. As Sweden's gender policies were perceived to be advanced, EU membership was portrayed as problematic for women's opportunities. This would further be exemplified in the EU referendum as 52% of women voted against membership. The unequal representation in the EU institutions was a further cause for concern in Sweden. A local councillor for the Liberal Party, the most pro-EU party, would further criticize the EU institutions by arguing that women only seed to be allowed to handle social welfare issues, whereas men would concentrate on bigger issues like the EMU.[63]

Sunnus adds that Euroscepticism is inspired by the positive national self-image, where democracy, equality and social welfare are central pillars that are being challenged by backward European laws. For the Eurosceptics, the EU was a "significant other" which

[61] Ibid, 199
[62] Ibid, 200
[63] Ibid, 201

enhanced a sense of Swedishness and invoked a nationalist, defensive cultural flow. The former governor of Jämtland County, Kristina Persson, stated

> Euroscepticism has to do with the Swedish self-image of being special, more liberal, more social, equal and better than the rest of Europe. This image was established in the 1960s, and then there was some truth in it. But people do not realise that things changed in the 1980s and 90s. Sweden is not so special any longer. However, during this debate about membership the image of "being better" was widely propagated and created this reluctance towards the EU. I think many people still live by these ideas.[64]

An EU correspondent from one of the major Swedish newspapers further captured the classic Eurosceptic sentiments by comparing Sweden to Great Britain and arguing that like Britain, Sweden sees itself as better and different, as both countries had been isolated from the rest of the world, and both countries not being invaded by foreign forces for a long period of time, ultimately creating a mindset of both countries being to manage everything by themselves.[65]

3.2.2 The Finnish EU referendum

Once Finland submitted their application for joining the EU, Raunio states that the main political elites appeared to unanimously be in favour of membership. The Centre Party would still be cautious, but the campaign favouring membership would become boosted when President Mauno Koivistu expressed support for Finland joining the EU in 1992. Organized opposition would start in 1992, although it remained heterogeneous in terms of social and political groups, Raunio adds. Opposition towards membership would further be strong amongst women, as there was a fear that joining the EU could weaken social and employment rights. The EU debate mainly concerned the economy, identity and security.[66]

[64] Ibid, 202
[65] Ibid
[66] Raunio, Tiilikainen, *Finland in the European Union*, 27

The issue of Finnish identity would eventually surface in the membership debate. Raunio explains that the supporters in favour of membership argued that joining the EU was a logical step for Finnish foreign policy, due to Finland's connection to the Western values of democracy and market economy. He adds that the opposition's rhetoric of a potential loss of Finnish identity was aimed at fuelling the passions of the general public, rather than using analytical arguments as a means of persuasion.[67]

Finland's European integration policy needs to be understood through the formation of the Finnish national identity. A firm position taken by the state constitutes the core element of political culture in Finland. Tiilikainen and Raunio claim that this state-centric political culture has its roots in the way that Finland, first as a political entity, and later as a nation, came into being.[68]

In the early 1990s, the Finnish population had become accustomed to living in a world where state security and sovereignty formed the starting point for political life. When the debate regarding European participation commenced, it took place along these state-centric terms.[69]

A key reason for the Finnish EU application was thus the benefits membership presented for state security. Finnish political identity was at this time still seeking protection for its land and people.[70]

The commitment to integration that prevailed among the political, administrative, and business elites could according to Raunio and Tiilikainen be traced back to the economic and security policy motivations. This was however not mirrored by the general Finnish public, as Raunio and Tiilikainen argued that the Finns were sceptical about the benefits and desirability EU

[67] Ibid, 28
[68] Ibid, 143
[69] Ibid, 144
[70] ibid

membership had to offer. Similar to the Swedish Eurosceptics, the general public view the EU as lacking in legitimacy.[71]

Politics in Finland have been dominated by the Social Democratic Party, the conservative National coalition, and the agrarian Centre party. Between 1945 and 2001, the three parties captured 57 to 68 percent of the votes in national parliamentary elections.[72] Similar to Sweden, the Social Democratic Party demanded Finnish application to the EC in 1991. While party leadership was fully supportive of European integration, there was some scepticism amongst supporters as 25% were either against or uncertain. The elite opinion within the party was influential, as the undecided would eventually vote in favour of membership.[73]

