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Monterey, California: Naval Postgraduate School

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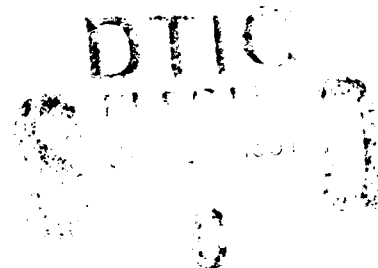
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# NAVAL POSTGRADUATE SCHOOL Monterey, California



## THESIS.....

**NORDIC NONALIGNMENT/NEUTRALITY POLICIES IN THE 1990s:  
IMPLICATIONS FOR U.S. SECURITY**

by

**Stephen Paul Recca**

**December 1990**

**Thesis Advisor:**

**Prof. R. Kennedy-Minott**

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Nordic Nonalignment/Neutrality Policies in the 1990s:  
Implications for U.S. Security

by

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Lieutenant, United States Navy  
B.S., United States Naval Academy, 1983

Submitted in partial fulfillment of the  
requirement for the degree of

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## ABSTRACT

Given that the Cold War has ended, the utility and future form of Finnish and Swedish nonalignment/neutrality policies is open to debate. Nonalignment may continue to be a practical impediment to these countries' involvement in Pan-European political, economic, and security organizations such as the European Community and the Conference on Security and Cooperation in Europe. The proximity of Sweden and Finland to the Soviet Union, and in particular to the strategic assets on the Kola Peninsula also will be a factor in future Nordic security decisions. If Sweden and Finland remain outside the collective European framework, the United States will have to recognize the distinct nature of Nordic policy and negotiate bilaterally to ensure continued access to its interests in the High North.

This thesis examines the foreign policy challenges facing the Scandinavian neutrals in the 1990s. To that end, four sub-topics are analyzed: the development of neutrality in international law and its impact on modern foreign policy; historical inputs in Swedish and Finnish national interest; regional interests which affect policy decision-making; and, Swedish/Finnish interests in the evolving European order. The concluding sections provide an appraisal of U. S. strategic interests in the region determined from the outlook for neutrality policies in Sweden and Finland.

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## I. INTRODUCTION

Swedish and Finnish foreign policies are at a crossroads. Easing Cold War tensions brought on by the extraordinary changes in East and Central Europe are creating a new, as yet unknown, European order. Although on the periphery of the political and economic confusion facing Central Europe, Scandinavia is nevertheless affected by these changes. There is already significant political, security, and economic fallout from the 'opening of the East' and the unification of Germany. The impact that these consequences have on the unique regional issues will continue to dominate Swedish and Finnish policy in the short term. The cultural and ideological links between the Scandinavian NATO countries, Denmark, Iceland, and Norway, and the armed neutrals, Sweden and Finland, traditionally have been important factors in regional policymaking. This so-called 'Nordic Balance'<sup>1</sup> likely will readjust to accommodate the Soviet Union's 'new thinking' in foreign policy. Similarly, if as predicted, NATO evolves to become primarily a 'political' alliance as the Warsaw Pact itself dissolves, the Nordic states will have to reconsider the new regional power balance minus the element of superpower competition. The proximity of Sweden and Finland to the Soviet Union, and in particular to the strategic assets on the Kola Peninsula nevertheless will remain a factor in future Nordic security decisions. So long as the countries are outside of the collective European framework, the United States will have

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<sup>1</sup>Also referred to in recent reports as 'Nordic Stability' to assuage Soviet concerns regarding against whom the region was balanced.

to recognize the distinct nature of Nordic policy and negotiate bilaterally to ensure continued access to its interests in the High North.

Sweden, a well-armed neutral at the core of the 'Nordic Balance,' has not been immune from the dramatic changes to the East and South. Swedish security policy in the 1990s should reflect the *Realpolitik* of the region. principal concerns for the Swedes remain relatively constant despite the turmoil unleashed by *perestroika*. The country must still look to regional stability as the primary means of ensuring Swedish security. Toward this end, the Swedes should monitor closely Soviet capabilities and intentions in the High North, the evolving nature of the North Atlantic alliance and its impact on Danish and Norwegian security, and the effect of the European Community union on Swedish economic concerns. Additionally, even though Sweden's reliance on nonalignment has served the country well for more than 175 years, dogmatic belief in the policy as an end in itself should be avoided. As the industrial countries of Western Europe close ranks in preparation for EC1992 and focus their energies and financial resources on the East, Sweden simply could be left waving the neutral banner in economic isolation. The Swedish parliament's recent decision to apply for membership in the European Community in 1993 is a significant step toward realizing the benefits of economic and political integration with the continent. If it wishes to maintain its self-appointed position as the 'moral conscience' of Western ideology, Sweden will be forced to look carefully at the means to ensure its voice is heard in continental and global affairs.

Like the Swedes, the Finns should continue to use the 'Nordic Balance' as the central element of their regional policy. Toward this end, the Finns should pay close attention to several potential trouble spots requiring

foreign policy initiative: Soviet military capabilities and intentions in the High North; the fate of the Baltic states and the Karelia ASSR; the North Atlantic alliance and its impact on Danish and Norwegian security; the evolution of the European Community and the Conference on Security and Cooperation in Europe (CSCE); and, continental environmental issues. None of these areas will wait for action by the conservative Finnish leadership. Sweden's surprise move to apply for EC membership surely will impact Helsinki's view of its function in the European Free Trade Association and subsequently, the efficacy of Nordic non-alignment. With the prospect of Moscow's ability to influence Finland waning, the time is right for the country to chart a new course on the political and economic map of Europe.

The governments of Sweden and Finland are facing a paradigm shift in the conduct of regional, continental and global relations. The end of the Cold War has freed the states' foreign policies from self-imposed caution. However, to sit back and enjoy the impressive economic and political gains achieved in the last half century would be a near-sighted mistake for the Swedes and Finns, and one they are not likely to make. The leadership must be poised to confront the challenges of their role in the new paradigm and to approach their Soviet and European partners with prudent optimism. For Sweden and Finland, the question remains, what will be the benefit, or even *purpose*, of neutrality and nonalignment?

## II. NEUTRALITY AND FOREIGN POLICY

Neutrality as either the goal or the means of foreign policy did not develop independently in international judicial fora. Rather, neutrality evolved as a product of war. Throughout the history of warfare, there have been groups, with diverse motivations, that have tried to stay clear of the belligerent factions. More often than not, the neutrals' middle of the road policies have been scorned by both warring parties. Machiavelli described neutrality as a tenuous and potentially dangerous foreign policy position: "The conqueror does not want doubtful friends who do not help him when he is in difficulties; the loser repudiates you because you were unwilling to go arm in hand, and throw in your lot with him."<sup>2</sup> The Italian political philosopher's precept - perhaps more notable in the modern phrase 'whoever is not with us must be against us' - elucidates the neutrals' dilemma.

Therein lies the paradox of neutrality. What rational and principled leadership would not respect the moral claim of a state to refute violence as a means to solve conflict? A nation in the middle of war, however, may see neither the logic nor the desirability of a potential ally's non-commitment. When vital interests - perhaps even national sovereignty - are at stake, the state threatened (particularly when it is the object of an aggression) is unlikely to ignore, much less support, the neutrals' claim to the moral high ground.<sup>3</sup> At a minimum, the neutral is viewed as

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<sup>2</sup>Niccolo Machiavelli, *The Prince* (London: Penguin Books, 1982), 121.

<sup>3</sup>Efraim Karsh, *Neutrality and Small States* (New York: Routledge, 1988), 1.

hypocritical - perhaps even immoral - in attempting to avoid the horrors of war while seeking to benefit from its outcome.

Consequently, the evolution of neutrality has caused much debate as to its surrounding theory, practice, and international legitimacy. This section will review the general currents of the debate. The first part examines the historical development of neutrality policy, while the second will discuss the modern definition of the concept and its practice in the latter half of the twentieth century.

