

## FINLAND: TWO YEARS OF LEFT-WING COALITION

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A scrutiny of the political basis on which the Paasio government rests reveals that, in Finnish terms, it is almost unique. This is the fourth government in which the extreme left, that is, the Communists, participate. But before we proceed to take a closer look at the activities of the Paasio government, a few words on the creation of the government.

### *The 1966 General Election Produces a Left-Wing Majority*

When the 1966 Election produced a majority for the Socialist parties it was the second time that such a result had occurred since the country became independent. The Socialist parties had earlier achieved a majority (101-99) at the General Election of 1958. But on that occasion no co-operation was established between the Social Democrats and the Communists. Apart from the Fagerholm majority government (29 August 1958 - 13 January 1959) the country was ruled during the period 1958-1962 by minority governments. The General Election of 1962 gave the country a stable bourgeois majority (113-87), and there followed a time of bourgeois majority rule broken for a short while by the Lehto government of experts.

The General Election of 1966 brought about considerable changes in the strengths of the various parties in Parliament (results of the 1962 General Election within brackets).

Social Democratic Party .....	55 seats	(38)
Centre Party .....	49 seats	(53)
Finnish People's Democratic League (Comm.) .....	41 seats	(47)
National Coalition .....	26 seats	(32)
Swedish People's Party .....	12 seats	(14)
Liberal People's Party .....	9 seats	(14)
Social Democratic League .....	7 seats	( 2)
Finnish Farmers' Party .....	1 seat	( -)

The outstanding features of the election were the landslide victory of the Social Democrats and the losses suffered by the bourgeois parties. The extreme left maintained its position. The Communist loss of six seats was counterbalanced by the 5 seats gained by the Communists' election-coalition partner, the Social Democratic League.

### *Negotiations on the Formation of a Government*

Negotiations on the formation of the government began after the General Election of 20-21 March 1966. These were started on April 14 after the Virolainen government had handed in its resignation. In accordance with practice, negotiations commenced with the "Presidential Round", when first the Speaker and thereafter the representatives of the parliamentary parties were received by the President in order to state their opinions on how the formation of the Government should be arranged. On April 16 the chairman of the Social Democratic Party, Mr Rafael Paasio, recently elected Speaker, was entrusted with the task of forming a new government. The Paasio majority government was appointed on May 27 1966 after negotiations lasting 42 days. The government consisted of 6 Social Democrats, 5 members of the Centre Party, 3 People's Democrats, and one representative of the Social Democratic League. The Opposition consisted of the 26 seats of the National Coalition, the 12 of the Swedish People's Party, the 9 of the Liberal People's Party, and the single seat of the Finnish Farmers' Party. Although the opposition counted no more than 48 seats out of 200, it is able to prevent the government from rushing through constitutional changes. For this, the Finnish Constitution stipulates a  $\frac{5}{8}$  majority. Nevertheless, a majority government with 152 seats must be regarded as being a highly workable one. It is of no small importance that a majority consisting of two-

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thirds of the Members of Parliament is able to pass tax laws of several years' duration. A simple majority has the power only to pass tax laws that remain in force for a single year.

When it comes to judging a government's powers of survival and workability, it is not only the government's support in parliament in arithmetic terms that is decisive. What is decisive frequently is, rather, the cohesion of the government. The negotiations on the formation of the government had no case been free of friction. Within the Social Democratic Party in particular, voices had been raised against participation in a government that included the Communists. According to one opinion in the party, a Social Democratic minority government would have been the only proper solution. Thus it turned out that the Social Democratic Party Executive was against participating in the projected government. The vote was 6 to 4 against. However, in the Party Council and the Parliamentary Party there was a clear majority for government participation. This decided the matter. But the Social Democrats' loyalty to the government was soon to be put to the test. The portfolio of the Minister of Justice had been assigned by the President of the Republic to Mr Aarre Simonen, chairman of the Social Democratic League. Mr Simonen's name is very closely associated with the split in the Social Democratic Party that has persisted for more than ten years. Mr Simonen may be regarded as being one of the bitterest enemies of the Social Democratic Party.