The Centre Party was the leading government party from 1991 to 1995 and thus played a pivotal part in Finland's decision to apply for EC membership. The party was not united as 21 of 55 MPs voted against Finland's application. Prime Minister and Party Chairman Esko Aho was however influential in swinging the supporter's opinions, as he threatened to resign if the Centre Party was to oppose membership. At the party congress in June 1994, membership was supported with 1,607 votes against 834. In the referendum 36% of party supporters favoured membership, and Raunio notes that the public identified Prime minister Aho as the sole person who strongly influenced the publics' opinion on membership.[74]

In June 1991 the National Coalition announced that Finland should apply for EC membership. During the referendum, 89% of party supporters voted in favour of membership, and the party was further the most united of the three core parties on the issue of European integration. The

[71] Ibid, 145
[72] Karl Magnus Johansson and Tapio Raunio, "Partisan Responses to Europe: Comparing Finnish and Swedish Political Parties," *European Journal of Political Research* 39, no. 2 (2001): pp. 225-249, https://doi.org/10.1111/1475-6765.00576, 231.
[73] Ibid, 235
[74] Ibid, 236

moderate right-wing ideology was the reason for the large majority of supporters being in favour of EU membership and fostering closer ties to the West.[75]

A feature in Finnish politics, as opposed to Swedish, was that coalition governments were regularly formed around two of these three dominant parties. Smaller parties could thus not hold radical positions if they wanted to become coalition partners. Finnish Prime Minister Paavo Lipponen used this as leverage in order for the smaller parties to adhere to his EU policy, Johan Eliasson states.[76]

The Swedish People's Party announced that Finland should apply for membership in 1991. 85% of party supporters voted in favour of EU membership in the 1994 referendum. Green League did not take a decision prior to the 1994 referendum. Elite disagreement was mirrored at the voter level, as 55% of voters favoured membership. The Christian Union and the now defunct Rural Party were the only parties that officially were against EU membership.[77]

Raunio notes that the international orientation of the National Coalition, the Swedish People's Party, the Social Democratic Party, and the Green League was central for Finnish EU membership, as all the parties saw European integration as a way to cement Finland's place in the West.[78]

[75] Ibid, 237
[76] Johan Eliasson, "Traditions, Identity and Security: The Legacy of Neutrality in Finnish and Swedish Security Policies in Light of European Integration" *European Integration online Journal (EIoP),* Vol. 8, No. 6, 2004, 3
[77] Johansson, Raunio, Partisan *Responses to Europe: Comparing Finnish and Swedish Political Parties,* 239
[78] Ibid, 240

3.3 Euroscepticism after the EU referendums

3.3.1 Sweden

The Swedish views on the EU did not become warmer after joining the union on the 1st of January 1995. On the contrary, Archer noted that opinion would turn to apathy during the September 1995 Swedish MEP election as opinion polls showed that only 27% supported EU membership. The Swedish views on the EU would further influence the Social Democrat government of Göran Persson, who had assumed the role as Prime Minister when Ingvar Carlsson stepped down in March 1996, to stay out of the EMU as the public opposition towards a more federal Europe outweighed the economic arguments.[79]

In November 1996, more than 50% of survey respondents were against the EU membership, just under 30% were for the membership, and 20% were uncertain. In November 2001, 6 years after Sweden had joined the EU, the EU membership was for the first time viewed as beneficial for Sweden. During the referendum in 2003, more than 40% of survey respondents were for the EU membership, with less than 40% being against, and 20% were uncertain. In 2020, nearly 60% were for the membership, 25% were uncertain and less than 20% were against the EU membership.[80]

The EU approval ratings in Sweden were however tightly linked to party support. Support for EU membership amongst the two most pro-European parties, the Liberals and the Conservatives, would hover around 50 and 60 percent in November 1996 and would increase

[79] Archer, *Euroscepticism in the Nordic Region*, 104
[80] "EU-Sympatier 1996-2021," Statistiska Centralbyrån, accessed May 11, 2021, https://www.scb.se/hitta-statistik/statistik-efter-amne/demokrati/partisympatier/partisympatiundersokningen-psu/pong/tabell-och-diagram/eu--emu-sympatier/eu-sympatier/.