#### **A. THE EVOLUTION OF NEUTRALITY**

References to neutral states are recorded at least as far back as the fourth century B.C. In the *History of the Peloponnesian War*, Thucydides writes of two incidents illustrative of the precarious relationship between war and neutrality while relating the potential extremes in outcome. The first addresses the concept of reciprocal rights and responsibilities of neutrals and belligerents, an idea initially based on a convergence of mutual interests. Corcyra, a small insular state, requested that Athens, one of the two great powers and undisputed master of the sea, remain neutral in the Corcyroean's conflict with Corinth. The Corcyroean envoys petitioned the Athenians not to allow Corinthians or *Corcyroans* to recruit troops from its territory.<sup>4</sup> This type of mutual understanding between states guaranteeing a neutral's position in wartime was not codified in international convention until centuries later, however, and as the second incident illustrates, the rights of

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<sup>4</sup>Thucydides, *History of the Peloponnesian War*, trans. M. I. Finley (London: Penguin Books, 1972), 53-67.

neutrality and sovereignty remained at the mercy of the military powers. Thucydides, in the "Melian Dialogue," describes the conflict between Athens and Melos, a neutral island-state. Melos had maintained its neutrality during the first fifteen years of the Peloponnesian War; Athens, as the great sea power, viewed it a sign of weakness to allow a small insular state to remain other than a subject or an ally. In the ensuing dialogue, the Athenian envoys succinctly stated their demands to the Melians: submit to Athens or be destroyed. In a statement that captures the practical difficulties of a foreign policy protected solely by its morality, the Athenians bluntly declared: "The standard of justice depends on the equality of power to compel.... (T)he strong do what they can, and the weak accept what they must."<sup>5</sup>

While the argument for 'might is right' prevalent in Thucydides' account has plagued history, attempts to codify the rights and obligations of belligerents and neutrals began to show signs of limited success in the Middle Ages. Clauses included in international conventions in the fourteenth century demonstrated a greater readiness on the part of belligerents to recognize the right of certain states to remain 'fence-sitters.' The best known case of the early attempts to specify neutrality in international law was the *Consolato del mare* of maritime law, regarding neutrals' rights at sea.<sup>6</sup> Nevertheless, the extent and form of neutrality remained for individual states to decide since there existed no comprehensive rules of conduct or collective legal agreements to define the belligerent/neutral relationship.

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<sup>5</sup>Thucydides, 400-408.

<sup>6</sup>Karsh, 14.

Not until the seventeenth century did a guide to neutrals' behavior find its way into international law. Hugo Grotius, in "On the Law of War and Peace" (*De jure belli et pacis*), outlined the decision-making and policy conduct for the neutral. According to Grotius, neutrals had the obligation to discriminate between the *just* and the *unjust* factions in war, and they were required to make a value judgement for each case threatening a state's neutrality. There were two possibilities for the neutral in Grotius' theory: either (1) the *just* party was readily identifiable or (2) the neutral could not determine the *just* belligerent without doubt.<sup>7</sup> In the first case, the neutral state should do nothing to the detriment of the *just* party, while alternatively the actions of the neutral should avoid enhancing the position of the *unjust* faction. If an unequivocal value judgment could not be made, then the neutral state was obligated to treat both belligerents equally, and to avoid actions benefitting one party to the detriment of the other. Neutrality, in Grotius' view, was a dynamic policy, with decisions of impartiality made for each conflict only after a careful review of the moral positions of each warring faction. Unfortunately, the philosopher did not reveal either how the determination of *justness* should be made or who would have the indisputable right to assign the judgement. Since no supra-national body to resolve such conflicts existed as yet in the seventeenth century, the task of determining Grotius' form of conditional neutrality remained with the individual state.

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<sup>7</sup>Hugo Grotius, "On the Law of War and Peace," in *The Theory and Practice of Neutrality in the Twentieth Century*, ed. R. Ogley (New York: Barnes and Noble, 1970), 34-35. Also Karsh, p. 14-15 for an interpretation of Grotius' resolution of the judgement of just and unjust.

The next two hundred years showed rapid progress toward developing an international consensus for neutrality as interstate commerce grew and national borders were better defined. A noted eighteenth century jurisprudent, Vattel, recognized the necessity to strictly define the obligations of the neutral. From his studies, Vattel structured the principle of impartiality and defined the role of the neutral in wartime as "those who take no one's part, remaining friends common to both parties, and not favouring the armies of one of them to the prejudice of the other."<sup>8</sup> Still, Vattel's view was not the final word on impartiality. On the one hand, in many cases 'neutral' states continued to favor one belligerent over another, while the success of a small state's neutrality remained almost wholly dependent on the current military balance of power.

As the century progressed, however, the practical observance of neutral rights and obligations evolved. Neutrals tended to be less partial in their dealings with the belligerents, employing Vattel's principles except in cases of prior treaty commitments. Concurrently, the neutral states began to take steps to guarantee their third-party status through armed neutrality and collective defense. The first concrete step in this direction came in 1780-3 with the union of nine proclaimed neutrals in 'The League of Armed Neutrality.'<sup>9</sup> Formed at the height of the American War of Independence against England, the League presented a list of concrete demands in order to guarantee their right to free commerce.

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<sup>8</sup>H. Lauterpacht, ed., *Oppenheim's International Law* (London: Longmans, 1965) vol II, 653-4.

<sup>9</sup>The agreement which brought together the League was signed in 1780 with the following countries as signatories: Russia, Sweden, Norway, Denmark, Prussia, Holland, Austria (joined in 1781), and Portugal and Sicily (joined in 1783).



Along with the demands, the signatories declared their willingness and intent to use force if necessary to ensure compliance, albeit realizing that in doing so they would be fighting the war they had hoped to avoid.

The 'Second League of Armed Neutrality,' founded in 1800, was generally similar to its predecessor. Like the first League, the new union was formed to defend neutral rights against the belligerents - in the form primarily of protecting maritime commerce from the reaches of the Royal Navy. Neither League represented a long-term coalition of neutrals nor was it particularly successful in defending the interests of the signatories. Nevertheless, the principles observed in the unions' conventions served as the basis for the wide-ranging Declaration of Paris (signed 16 April 1856) which established the rules of warfare under maritime law. Secondly, the Leagues set the precedent for an 'active' neutrality whereby neutrals serve to protect themselves from belligerents by all means available - including force, if necessary. Lastly, the practical significance of the Leagues' actions was the international dismissal of Grotius' value judgement theory and prejudiced neutrality in favor of Vattel's principle of impartiality.

A major milestone in the practical development of neutrality was the American Declaration of Neutrality in the wars following the French Revolution. In 1793, President George Washington declared that "the duty and interest of the United States requires that they should, with sincerity and good faith, adopt and pursue a conduct friendly and impartial towards the belligerent powers."<sup>10</sup> The notable point of Washington's statement is

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<sup>10</sup>Nils Örvik, *The Decline of Neutrality* (London: Frank Cass, 1971), 18. Örvik has been a prolific writer on Norwegian foreign policy and security affairs. Consequently, his arguments reflect a certain bias toward Norway's rough ride from neutrality to alignment.

the emphasis on the *obligation* of the neutral and the strict interpretation of nonalignment. The Declaration would lead nineteen years later to an American war with Britain over the rights of neutrals and freedom of navigation and the obligations of belligerents *vis á vis* those rights, culminating finally in the U. S. Neutrality Act of 1818. The willingness of the newly-formed American government both to commit - in official terms - its foreign policy means to neutrality and subsequently to go to war to defend those interests provided the most significant impetus to date for international recognition of neutrals.