#### *The Opposition Attacks the Government*

In Finland one of the ways in which the Opposition is able to corner the government is by laying down a parliamentary question of confidence. The interpellation must be signed by at least 20 members in order to reach the government. Otherwise, it will lapse. After the government has been informed of the question it must deliver a reply within 15 days. Parliament then decides whether or not the reply is considered to be satisfactory. In practically all cases, an interpellation leads to the taking of a vote of confidence. The Paasio government has so far been faced with three parliamentary questions of confidence.

On 7 June 1966 members of the National Coalition laid down a question regarding the appointment of Mr Aarre Simonen as Minister of Justice in the recently nominated government. The interpellation pointed out that in 1961 the Court of Impeachment had found Mr Simonen guilty of irregularity. It was consequently asked whether Mr Simonen met the requirements of the Constitution. Paragraph 36 of the Finnish Government Constitution stipulates that "the President shall nominate as members of the government, who are to enjoy the confidence of parliament, native-born Finnish citizens known for their integrity and competence ..."

On 29 June the government, by a majority of 144-45, won a vote of confidence in respect of the interpellation. The government had thereby withstood its first trial of strength. Not least was the loyalty of the Social Democrats put to a hard test. But it turned out that all the parliamentary groups of the government parties supported the government unanimously.

On 19 September 1967 members of the National Coalition, together with the other opposition parties, put a question on the government's economic policy. It was claimed in the interpellation that, under the present government, the economic situation was continuously deteriorating, that investment was drying up, that growth of gross production was being weakened, that unemployment was on the increase, and that prices and costs were shooting up. It was asked what the government intended to do to stop this drift in affairs. The government gave its answer on 5 October. In the government's answer Mr Mauno Koivisto, Minister of Finance, admitted that the economic situation was deteriorating, but he emphasized that the situation which the present government had inherited from earlier governments was so weak that the drift had not been brought to a halt even by the economic policy that was being followed. In his answer the Minister of Finance drew attention, particularly, to the scarcity of capital.

For their part the members who had put the question claimed that in Finland savings and investment were percentually among the highest in the world. The fact that, despite this, there was a noticeable shortage of capital, was a result of the direction of available capital into unprofitable projects.

The government won the subsequent vote of confidence by 140 votes to 45. The government

bloc voted confidence unanimously. Members of the opposition parties were, with a single exception, lined up unanimously behind their motion. At about the same time as the interpellation on the economic situation, members of the Liberal People's Party and the Swedish People's Party put a question on the activities of the national broadcasting company. The interpellation drew attention to the lack of legal guarantees ensuring that the broadcasting company (television included) would observe impartiality. Legislation was requested wherein the principles of the broadcasting company's activities should be precisely defined.

On 29 September the government's answer was given by Mr Matti Kekkonen, second Minister of Communications. He agreed that legislation on broadcasting suffered from various deficiencies, which were, however, in the process of being corrected. A government commission was appointed in January 1966 to work out proposals on legislation regarding the responsibilities of the broadcasting company.

In the subsequent debate the radio management was accused by the Opposition of attempting to direct the formation of public opinion. It was admitted by some members of the government parties that there were certain deficiencies in the policy on broadcasting, but they drew attention to Mr Kekkonen's answer, according to which the government had already taken the steps requested in the interpellation. It was, above all, the People's Democrats who declared themselves satisfied with the existing policy on broadcasting.

During the course of the debate the Liberal and Swedish parties put forward a resolution requesting that a Bill on broadcasting legislation should be treated as a matter of urgency. The government declared that an approval of this motion would be interpreted as being a vote of no confidence. In the subsequent vote the government received the confidence of parliament by 145 to 45.