to 70% ahead of the EMU referendum. The survey conducted by the Central Bureau of Statistics does however not clarify whether the remaining 30% in both parties were against or indifferent.[81]

All other parties were more EU-sceptic initially, with the left party and the greens only holding a 10% favourable view of the membership. Around the EMU referendum, the left party had a 20% favourable view of the membership, with the greens at 30%. The Christian Democrats had a 20% approval rating of the EU in November 1996. This would hover around 40% during the EMU referendum. The Social Democrats had an approval rating of the EU in the high 20's, which would rise to 45% during the EMU referendum. Finally, less than 20% of Centre party voters viewed the EU membership as beneficial. The attitude would become slightly more favourable towards the EU during the EMU referendum, but only 30% viewed the membership as beneficial. However, as with the Liberals and the conservatives, the survey conducted by the Central Bureau of Statistics did not clarify whether people opposed or were indifferent to the Swedish EU membership.[82]

3.3.2 Finland

Meinander further claims that that the 57 percent of Finns voting to enter the EU did not prioritize the Finnish welfare state, and nor did they have any problems with leaving behind the previous rhetoric of neutrality rhetoric which was commonplace during the Cold War.[83] He adds that it all came down to the traumatic history, which had taught the Finns the dangers of leaving the hard questions of security policy unsolved. By joining the European project,

[81] "EU-Sympatier Efter Partisympati 1996–2021," Statistiska Centralbyrån, accessed May 11, 2021, https://www.scb.se/hitta-statistik/statistik-efter-amne/demokrati/partisympatier/partisympatiundersokningen-psu/pong/tabell-och-diagram/eu--emu-sympatier/eu-sympatier-efter-partisympati/.

[82] ibid
[83] Ibid, 165

Finland took a step towards a more secure position in Europe. With the chaotic events in Russia after the fall of communism, the EU was viewed to provide a more secure future as the 1992 Maastricht treaty declared that the common aim was an integrated foreign and security policy, rather than just a monetary union.[84] (165 meinander)

Meinander notes that signs of the Finnish identity being affected by Europe would be visible directly as the first Finnish President of EU-era, Martti Ahtisaari, framed the potential of the European project in an optimistic tone, and by the end of the twentieth century, the public opinion in Finland viewed the idea of deepening political integration in Europe more favourably than the public opinion of Sweden and Denmark. Meinander further claims that the EU membership feels like an emotional homecoming. He concludes his chapter by stating that after 700 years of Swedish rule and two centuries of uncertainty, Finland is today no longer questioning whether their country belongs to Western Europe and whether they are "on the brink" or rather "somewhere between" where European Civilization is concerned. He adds that Russophobia and the fear of being left by the west will remain in shaping the Finish identity for generations to come.[85] Ingebritsen and Larson add that the Finnish people eagerly accepted the Western European identity in favour of the Eastern Russian identity.[86] They add that for a majority of Finns, joining the EU meant preserving a Finnish way of life.[87]

Finnish politics further has a tradition of cross-bloc coalitions, and unlike in Sweden, the Social Democrats in Finland never experience parliamentary hegemony and were thus accustomed to sharing power with other parties.[88] Leadership in the Social Democrats was further united on

[84] Meinander, *On the Brink or In-between? The Conception of Europe in Finnish Identity*, 165

[85] ibid 166
[86] Ingebritsen, Larson, *Interest and Identity*, 217
[87] Ibid, 219
[88] Raunio, *The EU and the Welfare State Are Compatible: Finnish Social Democrats and European Integration*,190

integration, as divisions within the party never caused serious problems for party leaders. Raunio states that the smooth adaption to Europe is partly due to discourse and persuasion [89]

The persuasion came in two forms. Firstly, the Social Democrats and its organizations organized hundreds of seminars and working groups in informing how the party's policies were related to European integration. Secondly, the party would in the early 1990s adopt specific EU programmes and election manifestos which argued that active Finnish involvement in a strong EU would benefit the country and Social Democrat voters. This consistent discourse highlighted the compatibility of European integration goals and the basic values of the party.[90]