Individual state legislation, as in the American case, was not sufficient to properly define the behavior of neutrals and belligerents. Prior to World War I, there were three attempts to redress this gap. The Congress of Vienna took the first active step through proclamations of 'guaranteed' neutrality. For example, in 1815 the Great Powers conferred on Switzerland their permanent recognition of that state's neutral status.<sup>11</sup> The European leaders agreed to

authentically recognize that the neutrality and inviolability of Switzerland and her independence of all foreign influence are in the true interest of the policy of Europe as a whole.<sup>12</sup>

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<sup>11</sup>Switzerland was recognized by the Congress in 1815 as a neutral state, guaranteeing its territorial integrity in the event of future hostilities. Belgium (1839) and Luxembourg (1867) also were granted neutral status. Unfortunately for the latter countries, their position as buffer states would betray them in the Great Power struggles of the twentieth century.

<sup>12</sup>Claudio Caratsch and Luzius Wildhaber, "The Permanent Neutrality of Switzerland," in *Neutrality and Non-Alignment in Europe*, Karl E. Birnbaum and Hanspeter Neuhold, eds. (Laxenburg: Austrian Institute for International Affairs, 1982), 18. See also Richard A. Bitzinger, *Neutrality for Eastern Europe? An Examination of Possible Western Role Models* (Santa Monica: RAND Corporation, 1990), 3.

As mentioned above, the next attempt to institutionalize neutrality was the Declaration of Paris in 1856.<sup>13</sup> Certain clauses of the Declaration dealt with maritime commerce and for the first time set in international treaty rules governing the right of neutrals to ship belligerents' goods other than contraband.

Not until the international conference called at The Hague in 1899 was the spectrum of neutral rights and obligations *vis á vis* belligerents discussed as an aspect of international law. It was another eight years, at the Second Hague Conference of 1907, that the resulting document was agreed upon and signed into international treaty. The final product - the Hague Convention V, dealing with land warfare and the Hague Convention XIII, which built on the Declaration of Paris sections concerning war at sea - is regarded still as the basis for modern interpretations of neutrality.<sup>14</sup> At this point it is worth noting that although neutrality-based foreign policies met with varied success in the two world wars of the twentieth century, principles defined in international law have remained valid and in fact have been bolstered by post-war peace treaties, a host of international conventions (including the Geneva Convention in 1949), and the United Nations.

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<sup>13</sup>The Declaration followed the Paris Conference which determined the peace arrangements of the Crimean War.

<sup>14</sup>Karsh, 19. Also Joseph H. Choate, *The Two Hague Conferences* (Princeton, Princeton University Press, 1913).

## B. MODERN NEUTRALITY DEFINED

Modern examples of neutrality are limited to what has been termed the European model. There are five European states which follow the principles of neutrality as outlined above: Ireland, Austria, Switzerland, Sweden, and Finland. While there exist similarities in the practice of neutrality among all of the states, the list can be divided into three groups. First, Ireland stands alone as an unarmed neutral and is the only self-proclaimed nonaligned country to hold membership in the European Community. The second group, Switzerland and Sweden, are countries with a long history of neutrality/nonalignment; both maintain a strong defense force and have remained free of belligerent intervention since the Napoleonic Wars. Austria and Finland represent the third grouping. Both states maintain military forces, but their foreign and defense policies have been tempered to varying degrees by post-Second World War treaties with the Soviet Union - the FCMA (discussed below) in the case of Finland, and the State Treaty for Austria. A further difference between the last two categories of neutrals is that perhaps whereas for Switzerland and Sweden neutrality is an '*expression* of sovereignty,' in Austria and Finland it has become the '*instrument* of sovereignty.'<sup>15</sup> For purposes of this study, succeeding sections will explore exclusively the Swedish and Finnish cases.

Neutral countries will define neutrality as best suits their national interests. The common denominator for neutrals' obligations, however, has remained constant since the late eighteenth century: that principle,

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<sup>15</sup>Bitzinger, 7.

as discussed above, is the idea of impartiality. The international jurist Oppenheim refined the principle to include a definition of neutrality as "an attitude of impartiality adopted by third states towards belligerents."<sup>16</sup> Alternatively, the Hague Conferences established in international law the obligations of belligerents *vis á vis* neutral states. Requirements under Conventions V and XIII include:

*In land war* -- belligerents are forbidden to violate the territorial integrity of the neutral state; this prohibition includes the transportation of troops, weapons and supply convoys through neutral territory, instalment (sic) of any kind of communications facility in the territory of the neutral state, or the use of facilities existing in that state for military purposes, as well as the recruitment and establishment of military units on the neutral state's territory.

*In the sphere of naval warfare* - belligerents are forbidden to carry out any action which violates the sovereignty of the neutral state, such as acts of war within the state's territorial waters and the use of its ports and waters as operational bases against enemies. The provision is to be applied on the broadest possible basis, including even indirect uses of neutral territorial waters and ports for purposes of resupply, as well as exploitation of existing communications facilities.<sup>17</sup>

While the nuts and bolts details of international convention regarding neutrality have been stressed and violated more than once in the twentieth century, the underlying *principles* have survived remarkably intact. The longevity of a neutral foreign policy may be understood best through what Efraim Karsh calls the benefits of 'permanent neutrality';<sup>18</sup>

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<sup>16</sup>Lauterpacht, 655.

<sup>17</sup>*Ibid.*, in interpretation of Hague Conventions V (articles 1-4) and XIII (articles 2 and 5).

<sup>18</sup>*Ibid.*, 21-63.

a small state will remain neutral in peacetime for either or both of two reasons: first, the state's foreign policy is guided by moral concerns which prohibit the use or support of violence as a means of policy; and/or secondly, the state which is nonaligned in peacetime is making its commitment to wartime neutrality known to the international community. This latter policy, or permanent neutrality, is the basis for the European Model noted previously, and accurately reflects the post-war behavior of the two Nordic nonaligned states.

One final definition which concerns this study is that of 'neutralism.'<sup>19</sup> A phenomena of the Cold War era, the term is often confused with permanent neutrality, with which it is only nominally related. Neutralism refers to a peacetime policy of nonalignment *vis á vis* the superpowers. While advocating a middle-of-the-road approach to international affairs, neutralism does not obligate the state to the restrictions of permanent neutrality nor does the nonaligned policy mean that the state has renounced the use of force to settle disputes. The Third World states which proclaimed nonaligned status in the 1960s and 70s are examples of the neutralism-based foreign policies.

Sweden and Finland, the two Scandinavian states which remained nonaligned following the Second World War, fall into the category of permanent neutrality. As will be discussed below, the countries' peacetime foreign policies reflect the embodiment of the international

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<sup>19</sup>Webster's dictionary defines *neutralism* as "the policy, or advocacy of a policy, of remaining neutral, especially in international power conflicts. Karsh, among others, equates neutralism with nonalignment.

principles of neutrality, including a broad adherence to the obligations and a determined pursuit of their rights as neutrals.

### III. NATIONAL INTERESTS IN HISTORICAL PERSPECTIVE

It would be to understate the intertwined nature of the Nordic relationship to declare merely that Swedish and Finnish foreign policies draw on the past. Administrative ties between the two nations can be traced back nearly nine hundred years. For seven centuries Finland was an autonomous region in the Kingdom of Sweden. Their armies have fought aggressors from the south - the Danes and Germans - and, since Peter the Great, from the east. Nonetheless, the Swedes and Finns have retained a unique combination of nationalism and regionalism, sharing a common cultural and philosophical identity.<sup>20</sup> Whereas in casual analysis, it might *appear* that their leaders exercise excessive restraint in the conduct of contemporary foreign policy, in reality, the Swedes and the Finns draw from a proven background of lessons learned. Consequently, understanding the nature of Swedish and Finnish decisionmaking requires a review of the historical development of national interests.

