

Sweden (Sverige), Finland (Suoma) and Austria (Österreich)

Sweden, Finland and Austria were the first new countries to join the EU after the end of the Cold War, all becoming members on 1 January 1995. Finland and Sweden are both Scandinavian countries located in northern Europe, while Austria lies in the eastern Alps in central Europe. All three countries remained outside the EU during the Cold War because they did not feel that membership was compatible with their *neutrality*. Since joining they have been cautious but generally supportive participants in EU projects, although strong anti-EU feeling exists in all three.

Recent History

While Sweden remained neutral during World War II, Finnish forces had been in combat with Russian forces and Austria had been at the centre of the conflict, as part of the German Third Reich. After the war, Finland and Austria joined Sweden as neutral states. In the following decades all three countries prospered and developed into significant trading partners through the European Free Trade Area (EFTA). In all three countries, left-of-centre social democratic parties were the dominant political force in the second half of the twentieth century. As a result all three have very comprehensive welfare systems and high levels of taxation. In recent years, however, reform has been on the agenda. The Swedish government introduced major reforms to its welfare system in the early 1990s in an attempt to reduce costs. In Austria the same period saw a major effort to privatise state owned industries and improve economic performance, while in Finland the economy was transformed by the boom of high-tech companies.

Government Structure

All three countries have representative parliamentary democracies. Sweden is a constitutional monarchy, with King Carl XVI Gustav as Head of State. Political power rests with the Prime Minister, cabinet and parliament, known as the *Riksdag*. MPs are elected for four years under a system of *proportional representation*. The current Government is led by Prime Minister Fredrik Reinfeldt. He leads a minority centre-right *coalition*, which was elected in September 2010. Reinfeldt is the first centre-right PM to have been re-elected in Sweden since World War II.

Austria is a federal republic and the Head of State is the President, currently Heinz Fischer. The Chancellor is the head of the government and is answerable to the Parliament, which is split into two chambers, the National Council (*Nationalrat*) and the Federal Council (*Bundesrat*). Under the Austrian system the government also receives advice from a number of civic chambers made up of representatives of labour, commerce and agriculture. Austrian elections held in October 2006 saw a narrow victory for Alfred Gusenbauer's Social Democratic Party of Austria (SPÖ), which led a *grand coalition* with the conservative Austrian People's Party (ÖVP) from January 2007. However, the coalition fell apart in 2008 following disputes about EU policy. The crisis was resolved when a new coalition government

was sworn in following a snap-election. The left-centre Social Democrats once again emerged as the largest party and SPO leader Werner Faymann became chancellor; nevertheless, the SPO suffered heavy losses as resurgent far-right parties took 29% of the vote.

Finland is also a republic and the Head of State is President Tarja Halonen. Since the reform of the Finnish constitution in 2000, most political power rests with the Prime Minister and the Parliament (*Eduskunta*). Prime Minister Mari Kiviniemi leads the current *coalition* government. Parliamentary elections in April 2011 saw the EU sceptical party True Finns gain 19% of the vote; however, they ruled themselves out of the government coalition due to their opposition to the Portuguese bailout.

Relations with the EU

EU membership marked a new chapter in the history of all three states. Joining the EU meant that all three countries had to reassess their neutral status, because under the Maastricht Treaty (1992) it was possible that the European Union would develop its own foreign and defence policy in the future. Having adapted to this significant change, all three countries have come to play an important role in EU politics, becoming amongst the most competitive economies in the bloc.

The enlargement of the EU to include Sweden, Finland and Austria also meant that the EU had to alter the way it saw itself. Before joining the EU, Sweden negotiated an opt-out from any future attempts to create a European defence force, in order to protect its neutral status. Sweden also decided not to adopt the Euro, a decision that was reaffirmed in a referendum in 2003. Such decisions have led to a recognition that the EU is developing at different speeds, with some governments pursuing integration further than others. Yet, in other areas, these countries have provided leadership. For example, in recent years Austria has been at the forefront of attempts to draw the Balkan states under EU influence. During Sweden's Presidency of the EU in the second half of 2009, it oversaw the implementation of the Lisbon Treaty (2007).

Facts and Figures

- Finland was one of the two Eurozone countries that didn't break the SGP rules, however its previously very strong economy slowed dramatically in the recession.

Technical Terms

Neutrality: the decision to support neither side in armed conflicts.

Proportional Representation: electoral system where the overall number of votes determines the distribution of seats.

Coalition: a formal agreement between political parties to share power in government.

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