3.4 Adopting the Euro

3.4.1 The Swedish Euro Referendum

The EMU referendum would not be the evenly contested fight as many experts predicted. The No-side would establish a clear lead in the polls during the spring of 2003, which would remain throughout the run-up to the referendum. The final debates in the days prior to the referendum would further be cancelled due to the murder of the Swedish Minister for Foreign Affairs, Anna Lindh, three days prior to the referendum.[91] Lindh was part of the Social Democratic campaign in favour of the Euro, and her popularity would increase immediately after her passing. However, the tragic event had very little effect on the ultimate decision of the voters.[92] 37% of voters stated that the national economy was the central issue of the referendum.[93]

[89] Ibid, 197
[90] Ibid, 199-200
[91] Henrik Oscarsson and Holmberg Sören, Nej till Euron (*Stockholm: Statistiska centralbyrån, 2005*), 7.

[92] Ibid, 9
[93] Ibid, 10

In the wake of the Swedish accession to the EU, an intense debate followed with regards to the question of adopting the euro or not. The Swedish parliament decided to put the question to the voters by announcing that the issue would be settled through another referendum. No date was initially set, as a "wait-and-see"-strategy was adopted.[94] The difference in the views of the political elite and general public could be observed from the start, as Lindahl and Naurin argue the business elite and politicians were again in favour of increased European integration, whereas the general public was against.[95] [96]

While the Social democrats were initially divided on the EMU membership and wanted to respect the public opinion by holding a referendum, an executive committee of the Social Democratic party would in January 2000 declare that they would recommend Swedish EMU membership, arguing that cooperation with European social democratic movements would ensure that the common currency, economic co-ordination, and a European growth strategy would lead to economic growth, jobs, and stability.[97]

Nicolas Aylott argues that the experience of presiding over the Swedish presidency of the EU's Council of minister helped shift Prime Minister Göran Persson's stance, who had been publicly sceptical of the currency until 1998. In 2003 Persson argued that no good argument existed against the euro.[98]

Social Democratic officials would proclaim that the euro would create over 100,000 jobs in the public sector, as well as allowing the average Swedish family to save over 30,000 kronor

[94] Rutger Lindahl and Daniel Naurin, "Sweden: The Twin Faces of a Euro-Outsider," *Journal of European Integration* 27, no. 1 (2005): pp. 65-87, https://doi.org/10.1080/07036330400029983, 69.
[95] Ibid
[96] Ibid, 72
[97] Trägårdh, *Sweden and the EU*, 172
[98] Nicholas Aylott, "Lessons Learned, Lessons Forgotten: The Swedish Referendum on EMU of September 2003," *Government and Opposition* 40, no. 4 (2005): pp. 540-564, https://doi.org/10.1111/j.1477-7053.2005.00164.x, 544.

annually. These claims were quickly challenged, and Aylott argues that the speculative nature could have done damage to the Yes side's credibility. [99]

Milena Sunnus argues that the idea of Sweden being a small state was central for the Swedish self-image, which exemplified in the EMU debate, as pro-Europeans argued that adopting the new currency would increase Swedish influence, whereas the Eurosceptics countered by claiming that joining the monetary union would make Sweden an even smaller country unable to finance its generous social welfare policies. Anti-EMU sentiments were strong in Sweden as the 2001 Eurobarometer presented that less than three in ten people were for adopting the new currency. Former EU Commissioner Anita Gradin would again highlight the history of imports and exports in Sweden when countering the argument of EMU opponents wanting an independent Swedish economic policy. Here she stated that Sweden hasn't been economically independent since the early eighteenth century, as steel and iron has been exported and people that have helped build the society have been imported.[100]

Henrik Oscarsson and Sören Holmberg futher state that the EMU referendum in 2003 differed from the EU referendum om 1994. The EU referendum was according to Oscarsson and Holmberg a black and white reflection of the general public's opinion in a single question. However, ever since joining the union, EU topics have become more nuanced and filled with more content.[101]

Surveys in 1997 presented that nearly 50% were against the EMU, just more than 20% were in favour, and nearly 30% were uncertain. The uncertainty level would range between 20 and 30% up until the referendum, with the for and against sides swapping places several times

[99] Ibid, 554
[100] Milena Sunnus, *SWEDISH EUROSCEPTICISM: DEMOCRACY, SOVEREIGNTY AND WELFARE*, 198
[101] Henrik Oscarsson and Holmberg Sören, *Ett klart NEJ till Euron* (Stockholm: Statistiska centralbyrån, 2004), 104.