#### A. SWEDEN

##### 1. 1814-1945: The Efficacy of Armed Neutrality

Since 1814 and the end of the Napoleonic wars, Swedish foreign policy has been based on nonalignment. Unlike Switzerland, where neutrality is observed by international convention, or Finland and Austria,

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<sup>20</sup>Theodore L. Stoddard and others, *Finland: A Country Study* (Washington: The American University, 1985), 159. The Finns are ethnically different from the other Nordic peoples. While Swedish and Norwegian are Indo-European based languages, Finnish is a Finno-Ugrian language. The Finns, therefore, share common roots with the Estonians and the Hungarians.



where the terms are conditioned by agreement with a powerful neighbor, Sweden's armed neutrality is self-imposed. The term 'neutrality,' as used to describe Sweden's peacetime foreign policy, is actually a misnomer. The country's declared posture is *alliansfrihet* - or 'freedom from alliances' - a stance designed to ensure Sweden's ability to proclaim neutrality in wartime.<sup>21</sup> The Swedish *alliansfrihet* applies only to security policy and not to cultural or ideological aspects. Politically, economically, and socially, Sweden is a modern Western democracy with an extensive and effective social welfare system. Government officials are quick to point out that the neutrality policy is not an end in itself, but rather one option among many designed to ensure that the country's territorial integrity and political sovereignty are maintained.

In this century, Swedish nonalignment and neutrality policies have been tested time and again. Sweden, as well as Norway and Denmark, remained neutral in World War I.<sup>22</sup> The ability of the Scandinavians to stay clear of the continental hostilities is owed more to geostrategic reasons than to any particular respect on the part of the belligerents for Nordic 'armed neutrality.' Under pressure from Berlin, Denmark in fact mined the Baltic Straits, thereby ensuring the *de facto* defense of Germany's northern flank.<sup>23</sup> Nonetheless, the Nordic states emerged from WWI with their neutrality and sovereignty intact and their economies free from the ravages of war.

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<sup>21</sup>Joseph Kruzel, "New Challenges for Swedish Security Policy," *Survival*, November/December 1988, 530-1.

<sup>22</sup>Finland remained a province of Russia until 1918.

<sup>23</sup>Gregory Flynn, ed., *NATO's Northern Allies* (London: Croom Helm, 1985), 61.

The general spirit of relief and hope in Europe that the continent had just survived the 'war to end all wars' likewise infected Scandinavia. The Swedes looked to the newly-formed League of Nations as the acceptable means of collective security for the new European order. With the global economic boom of the 1920s and in the absence of a well-defined threat, Sweden's future was secure, if not extremely promising. The nation watched the small national defense forces shrink steadily in the interwar years, as the government enthusiastically supported the collective defense efforts of the League and shifted budget priority to domestic social concerns. The other Nordic countries responded similarly in the aftermath of the war. Regional disarmament became even more pronounced with the economic downturn beginning in the late 1920s. Governments were forced to sharply cut defense expenditures to pay for mushrooming social programs mandated during the financial boom.<sup>24</sup> Consequently, when it became apparent in the 1930s that the security apparatus of the League of Nations was unable to stem the tide of fascist expansionism, Sweden and its Nordic neighbors realized that they could do little to muster an effective self-defense.<sup>25</sup>

The Soviet incorporation of the Baltic states in 1939 and the 'Winter War' with the Finns (discussed in detail below) brought the security threat to Sweden's doorstep. Concluding the partition of Poland with Hitler, Stalin consolidated his strategic hold on the Baltic rim. When the German forces occupied Denmark and Norway in the Spring of 1940,

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<sup>24</sup>Ibid.

<sup>25</sup>Rodney Kennedy-Minott, *Lonely Path to Follow: Nonaligned Sweden, United States/NATO, and the USSR* (Stanford: Hoover Institution Press, 1990), 3.

Sweden was left as the only unscathed neutral in the region. Much to the disheartenment of its neighbors, Sweden offered little in the way of military support, opting instead to negotiate with the belligerents in order to buy time to re-build its armed forces depleted in the twenty years between world wars. In the interim, Swedes offered asylum to thousands of Danish Jews fleeing Nazi subjugation and provided sanctuary for Norwegian resistance fighters. At the same time, Sweden traded steadily with the Nazis until 1944 and provided rail services to German troops and supplies enroute to southern Norway. In the end, as in the First World War, Sweden was spared more through a 'flexible' foreign policy and a fortunate geostrategic position than by an effective armed deterrent. As one American commentator described Sweden's World War Two balancing act:

Contrary to postwar popular opinion in the West, Swedish leaders of the period were under no illusions that Sweden's policy of nonalignment in peace and neutrality in war had "saved" it. The Swedes dexterously walked a compromisingly crooked line, zigging and zagging diplomatically while building up very large military forces to ensure credibility.<sup>26</sup>

The strategic lessons learned from the Second World War would alter the context of regional security policy for the remainder of the century. The Danes, Finns, and Norwegians realized that their national military means were insufficient to deter a larger, better equipped force and that neutrality meant little to a brutal aggressor bent on continental (or regional) domination. For their part, the Soviets learned from the Allied

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<sup>26</sup>ibid., 5.

re-supply convoys on the 'Murmansk Run' the strategic value of the northern waters to the defense of the northern flank and for control of trans-Atlantic shipping.

## 2. The Cold War Challenge

In the aftermath of the Second World War, many Scandinavians hoped that the United Nations - with more 'bite' than the defunct League of Nations - would function as an international peace-keeping body capable of protecting their neutrality.<sup>27</sup> However, by 1947, worsening Soviet-American relations and the emergence of a 'full blown' Cold War demonstrated the inadequacies of the security arm the UN. With hopes for a peaceful international order shattered, Sweden, Norway, and Denmark initiated talks on the formation of the Scandinavian Defense Union (SDU). The purpose of the SDU would be to protect the security interests of the three nonaligned/neutral Nordic countries.<sup>28</sup> While Sweden and Denmark wholly supported the plan, Norway was reticent. The Norwegians doubted that Sweden, as the largest and most powerful of the Scandinavian countries, could provide the necessary amounts of equipment and reinforcements to defend effectively regional interests. Norway saw the U.S. as the most reliable source of support in time of crisis and proposed a plan for the SDU to form a loose connection with the Atlantic Alliance. Sweden found Norway's position unacceptable to its traditional posture of nonalignment and refused to consider any security ties to the West. Once the proposal was formally rejected, the

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<sup>27</sup>Richard A. Bitzinger, *Denmark, Norway, and NATO: Constraints and Challenges* (Santa Monica: Rand Corporation, 1989), 9.

<sup>28</sup>Finland was negotiating the terms of peace with the Allies during this period and in fact still faced occupation by Soviet troops in some regions.

Norwegians dropped out of the SDU talks and began negotiations to join the U.S.-West Europe security net. Denmark continued to press for a bilateral agreement with Sweden. Without the Norwegians, the Swedes believed that the SDU would be both impractical and impotent, and in the end, it was Stockholm that finally ended negotiations on a Scandinavia-only defense league. Denmark, isolated and without a credible deterrent, joined the Atlantic alliance by default.<sup>29</sup>

Although both Norway and Denmark abandoned their failed policies of minimally-armed neutrality, Sweden emerged from World War Two determined that nonalignment would allow maximum freedom of political maneuver in the Cold War era. Guided by Osten Udén, Foreign Minister from 1945 to 1962, Swedish foreign policy focused on 'active neutrality.'<sup>30</sup> Udén, considered to be the prime architect of Sweden's revised nonalignment posture, sought a greater international role for his country, a position that would entail moral as well as pragmatic aspects. The country's wartime conduct and its subsequent nonalignment were declared to be 'morally correct.' As one Swedish diplomat noted, a policy of neutrality does not limit Swedes to a 'neutrality of opinion.'<sup>31</sup> The moralistic and vocal opinions coming from Stockholm have given cause for much irritation in the U.S. in the last four decades. A long series of Social Democratic Party governments have found much to fault in U.S. foreign policy, including a superpower strategy rooted in Mutually Assured Destruction, and military activities

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<sup>29</sup>Ibid. Also Flynn, 64.

<sup>30</sup>Kennedy-Minott, 5-6.