In the three votes of confidence that the Paasio government has been faced with, the results of the vote have been almost identical. It has not been possible to perceive any split in the government bloc. It may even be said that the Opposition has been practically united when it was a matter of voting no confidence in the government, but, on account of its paucity in numbers it has not been able seriously to challenge the government. It may consequently be claimed that, thanks to the stability of its foundations, the government has been able to continue its work in peace. Hence, it has been able to concentrate on its duties and upon the putting into practice of its aims.

A review is provided below of the most important decisions and moves made by the government and the government parties during their period in office. Finally, a brief description is given of how the present government parties have pursued co-operation among themselves to the point where they have succeeded in agreeing upon a common presidential candidate and a common election coalition for the electoral college. The Election in 1968 of the Electoral College was the first opportunity for the country to express its approval or disapproval in political affairs. Of chief importance was the voting-in of a college of electors who were to elect the President of the Republic. But the course of the election campaign clearly showed that, apart from its proper intent, the electoral college elections would become a trial of strength between government and opposition.

#### *Reform of the School System*

During the Paasio government's period in office several important and, in part, also disputed government bills have been presented to Parliament. On 14 April 1967 Parliament received a long awaited proposition concerning a new educational system. Application of the law during a period of transition will imply the setting up of junior comprehensive schools in all communes within ten years. The proposed reform means that the present primary, civic, and middle schools will be combined in a single junior comprehensive school offering a nine-year course.

A disputed point in the government proposition is the question of language teaching. The government proposes that English shall be an obligatory subject from as early as the third grade, while, in the Swedish-speaking junior comprehensives, Finnish shall be allowed in the place of English. It should be noticed that the pupil will not be obliged to learn more than one language that is foreign to him. In upper school, studies in Swedish (the country's second language) will be optional for Finnish speaking pupils, and English for Swedish speaking pupils.

The government's proposition has been subjected to a great deal of criticism with reference to its proposal on language teaching. It has been emphasized that connections with the Nordic countries will suffer if opportunities are curtailed of learning Swedish in the junior comprehensive school.

No decision has so far been reached regarding the government's proposition. It seems that the proposition will be passed unaltered in main outline. Where language teaching is concerned, public statements of opinion have been so divided that it is difficult to forecast what the outcome will be.

#### *The Parties Receive State Subsidy*

One of the few questions in which the government parties in Parliament have not been able to present a completely united front is the issue of subsidies for political parties. The initiative was taken by the government parties, who presented a bill providing a State subsidy of 10 million marks (50,000 per Member of Parliament) for the parties represented in Parliament. The party subsidy bill was thereafter included in the budget proposals. In December 1966 Parliament passed the bill during budget procedure. The Opposition urged rejection of the bill, but the bill was passed by 127 votes to 53. Fourteen members of the Center Party refused to consent to party subsidies, either abstaining or voting against. Contrariwise, all the attending members of the left-wing parties were in favour of the party subsidy. The bill became law on 13 January 1967 when the President confirmed the decision of Parliament.

#### *Legalisation of Party Activities in Finland*

The legalisation of political parties may be said to be a consequence of the passing of the party subsidy bill. According to the Bill, a party may be entered in the register of parties if it is able to present a list of 5,000 supporters. A further stipulation for entry in the register of parties is that the party statutes should ensure observance of democratic principles in matters concerning the activities of the party or the making of decisions. The party must have a common program making evident its principles and objectives.

Of particular interest is the stipulation according to which no subsidiary, local, or parallel association can be approved as member. This stipulation brought into focus the question of legalisation of the Communist Party. The party is a member organisation of the Finnish People's Democratic League. The Democratic League is, in turn, represented in parliament. It has been claimed that it is not possible for both the Communist Party and the Democratic League to be registered members (it may be pointed out that practically all the members of the Democratic League's parliamentary group are members of the Finnish Communist Party). The government, however, has taken the position that concurrent membership of the Democratic League and the Finnish Communist Party is possible.