leading up to the referendum. In the surveys conducted up until the referendum, no side would ever have more than 50% of respondents in favour or against the currency.[102]

Voters against the EMU who supported the centre to right parties would successfully argue that one could be a proponent of the Swedish EU membership without being in favour of the EMU. Every seventh voter, roughly 17% of the voters, thus took the stance of either ”Yes to Europe - No to the Euro”, or just ”wait and see”. Oscarsson and Holmgren further argue that this was a key group that played a pivotal part in the outcome of the referendum.[103]

Another interesting feature of the EMU referendum was that voters aged 60 or above voted against membership. The same group had nine years priors been overwhelmingly positive towards EU, and general support for the EU had been very stable within this demographic. Oscarsson and Holmberg state that this demographic extensively represented the Swedish voters whose standpoint was “To here, but not further”, as in Yes to the EU, but no to the Euro.[104]

Oscarsson and Holmberg further argue that voter ideology was a pivotal reason for rejecting the Euro. While the left to right political ideologies was central in the referendum, they state that nationalistic, internationalistic, and ideologies on gender helped determine the vote. For the yes campaign to have won, Oscarsson and Holmberg argue that not only would there need to have been more right-oriented voters, but also more internationalists, fewer nationalists, fewer gender ideologists, and fewer voters with Christian sympathies.[105]

[102] “EMU/Eurosympatier 1997-2021,” Statistiska Centralbyrån, accessed May 13, 2021, https://www.scb.se/hitta-statistik/statistik-efter-amne/demokrati/partisympatier/partisympatiundersokningen-psu/pong/tabell-och-diagram/eu--emu-sympatier/emu-eurosympatier/.
[103] Oscarsson, Holmberg, *Ett klart NEJ till Euron,* 106.
[104] Ibid, 89
[105] Ibid, 110

The economy was the dominating factor amongst voters in both camps, with the sides focusing on the one hand economic growth, and on the other, consumer prices.[106] A recurring argument amongst pro-EMU voters was that if Sweden already was in the EU, then they should go all the way, and further arguing that the referendum was unnecessary as Sweden already had proclaimed its stance during the 1994 EU referendum. Further arguments from the yes campaign focused on Sweden being too small to sustain its economy and welfare by itself. Cooperation between the other EU countries would be a requirement, and this could only be done by introducing the Euro as currency the proponents further argued. Furthermore, Oscarsson and Holmberg state that the yes campaign argued that voting against the EMU would hinder Sweden's future possibilities of influencing the EU.[107]

The no sides' main arguments after the economy and the consumer prices focused on national sovereignty. Maintaining a Swedish central bank and national control over monetary policy was a question of Swedish sovereignty and independence. By being able to set interest rates that best suited the Swedish economy was further central in the no campaigns argumentation. Power and influence were a further important topic for the anti-EMU side, although here they portrayed EMU membership as a transfer of sovereignty and influence to Brussels and Frankfurt.[108]

Social Democratic leaders did further not take any great risk ahead of the 2003 referendum. Aylott argues that Prime Minister Persson could perhaps have mobilized support for the euro had he threatened to resign in the case of a no vote. This was not the case, and Persson further stated that the Social Democratic formal parliamentary cooperation with the two anti-euro

[106] Ibid, 111
[107] Ibid, 112
[108] Ibid

parties would continue. Social Democratic voters could thus afford to rebel against the Prime Minister, without having to stakes his political life.[109]

3.4.2 Finland and the adoption of the euro

When Finland became a member of the EU in 1995, the country would immediately become connected to stage two of the EMU, the stage where the participating countries' economies would begin to become interconnected. Finland entered the third EMU stage in January 1999 when the currency was introduced in a non-physical form. The Finnish markka would be become replaced by the Euro in January 2002.[110]