<sup>31</sup>Ibid., 6.

in Southeast Asia, Latin America, and the Middle East. Since the immediate aftermath of World War Two and following the Fenno-Soviet defense agreement and the American alliance with Denmark and Norway, Sweden has viewed with much concern superpower intentions in the Nordic region. Consequently, Stockholm has been quick to protest any attempt by the superpower blocs to escalate tensions in Northern Europe while carefully observing its self-defined nonalignment posture.

### **3. Submarine Intrusions and Credible Response**

The most direct threat to Sweden's policies of nonalignment and armed neutrality since WWII have been the Soviet Navy's repeated violations of Swedish territorial waters. Sightings of 'alien' submarines have been reported at irregular intervals since the early 1960s. In the 1980s the frequency of sightings increased markedly as the submarine operations directed at Sweden became much more aggressive. The first confirmation that the intruders were Soviet came in October 1981 when a Whiskey-class submarine (U-137) grounded itself in the coastal waters off Karlskrona, a major Swedish naval installation in the country's southwest.<sup>32</sup> Many Swedes were outraged at so obvious a violation of their territorial integrity, although some found humor that the Soviets were caught *flagrante delicto*. When the government pressed the Soviets for an explanation, Moscow's official statement claimed that the submarine "was on an ordinary training cruise in the Baltic" when "it strayed off course in poor visibility." The response was hardly believable given the extreme difficulty of

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<sup>32</sup>Gordon H. McCormick, *Stranger than Fiction: Soviet Submarine Operations in Swedish Waters* (Santa Monica: Rand Corporation, 1990), 4. Kennedy-Minott and Kruzel both present detailed descriptions of Soviet submarine operations.

negotiating the treacherous waters of the coastal archipelago to the point that U-137 had penetrated. Relations between Moscow and Stockholm worsened further when the Swedes detected the presence of Uranium-238, most likely associated with nuclear-tipped torpedoes, aboard the grounded Soviet vessel.<sup>33</sup>

Contrary to what might have been expected, the number of confirmed sightings of unidentified submarines increased considerably in the following year. In the Fall of 1982, multiple foreign submarines were sighted deep within the waters of Harsfjarden, near the nation's largest naval base and shipyard. The resulting anti-submarine warfare operation lasted from 1 October to 1 November and was the largest such search ever conducted by the Swedish Navy.<sup>34</sup> Subsequent analysis has shown that multiple 'alien' submarines did enter the Harsfjarden area in early October and may have returned in mid- to late November following the end of the initial ASW search operations. Swedish efforts to force the intruders to surface included extensive use of depth charges, although rules of engagement in force at the time prevented local commanders from destroying the contacts. In the end, the intruders evaded Swedish Navy forces and escaped into international waters. In 1983, an unclassified report by a parliamentary commission concluded that there were at least six submarines involved in the incursion. Three of these were believed to be mini subs used by Soviet special

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<sup>33</sup>Ibid., 7. U-238 is used as a jacket for the nuclear warhead. Regarding the grounding, one Soviet diplomat hinted that the submarine's crew had been celebrating a successful exercise in the southern Baltic and were in fact drunk - a dubious claim again considering the difficulties in reaching Karlskrona. This was reported in the *Arbeiderbladet* (Oslo), December 1983.

<sup>34</sup>Ibid., 10.

operations forces (*Spetsnaz*), at least one of which was of the type that can 'crawl' along the seafloor. Track and keel impressions indicated that one submarine penetrated as far as the Port of Stockholm.<sup>35</sup>

The 'Harsfjarden Incident' attracted wide press coverage, not only in Sweden but throughout Europe as well. Considering the serious international political consequences for the Soviet Union, the reasoning behind the violations of Swedish waters has caused great debate among Western analysts. One theory suggests that the Soviets have had a political motive: Sweden, while proclaiming nonalignment, actually is too pro-Western for Moscow's tastes; the submarine incursions are a "calculated attempt to frighten the Swedish government into assuming a more balanced political posture" between East and West.<sup>36</sup> Some in Sweden argue that NATO is responsible for the operations, while others suggest that the incursions are nothing more than an elaborate diversion from the Soviet's primary wartime objective, Norway's North Cape.<sup>37</sup> According to the 1983 Swedish Defense Commission report, however, the most *probable* basis for the Soviet operations were 'military operational objectives,' such as the testing of new technologies, probing of Western defense systems, and "reconnaissance in Swedish territorial waters as part of a larger plan for the possibility of a superpower confrontation in the future."<sup>38</sup> The latter motive suggests a range of

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<sup>35</sup>*Ibid.*, 11.

<sup>36</sup>*Ibid.*, 28.

<sup>37</sup>*Ibid.*, 29.

<sup>38</sup>Kennedy-Minott, 26.



operational contingencies for the Soviets. In any case, the U-137 incident quietly put to rest the domestic political pundits who had argued that the navy's 'submarines' were merely budget ghosts in an attempt to scare up more defense appropriations.

Submarine intrusions have continued unabated at least through Autumn of this year.<sup>39</sup> Considering Soviet President Gorbachev's determined effort to convince the West of Moscow's 'new thinking,' these repeated violations of international law must have some significant objective to validate their costs. A recent report published in the U.S. concluded that

The directed nature of Soviet behavior, the time frame over which these operations have been carried out, and the risks that have been incurred to conduct these activities in the face of a contrary political policy toward Europe and the West all suggest civilian-military agreement on the strategic importance of the Scandinavian peninsula and the role it could play in a future conflict.<sup>40</sup>

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<sup>39</sup>Anders Ohman, "Seven Submarine Alerts This Year," *Dagens Nyheter* (Stockholm), 29 October 1990, 5, in *Foreign Broadcast Information Service*, 23 November 1990, and "Sweden Continues Hunt for Red October," *Wall Street Journal*, 5 June 1990, 20. The FBIS report listed eight submarine alerts in from January-October 1990, with the latest occurring on 13 October. The *Wall Street Journal* article reported that on 15 May the Swedish Navy detected an "unidentified submarine lurking underneath a major Swedish naval exercise" in the Baltic near Stockholm. The Swedes dropped "Elmas," grenade-like weapons designed to force the submarine to the surface, but not to sink it. The Elmas apparently missed and, in the resulting confusion, sonar contact was lost.

<sup>40</sup>McCormick, ix. With the immense problems facing the Soviet leadership on the domestic front and the reduced tensions in Central Europe, one would wonder about Gorbachev's motives. Another theory is that the military leadership is attempting to distance itself from the USSR's failing political leaders by exerting its independence and flouting its capabilities. Neither theory holds particular promise for reduced tensions in the High North.

At stake for the Swedes is the credibility of their foreign policy. The principle behind the doctrine of armed neutrality is the capability and willingness to protect the nation's territorial integrity. However, for almost thirty years, and in particular since 1981, the Soviet Navy has been able to operate with impunity in Swedish home waters. Whether the cause of Sweden's failure to halt the incursions is due to inadequate ASW equipment and training or more a lack of will on the part of the government is merely academic. The state's ability to claim the deterrent value of its vaunted armed neutrality posture has been greatly compromised.<sup>41</sup> Consequently, Sweden's role in the 'Nordic Balance' and the efficacy of its foreign policy *vis á vis* the superpowers is now in question.

## **B. FINLAND**

### **1. Evolution of an Independent State**

That Finland's destiny is tied inevitably to the fates of its Scandinavian and Russian neighbors is a fact of geography and common history. For almost seven hundred years the territory which is now Finland was a semi-autonomous region of the greater Swedish Empire. For much of this early period, Finnish fortunes were subject to the relative military strengths of its Swedish and Russian neighbors. In 1809, following the Russian victory in the Russo-Swedish War, the country was ceded to St. Petersburg and became the Grand Duchy of Finland. Largely a poor agrarian society until the latter part of the nineteenth century, the

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<sup>41</sup>"Is Sweden Neutral, or Neutered?" *Chicago Tribune*, 8 November 1981. "What the submarine incident [U-137] showed is that Sweden is not neutral at all. It is merely neutered."