#### *Finland Devalues*

Finland devalued on the night October 11 1967. Although rumours of devaluation had been in circulation for quite a while, the decision itself came as a surprise. The devaluation means that the basic international gold value of the Finnish mark sank by 23.81 per cent, and that foreign exchange rose by 31.25 per cent in terms of Finnish marks. In connection with the devaluation the government decided to present a parliamentary proposition by which an export duty of 14 per cent of the export price will be paid on all export articles right up until the close of 1969.

Concurrently with the devaluation the government introduced a price freeze. But it soon became clear that the prices of imported goods would go up. The price of coffee rose by 17 per cent. And when the prices of liquid fuels rose a chain reaction was set off, for fares rose in their turn. Likewise, the higher price of fuel oil means an increase in rents. These are just a few examples. The price rises have led in their turn, of course, to demands for wage increases.

The primary intention of the devaluation was the stimulation of exports and, thereby, an improvement in the employment situation. But it is clear, however, that the export duty law has cut deep into industry's export profits. And this has eliminated to a great extent the capacity of industry to alleviate unemployment.

It is still difficult at the moment to survey the final effects of the devaluation. It is evident that the Treasury can count on additional revenue from export duties, but it is clear, too, that inflation has been fostered by price rises with their concomitant wage claims. The available information gives no cause for believing that the devaluation has brought about a decline in unemployment.

#### *Increased Unemployment and Cost of Living*

A sensitive indicator of the government's economic policy is the employment situation and the rise in the cost of living. It must be remembered that these are also dependent upon the international economic climate, but it may also be asserted that developments within the employment situation and the cost of living are linked up with the economic policies pursued

under the present and previous governments. In any case, the public regards social and economic development as being mainly a result of the policy directed by the government.

During the 1960s the number of persons unemployed was as follows:<sup>1</sup>

1960	32,000	(1.5 per cent of insured workers)
1961	27,000	(1.2 %)
1962	27,000	(1.2 %)
1963	33,000	(1.5 %)
1964	33,000	(1.5 %)
1965	31,000	(1.4 %)

In September 1966 the number of unemployed was 22,000 (1.0%) and one year later 56,000 (2.6 %).<sup>2</sup> According to unofficial information<sup>3</sup> the number of unemployed at the moment (16 January 1968) is 75,000.

The cost of living index since 1960 has developed as follows (1951 = 100):

1960	136	1965	175
1961	140	1966	181
1962	143	1967	191
1963	150	December	
1964	164	1967	203

The Table shows that during the first six years the average increase in the cost of living was 6.5 points. During 1966 the rise was 10 points, and during the period January–December 1967 no less than 12 points.

#### *Government Policy and the Presidential Election*

On April 13 1967 representatives of five parties called on President Urho Kekkonen and requested that he accepted candidacy in the presidential election that was to take place at the beginning of 1968. Apart from the government parties the representatives included spokesmen of the Liberal People's Party and a faction of the Swedish People's Party. The Liberal People's Party was united in its support for the present incumbent, while the Swedish People's Party was divided in the matter.

It was interesting to observe that the parties making up the government bloc had agreed upon a common candidate. In the foregoing presidential election of 1962 the three left-wing parties had agreed upon common candidates. On that occasion Mr Kekkonen was elected by bourgeois votes alone. At its party congress on 15–16 April 1967 the National Coalition nominated Mr Matti Virkkunen, the managing director of one of the country's leading commercial banks, as its presidential candidate. The Finnish Farmer's Party had already nominated as presidential candidates its chairman, Mr Veikko Vennamo, M. P.