The Finnish general opinion on the EMU would not play a large part in the accession to the monetary union. Whereas Sweden held a referendum on the topic, Finnish experts and the political elites would to a large extent decided on the issue behind closed doors. A delegation from the trade and industry would map out the Finnish attitudes towards the EMU throughout the entirety of the 1990s, and their reports concluded that a majority of the population was not in favour of joining the monetary union. Raunio further notes that support for the monetary union was lower than 50%, even though there were more public proponents rather than opponents.[111] The political parties were not in consensus on the monetary union with the National Coalition being in favour, while the Social Democrats and the Centre Party were divided. The Social Democrats would eventually become in favour of the monetary Union, whereas the Centre Party wanted to mirror Sweden and hold a referendum. The Centre Party demand would however disappear towards the end of the 1990s.[112]

[109] Aylott, *Lessons Learned, Lessons Forgotten: The Swedish Referendum on EMU of September 2003*, 562
[110] "Finlands Väg till EU-Medlem," Europainformationen, July 8, 2020, https://eurooppatiedotus.fi/sv/finland-och-eu/1733-2/.

[111] Tapio Raunio and Juho Saari, *Periferi Eller Centrum?: Förändring Och Kontinuitet i Finlands EU-Politik* (Helsingfors: Gaudeamus, 2017), 34.
[112] Ibid, 36

The Social Democrats would further argue that European integration was compatible with the Finnish welfare state model and would legitimize the EMU by arguing that the single currency would facilitate economic growth and monetary stability, thus generating the income required for financing the welfare state.[113] The Social Democratic Party was almost unanimous in 1997 when deciding in favour of Finland's participation in the EMU's third stage.[114] Amongst the other parties, the Centre Party would decide against EMU membership at a Party Congress in September 1997 but would in 1998 announce that it respected the parliamentary vote, and would not attempt to abandon the EMU in the future.[115] Meanwhile, the National Coalition strongly supported the EMU.[116] Amongst the smaller parties in Finland, the Left Alliance shifted its stance on the EMU. In the 1996 manifesto the party stated they were against the EMU, but through an internal caucus in 1997 over 52% of party supporters voted for the Left Alliance to remain in government, and thus giving their support for Finnish EMU membership.[117] The Green League took a similar stance on the EMU as the Left alliance. While initially hesitant and initially favouring postponement, Raunio noted that the party was a junior member in the government and would commit to the EMU in 1998. The Swedish People's Party would approve EMU membership at the 1997 party congress Finally, Christian Union Party Chairman Bjarne Kallis wished to postpone the EMU question, however, the June 1997 party congress voted against EMU membership.[118]

The debate prior to the Finnish accession to the EMU was similar to the ongoing debate in Sweden, where the parties weighed the advantages and disadvantages of the common currency. From an economic perspective, the benefits were presented as through the common currency's

[113] Raunio, *The EU and the Welfare State Are Compatible: Finnish Social Democrats and European Integration*,201
[114] Johansson, Raunio, Partisan *Responses to Europe: Comparing Finnish and Swedish Political Parties*, 235
[115] Ibid, 237
[116] Ibid
[117] Ibid, 238
[118] Ibid, 239

efficiency, with lower exchange rate uncertainty, comparable prices, and increased competitiveness. The opinions would however differ when it came to economic stability. Many elites in Finland were convinced that the EMU and the common monetary policy would contribute to a credible monetary policy. Lacking monetary policy credibility had been a cause for the traditional Finnish economic problems of high inflation and a decline in competitiveness. Proponents argued that competitiveness and price stability could be improved with the EMU. Experts and elites further argued that EMU accession could lead to lower interest rates than possible through independent Finnish monetary policy.

The initial general opinion in Finland was clearly against the EMU. In the autumn of 1996, a survey found that 62% were against, with only 29% being for the new currency. When the Finnish government declared their intention to join the monetary union, and with the parliament sanctioning the decision, support for the EU increase. In 2001 support was 72%.

Unlike Sweden, Finnish party elites took a gamble when taking positions that countered the voters' opinions. When the Finnish parliament approved EMU membership in 1998, 135 MPs out of 200 voted in favour. Meanwhile, surveys showed that only 40% of citizens were in favour of the EMU. Raunio argues that this political behaviour is explained by the elite's desires not to exclude their parties from future government negotiations.[119]

3.5 Analysis

What role did then national identity play in Finland's and Sweden's EU referendums, as well as in the two countries' decisions on the euro? National identity was central to both countries' EU referendums. While Euroscepticism existed in the rural parts of Finland, the fact that the three major Finnish political parties all took a similar stance, arguing for the security and

[119] Ibid, 241

sovereignty of Finland, the population quickly got behind these notions. While Finland was a welfare state, the EU was never perceived as a threat to the system. The fact that the Finnish Social Democrats managed to frame EU membership as compatible with the welfare system, ultimately quashed the debate. Finland did further not exhibit the same Eurosceptic tendencies after the EU referendum as Sweden did, as the EU quickly became legitimated amongst the Finnish public sentiments.