Finns were granted considerable autonomy by their eastern rulers. They were granted permission to establish a constitutional government, a separate currency and armed forces, and to retain the advanced judicial and administrative system introduced by the Swedes. The degree of Finnish autonomy was remarkable for the time. Even following the European nationalist movements in the 1830s and 40s, when liberal ideas threatened the *ancient régime*, Tsar Nicholas I was said to have remarked to his ministers, "Leave the Finns alone. It is the only part of my realm which never has given us any trouble."<sup>42</sup> Nevertheless, in the latter part of the century, the Tsar systematically reigned in the freedoms of the Empire's boundary regions. In 1890, the 'Russification' program under Nicholas II intensified St. Petersburg's control of Finland, and by 1899 the Finnish Army was abolished and Russians began to gain control of the civil service. Finnish resistance to this point remained passive but pervasive. Antagonisms reached the boiling point in 1903 when Finnish nationalists assassinated the Russian Governor-General. Although regional tensions began to recede in years leading up to the First World War as Russia became entangled in struggles first with the Japanese, then with the European Great Powers, the situation in the North remained unstable. The Finns were appeased in the short term when the entire population - including women - was enfranchised in 1906.<sup>43</sup> Nonetheless, the Finnish

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<sup>42</sup>Max Jakobson, *Finland: Myth and Reality* (Keuruu, Finland: Otava, 1987), 23.

<sup>43</sup>The enfranchisement of Finnish women in 1906 represents the first such step on the European continent and was preceded only by New Zealand. See Jakobson and Stoddard, et al. *Historical background, although somewhat Russo-centric, on Finland can be found also in Roy Allison, Finland's Relations with the Soviet Union, 1944-84* (New York: St. Martin's Press, 1985) and Örjan Berner, *Soviet Policies Toward the Nordic Countries* (New York: University Press of America, 1986).

intelligentsia, dissatisfied with the harsh measures of the 'Russification,' sought solace abroad and were influenced to a large degree by the Germans and the Danes. The growing Fenno-German relationship would have irreconcilable consequences for the small Nordic nation in the twentieth century.

Geography helped the Finns avoid the First World War, and quickly following the collapse of the imperial regime in Russia, the Finnish parliament declared national independence on 15 November 1917. The Bolshevik leaders agreed to cede Finland on 31 December and the new Soviet Central Executive Committee ratified the transfer of territory on 3 January 1918, at which time the German government became the first to recognize Finland as a sovereign state. Lenin apparently anticipated an immediate socialist seizure of power. By allowing the succession he hoped to speed the proletariat's rise to power while nullifying Finnish bourgeois claims of Great Russian chauvinism. Stalin, as Commissar for Nationalities, expected the newly-liberated people eventually to seek reunification with the Soviet Union as the Finnish Socialist Republic.<sup>44</sup> The Bolsheviks were leaving little to chance, however. On 18 January, the Red Guard (Finnish Communists with Bolshevik support) seized the Helsinki train station as the first step to control of the country's major industrial centers. The Protective Corps - or White Guard, led by General Carl Gustav Mannerheim - organized an army, formed around a core of German-trained and supplied soldiers, to restore order. The war between

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<sup>44</sup>Allison, 5.

the Reds and Whites, which was "as cruel as civil wars usually are,"<sup>45</sup> lasted until 15 May 1918 when the conservative Protective Corps prevailed, with victory ensured by the landing of a German expeditionary force in southern Finland.

Negotiations to formalize a peace treaty between the Finns and the Soviets began in mid-1920. The Finns sought to expand their territory and claimed all of East Karelia including the Kola Peninsula in their initial demands. The Bolsheviks rejected the proposal and made counter demands but after hard negotiations ceded the Arctic port of Petsamo to Finland in exchange for a Finnish repudiation of all claims to East Karelia and a settlement of borders along the lines granted to the Finnish autonomous region in 1812. In the view of the chief Finnish negotiator, J. K. Paasikivi, his country might have given more territorial concessions to the Soviets to ensure a stable relationship in the future. Paasikivi's understanding of geopolitical *Realpolitik* later would serve Finland extremely well. However, the prevailing mood in the Finnish government labeled Soviet Russia as the *perivihollinen* - the 'hereditary enemy' - and was prepared to offer little quarter for Bolshevik security interests in 1920.<sup>46</sup>

Domestically, following success in the civil war, the conservative, pro-German faction emerged as the dominant force in Finnish politics. The radical leftist ideology was viewed as the major threat to internal security and the ruling Establishment banned the Communist Party and drove its supporters underground in a 1920s version

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<sup>45</sup>Jakobson, 27. General Mannerheim, though Finnish born, achieved rank in the Imperial Russian Army, where he served until called to Finnish service by the parliament at the onset of civil war.

<sup>46</sup>Allison, 5.

of the McCarthy witchhunts three decades later in the U.S. Finnish foreign policy did not hide its distrust of Soviet motives nor its disregard for Moscow's security interests. The government fostered close ties to the German Republic in the interwar years, and using the League of Nations as a forum, united with Estonia, Lithuania, and Latvia in a round condemnation of Soviet designs. The Finns and their Baltic neighbors to the south apparently believed that the collective security apparatus of the League would protect them from Great Power aggression. Some members of the government began to worry that their antagonisms of the Soviets would lead to doubts as to Finnish intentions in a future war. Not until the early 1930s did these voices of reason begin to gain the upperhand in national decisionmaking. In 1932, Finland signed a treaty of non-aggression with the Soviet Union, and two years later, the entry of the Soviet Union into the League of Nations and its increasingly overt hostility toward Germany forced the Finns to reappraise their own foreign policy. The government made overtures to the other Scandinavian neutrals in an attempt to place the country beyond the arena of Great Power interests. For the Soviets, however, the Finnish moves were too little too late. By the mid-1930s, Moscow considered Finland to be the likely point of departure for German aggression directed at Leningrad and proposed negotiations to ensure the defense of the homeland. The Finns accepted the need for negotiations in 1938 against the backdrop of rapidly deteriorating conditions in Central Europe. Nevertheless, when Soviet diplomats proposed altering the borders to the west to secure the approaches to Leningrad and offered a mutual-defense treaty, the Finns

abjectly refused. They did not share the sense of the Nazi threat to the North offered by the Soviets.<sup>47</sup> Rather, Helsinki's concerns were directed still toward founded, but ill-timed fears of Russian encroachment on Finnish sovereignty.

## **2. Finland in World War Two**

### ***a. The Winter War***

The refusal by the Finns to seriously consider the Soviet proposals in the 1938 negotiations would degrade their bargaining position in the next round of discussions in the following Autumn. Among the secret protocols signed by the Germans and Soviets in September 1939 (the Molotov-Ribbentrop Pact) was the inclusion of the Baltic states *and* Finland into Moscow's sphere of influence.<sup>48</sup> In October the Soviet leadership invited the Finns to Moscow to discuss "concrete political questions." Stalin presented his position in simple terms: he needed more depth for the defense of Leningrad, depth that could only come at the expense of Finnish territory. Under Stalin's requirements, Finland would cede islands in the Gulf of Finland and the border on the Karelian isthmus would be pushed back in exchange for territory in Soviet Karelia.<sup>49</sup> Estonia, Lithuania, and Latvia had already agreed to similar demands. At the same time, London and Paris refused to interfere as they at least implicitly agreed with the Soviet's northern flank containment of the Germans, while Washington remained neutral. Although the Finns realized

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<sup>47</sup>The Finnish President for most of this period was Svinhufvud (1931-37), openly pro-German and anti-Soviet. The anti-communist purges were still in force throughout much of Finland, while a small, but vociferous fascist party was tolerated by the government.

<sup>48</sup>Jakobson, 29-30. See also Allison, 7.