Before it became evident that the National Coalition was going to nominate a presidential candidate of its own, there was pressure, particularly among the left-wing parties, for the passage of an enabling act by which President Kekkonen would be re-elected by Parliament. A majority of two-thirds was necessary to bring this about. But, in order for the law to be passed before the next parliamentary elections, it was necessary that the matter be treated as one of urgency. This however, would require a majority of  $\frac{5}{6}$  of the votes cast. The idea of an exceptive act was stranded upon the resistance of the Opposition. President Kekkonen's position in the approaching presidential elections would be an extremely strong one. The parties lined up behind the candidacy of President Kekkonen held more than  $\frac{3}{4}$  of the seats in Parliament. His re-election seemed to be threatened at no stage. But it was a moot point whether the government parties – united in a single bloc for the election of the College – would receive a number of votes equivalent to their support in the parliamentary elections of 1966. Because the overwhelming majority of those who supported the re-election of Mr Kekkonen belonged to the government bloc, the election – despite the fact that it was primarily concerned with the choice of a head of state – took the shape of a trial of strength between government and

opposition. It should be remembered, too, that the election of the College was the first public election since the parliamentary election of 1966 and, above all, since the formation of the Paasio government in May 1966.

The following Table shows how the votes were distributed by party (compared with the parliamentary election of 1966):

	1968	1966	1968	1966
Social Democratic Party	315,068	(645,339)	15.5 %	(27.2)
Finnish People's Democratic League (Communists)	345,609	(502,635)	17.0 %	(21.2)
Center Party	421,198	(503,047)	20.7 %	(21.2)
Social Democratic League	46,832	( 61,274)	2.3 %	( 2.6)
Liberal People's Party	102,831	(153,259)	5.0 %	( 6.5)
National Coalition	432,014	(326,928)	21.2 %	(13.8)
Finnish Farmers' Party	231,282	( 24,351)	11.3 %	( 1.0)
Swedish People's Party*	114,979	(141,688)	5.6 %	( 6.0)
Others	28,855	( 11,525)	1.4 %	( 0.5)
	2,038,668	(2,370,046)	100.0 %	(100.0)

\* Of the votes cast for the Swedish People's Party, supporters of President Kekkonen received 61 % while those of Mr. Virkkunen received 39 %.

The election results indicate that the government parties, which at the 1966 parliamentary election had received 72.2 per cent of the vote, now received only 55.3 per cent. It may be noted, too, that all the parties that were behind the re-election of President Kekkonen suffered a loss in support. Of the 300 electors appointed, 201 declared their support for Mr. Kekkonen, 66 for Mr. Virkkunen, and 33 for Mr. Vennamo.

#### *The Paasio Government – a Summing-Up*

It is generally assumed that the government which is to be formed after the President enters upon a new period of office will be erected upon the same parliamentary foundation as the Paasio government. At the moment, too, it appears probable that the Opposition parties will remain outside the government.

It should be observed that, provided its cohesion is maintained, a government erected on the same basis as formerly has every opportunity of continuing to govern in peace and quiet. The great defeat of the government parties in the Electoral College election does not of course affect the government's support in Parliament. The next parliamentary elections are not due to take place until 1970, and the changes that may then occur will depend upon the direction in which the Popular Front government allows its policy to develop subsequent to the reminder provided by the voters in the electoral college elections of 1968.

Most government crises in Finland have been caused by internal dispute among government parties. Examples have not been absent of differences of opinion between the two largest parties in the Paasio government. Mr. Johannes Virolainen, Chairman of the Center Party, who has remained out of office and has been officiating as Speaker, has upon a number of occasions brought severe criticism to bear upon the government's policies, and in particular upon the stringent monetary policy of the Minister of Finance, which has led to difficulties in investment especially within housing construction, and also upon the left wing of the Social Democratic Party which, with Mr. Erkki Raatikainen, the party secretary, has been urging

measures of socialisation. Seen from the viewpoint of tactics, this course of action by the Center Party has created for that party a great deal of good will among the electorate, while, in contrast, the Social Democrats have seen their support dwindling.

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NOTES

<sup>1</sup> Finnish Statistic Yearbook 1966.

<sup>2</sup> According to information from the Central Office of Statistics.

<sup>3</sup> According to information from the Ministry of Communications and Public Works.