The Swedish EU debate was much more polarized. While a large majority of elite politicians were in favour of membership, they would find it more challenging to sway public opinion. It was obvious that Swedish exceptionalism existed in the minds of the general public, as the EU was synonymous with lower standards of welfare. While some Eurosceptics argued that EU membership was incompatible with the policy of neutrality in Sweden, these arguments never made it to the foreground of the debates. The elite politicians managed to coordinate their efforts and legitimize the EU membership. While the right initially wanted to rid the welfare state, they would ahead of the referendum attempt to legitimate membership as a necessity for the system to survive and evolve. The Social Democrats would legitimate the EU further, by boasting that the EU was a social democratic project and that Europe was going to be "Swedenized".

National identity would not play a pivotal role in the Finnish decision to adopt the euro as a currency. The initial uncertainty of the general public did not affect the decision of the political elites. It is obvious that further integration to Europe was beneficial for Finnish national security, as the politicians clearly cemented Finland's place in the West. The state-centric nature of politics in Finland further suppressed any potential debate, as the population was quick to accept the decision of the Finnish parliament. Arguments concerning national identity thus never had the opportunity to surface in Finland's euro debate.

The Swedish euro debate differed from Finland's, as several arguments were in the foreground. The internal split amongst the Social Democrats meant that the notion of the welfare state not being affected by the new currency could not be realized fully. While the economy was the major issue for both camps, the no camp was able to tap into the Swedish federo-scepticism, by arguing that Swedish sovereignty depended on an independent Swedish central bank. The attempts to frame Swedish national identity as being compatible with the euro currency were never properly coordinated, and thus ultimately unsuccessful. Prime Minister Göran Persson was very popular during the turn of the millennium and could arguably have swung Social Democratic voters had he threatened to resign if the no vote won. However, as previously mentioned, the Swedish political culture is not as state-centric as in Finland and is a culture of persuasion. Politicians need to sell an idea to the general public in order to legitimate it.

Conclusion

National identity thus played a large role in the two countries' EU referendums but was not as prevalent in the decision of adopting a new currency. Finland, Sweden, and the EU as a whole have changed drastically ever since the Swedish EMU referendum in 2003. While Eurosceptic parties have joined both countries' parliaments, the general perception of the EU has become much more favourable in the Nordic countries. The notions of the welfare state are still central in both countries, but the debate has shifted to an EU level now, as opposed to just being at a state level.[120] Both countries still maintain the policy of neutrality but have announced their intention to participate in the PESCO. Finland would further back the EU sanctions against Russia in the wake of the annexation of Crimea, even though they affected the Finnish economy.[121] Europe and the EU have thus become central to Finnish national identity.

Swedish support for the euro would increase after the EMU referendum, and a majority of voters were in favour of the currency before the financial crisis in 2008 and 2009. If Sweden had adopted a "wait-and-see"-strategy and waited with the referendum, it is fully plausible to believe that the population would have voted in favour of the currency. Support for the euro would however plummet after the global financial crisis, as well as with the Greek crisis. Unlike Denmark, Sweden does not have an opt-out clause regarding the euro. It is not unlikely that a new referendum will take place. Framing the euro as legitimate with Swedish national identity will most likely happen, however, new arguments will be placed in the foreground. A future study should therefore focus on how tech-start-ups and tech businesses in general have

[120] https://www.svd.se/hokmark-m-stoppa-en-europeisk-social-pelare
[121] "EU Sanctions against Russia Not Effective but Finland Backs Them: MP," Reuters (Thomson Reuters, November 23, 2016), https://www.reuters.com/article/us-eu-russia-sanctions-finland-idUSKBN13I1F3.

become a central part of the Swedish national identity, and whether the Euro could cement Stockholm's place as a European tech hub. These are the questions of tomorrow.

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