<sup>49</sup>Ibid.

that they stood alone, they were not prepared to accept Stalin's demands. They did, however, yield some territory to the north of Leningrad, but refused to cede the island bases to Moscow out of fear that the Soviets would use them to subvert Finland.

When negotiations broke down over the issue of the Hanko naval base on the Gulf of Finland, Moscow initiated an aggressive anti-Finnish propaganda campaign. In the span of less than one month, several border incidents occurred; the Soviets demanded that the Finns move their military forces unilaterally twenty-five kilometers from the border; as a result of "Finnish Provocations," Moscow declared the non-aggression pact null and void; and, Soviet diplomatic personnel were recalled from the capital.<sup>50</sup> On 30 November, the Soviets invaded Finland without a declaration of war and marched toward Helsinki in what they supposed would be a quick and decisive victory. Stalin made two obvious errors, however: he launched the offensive at the start of the worst winter weather in memory, and he failed to account for the determined defense of a people struggling for national survival. Although out-numbered and lacking modern military supplies, the Finns resisted fiercely and stopped the Russian advance, inflicted heavy casualties, and stabilized the front. Stalin visibly was surprised by the successful defense, and ordered a halt to offensive operations and a call to his military commanders to regroup in Soviet Karelia. With new tactics and increased troop strength, Stalin resumed the offensive in February and quickly broke through the Finnish defensive line on the isthmus.

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<sup>50</sup>Berner, 25.



At the time, world opinion was focused on the small, but remarkable struggle for survival in the North. In the U.S. and throughout West Europe there were announcements of formations of international brigades to support the brave Finns. Britain and France commenced preparations for military operations against the USSR. The Finns were overwhelmed - they had never been the focus of international attention and consequently were inclined to believe that a global 'correlation of forces' was gathering in their favor. In the end, little active support for the Finns materialized. British and French plans were quite unrealistic given the threat to their interests - and sovereignty - in Central Europe by Nazi Germany. In retrospect, however, the *threat* of allied action against the Soviets may have been enough to bring Moscow to the negotiating table in March 1940. When the Soviets halted the second offensive early that month, the Finns were wise to agree to negotiations rather than applying to the Allies for assistance that would in any event have provided little tangible support. In the ensuing peace treaty signed in Moscow, the terms were necessarily harsh for the Finns. The Soviets hoped to regain their position of credibility *vis á vis* the other continental powers. Consequently, after one hundred days of fighting in the Winter War, Finland ceded territories which placed the country in a far more compromised position than that represented at the talks in 1938-39.<sup>51</sup>

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<sup>51</sup>The Finns lost 25,000 dead (of a total population of nearly 4 million) in three months of fierce fighting. At the peace treaty, the following territories were ceded: the Hanko Peninsula, all of the Viipuri province, the Karelian isthmus, and territories to the north.

### ***b. The Continuation War***

The Winter War, as Finnish diplomat Max Jakobson termed it, was merely the first act in the Soviet-Finnish drama.<sup>52</sup> Following the peace treaty, tensions between the two countries remained high. Finnish concerns rose dramatically after Moscow annexed the Baltic states in August 1940. The government persisted in its efforts to garner international recognition of Finnish neutrality, primarily with the goal of establishing a regional defense agreement with Sweden as the anchor. Stockholm was, though, much too concerned with Great Power designs against its own territory to reduce dangerously low stocks of military equipment by supplying the Finns, nor did it wish to become entangled in a losing Fenno-Soviet dispute. Therefore, the Finns, as in 1939, were prepared to stand alone against the USSR until Hitler proposed the sale of modern armaments to Finland in exchange for transit rights for German troops enroute to Norway. Sweden had concluded previously a similar agreement, and Helsinki jumped at the chance for a new power balance in the region. While Finland was never formally allied with Germany, the agreement signalled the beginning of a tenuous four-year *de facto* military alliance. Three days after Hitler initiated *Operation Barbarossa*, the Soviets launched air attacks into Finnish territory and that evening, on 25 June 1941, the government declared war on the Soviet Union. At the height of the war, the Germans had 150,000 troops stationed in Finland, but Finnish troops were credited with offensive operations that pushed the Soviets back to the 1939 borders. The Finnish commanders, however, foolishly pressed further into Russian territory in an attempt to conquer

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<sup>52</sup>Jakobson, 37.

all of Soviet Karelia. There, in 1944, they met a reinforced Soviet counteroffensive. Finnish troops were forced to retreat back into Finland, surrendering all of their recent territorial gains. Helsinki's proposals for a truce were met with Soviet demands for complete surrender. Between the *Scylla* of annihilation and the *Charybdis* of subjection to Moscow's demands, the Finnish government looked again to the Germans. Hitler's terms for support included a demand that the Finns not seek a separate peace - a key element of Helsinki's effort to free Finnish territory of both powers. Placed in the apparently insoluble position, President Ryti exceeded his constitutional powers and personally agreed to Hitler's proposal. The Soviets, their interest now concentrated on the race to Berlin, had few troops to spare against a combined Fenno-Nazi force and signalled their willingness for an armistice. President Ryti quickly resigned, and in a clever bit of diplomacy, General Mannerheim replaced him and immediately informed the Germans that he considered Ryti's promise illegal and would seek a separate peace with Moscow directly. Betrayed, the Germans retreated to Norway from their Lapland positions, laying waste the region in the process, Hitler's revenge for the Finn's deceit.<sup>53</sup>

The armistice agreement was signed in Moscow on 19 September 1944. The terms of peace restored the 1940 borders, but the Finns were forced to cede Petsamo (renamed Pechenga) and the Porkkala Peninsula to the Soviets.<sup>54</sup> Additionally, in the six years of fighting

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<sup>53</sup>Ibid., 42. By September 1944, German troop strength had increased to 200,000 men. It took a campaign of six months for the Finns to drive the Germans out of Lapland across the Arctic frontier.

<sup>54</sup>Porkkala is a mere twelve miles from Helsinki; the naval base was returned eventually to Finnish control.

Soviets and Germans, the Finns lost 87,000 men - 2.3% of the population. Finland received little international sympathy, however; they were viewed as allied with Hitler (ignoring the subtle subterfuges of the Finnish government), and consequently were on the 'losing' side in post-war negotiations. In answering critics of this unholy alliance, Finns apply the Macchiavellian principle "that for the purpose of saving the country no proposition ought to be rejected....(t)he defence of the country is always good no matter whether effected by honourable or ignominious means."<sup>55</sup> Certainly the Finns compromised in their dealings with the Soviets, but they gained in return the chance to retain national sovereignty. The Treaty of Peace with Finland, signed by the Allied powers in Paris in 1947, formalized the armistice agreements reached with the Soviets in 1944. In addition, the terms called for reparations to the USSR including industrial and military equipment and a war indemnity of \$300 million.<sup>56</sup> In the end, Finnish reluctance to balance Soviet insecurities in 1920 and 1939 proved an extremely costly adventure for the small republic.

### **3. The Cold War and the Search for an Independent Policy**

The first post-war President of Finland was Paasikivi, elected by a unanimous vote of parliament in April 1946. After three decades of negotiating with St. Petersburg and Moscow, including twenty meetings with Stalin and Molotov, Paasikivi held a firm grasp on Soviet national interests and Finland's place within them.<sup>57</sup> He was determined to govern

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<sup>55</sup>ibid., 39, quoted from Niccolo Macchiavelli, *The Prince*.

<sup>56</sup>Finnish Ministry of Foreign Affairs, *Treaty of Peace with Finland*, Helsinki, 1947.

<sup>57</sup>Paasikivi recounted to his American counterpart during his tour as Ambassador in Moscow following the Winter War, "he had learned that prestige meant more to them than anything else; that their invariable policy was to obtain what they could for as little as

Finland in the regional *Realpolitik*. Failure to account for Russian/Soviet security interests in the past had exacted severe costs from the Finns. Therefore, the main task of the state's foreign policy was to search for a *modus vivendi* with the USSR. Paasikivi was prepared to recognize legitimate claims for ensuring Soviet security in the post-war environment. These claims came in February 1948 in the form of a letter from Stalin to Paasikivi stating Moscow's desire to form a mutual defense treaty along lines similar to those drafted with the USSR's East European satellites. Paasikivi did not find the concept of a defense treaty with the Soviets in itself unacceptable. Stalin's models for corroboration - those forced on the Poles, Czechs, and Hungarians - were out of the question. Instead, Paasikivi boldly put forth his version of an acceptable defense agreement, one that might reflect both Soviet and Finnish national interests. Rather than dismissing the document, Moscow accepted the compromise solution in its entirety. The result was the Treaty of Friendship, Co-operation, and Mutual Assistance signed in April 1948. The main provisions of the Treaty include a defense arrangement whereby the Soviets would assist Finland in the event of a German attack on Finnish territory or on the USSR through Finland; Finland would defend its sovereignty in case of attack; and, the Finns and Soviets would "confer with each other" in the event of a threat of attack in the above

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possible and then ask for more; that they never sacrificed immediate gains for considerations for the future; that they paid no attention to what was said, but only to what was done; that they endeavored to be paid a high price for what they must do anyway; and that they were impervious to ethical and humanitarian factors or those of abstract justice, being influenced exclusively by practical and realistic considerations." Quoted from U.S. Department of State, *Foreign Relations of the United States* (FR), 1941, vol. 1, p.30, in Berner, 41.

situations.<sup>58</sup> While the West viewed the Treaty as the surrender of Finland to the East, the Finns saw it as a small nation's hope for national survival under the shadow of an insecure, yet powerful neighbor. Put in global perspective, of all of the European states bordering the Soviet Union only Finland remained a free democracy following the Second World War. Signing of the FCMA opened the door for work on Finland's major Cold War objective: neutrality. The policy of nonalignment explicit in the preamble of the Treaty and an avoidance of conflict with the Soviet Union were the necessary pre-conditions for the country's neutrality. The Finnish leadership would steer a cautious course between East and West as the Cold War warmed and cooled over the next forty years. The program was not devoid of costs; the Finns self-imposed restraints on liberalism that might have been regarded as extreme in the West.<sup>59</sup> Nonetheless, in particular in the early stages of the East-West antagonism, Finland's freedom was held in a delicate balance arguably by its circumspect responses *vis á vis* the superpowers.

The country paid its required war reparations on schedule and by the mid-1950s was entirely free of the Allied Control Commission occupation forces. In 1955, Moscow sponsored the Finnish application to the United Nations and, in the following year, ended its lease on the Porkkala naval base, in effect giving final acquiescence to Finnish

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<sup>58</sup>Finnish Ministry of Foreign Affairs, *Treaty of Friendship, Co-operation, and Mutual Assistance between the Republic of Finland and the Union of Soviet Socialist Republics*, Helsinki, 1948.

<sup>59</sup>In a reminder of the delicate balance between East and West, a 1948 provision to the constitution established punishment in the case of journalistic defamation of foreign states. Consequently, the media was characterized by a general reluctance to criticize the USSR, although criticisms of the West were more widespread.

sovereignty. Paasikivi took this to confirm the success of his eastward-looking foreign policy. He had argued that Soviet interests in Finland were purely defensive, and, that once Finnish sincerity concerning the FCMA could be time-tested, Moscow would fully recognize the legitimate rights of its Nordic neighbor. The carefully constructed 'Paasikivi line' was validated by 1956, when the ailing President stepped down in favor of Urho Kekkonen. The new President quickly assured Moscow that he would offer no substantive changes to Finnish foreign policy, which the Soviets were to amend as the 'Paasikivi-Kekkonen line.'

**a. *The Three Crises***

(1) Communist Coup Attempt in 1948. After years of being illegal, the Finnish Communist Party (SKP), and the communist-supported Finnish Peoples' Democratic League (SKDL), entered domestic politics with a surprising amount of support in 1945. In the first elections of the post-war period, the SKP won 25% of the seats in parliament, became a member of the ruling coalition, and the party leader was named minister of the interior. The initial appeal of the communists is credited to wide dissatisfaction by leftists with the wartime leadership of the Social Democrat Party and its corroboration with extreme right-wing elements during the war.<sup>60</sup> Many SDP members defected from the party to join, in particular, the SKDL. Although supported by Moscow, both parties were reluctant to act on radical advice in fear of upsetting the balance of power in parliament and losing their first-time electoral victory. When the Soviets called for general strikes and protests in 1947, the communist

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<sup>60</sup>Allison, 131.

and SKDL ministers condemned the plan for interfering with the rebuilding of the Finnish economy.<sup>61</sup>

By 1947-48, however, few Finns were interested in the radical message of the SKP and its allies. The peoples' primary interest was to rebuild the war-torn country and settle its differences with its superpower neighbor. Consequently, domestic support for the SKP and SKDL waned. The turning point in the parties' fortunes came in 1948 in the intense ratification debate of the FCMA Treaty. Anti-Soviet members of parliament contested the loss of sovereignty implicit in the treaty, while realists, under Paasikivi's leadership, questioned the alternatives. During this debate, rumors that the communists were going to attempt to seize power brought a quick response from the president. The military positioned troops and equipment around the capital and police forces were alerted.<sup>62</sup> No coup was in fact attempted, and Helsinki quietly returned to normal. The SKP thereafter could muster little support and suffered significant losses in subsequent elections.<sup>63</sup>

Stalin's interests in East Central Europe extended along a north-south axis from the Arctic to the Adriatic. In his plans for a Soviet-dominated Europe, Stalin envisioned the continent divided into three political spheres:

1. a non-communist, relatively stable region in Western Europe...;

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<sup>61</sup>*ibid.*, 132-33. The SKP and SKDL leaders emphasized the need for a strong economy to supply the Soviet Union with both war reparations and the goods it would need to rebuild its own economy.

<sup>62</sup>Jakobson, 70-1.

<sup>63</sup>*ibid.*



2. a Communist region under Soviet control in Eastern Europe...;
3. an intermediate region in East Central Europe of coalitional political systems under only gradually increasing Communist influence, extending from Yugoslavia in the south through Austria, Hungary, and Czechoslovakia to Finland in the north.<sup>64</sup>

If the Finns' fate was to be similar to that of the Czechs and Hungarians, why did the Communist infiltration of Finland so obviously fail? One reason is that Moscow was never able to rally popular support in the country for the Communist message. The government's realist foreign policy aside, the Soviet Union was still viewed by the Finn as the *perivihollinen*. The non-Communist forces in Finland were too well organized to allow the post-war balance of domestic power slip forever to the East and were prepared to use equivalent means to battle the political adversary.<sup>65</sup> In addition, the timing of the 'rumor' of a possible coup attempt worked extremely well for the government. Paasikivi was able to demonstrate his resolve against Moscow's meddling in Finnish domestic affairs and in doing so answered critics in the FCMA Treaty debate.

(2) The 'Night Frost' of 1958. Kekkonen faced his first of two serious challenges from the Soviet Union in 1958. Moscow had stayed relatively clear of Finnish domestic politics since the FCMA Treaty.

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<sup>64</sup>Charles Gati, *Hungary and the Soviet Bloc* (Durham: Duke University Press, 1986), 15.

<sup>65</sup> *Ibid.*, 18. Gati quotes James H. Billington, "Finland," in Cyril E. Black and Thomas P. Thornton, eds., *Communism and Revolution: The Strategic Uses of Political Violence* (Princeton: Princeton University Press, 1964), 117-44. According to Billington's account of the Communists failure in Finland, "First and perhaps most important was the willingness of its opponents to resort to the same tactics of terror and violence that the Communists themselves employed. This is not a conclusion that is pleasing to the liberal mind; but the fact is that...calculated threats of terror by otherwise humane Finns were effective, not particularly bloody, and probably indispensable for the preservation of Finnish democracy."

Following the elections in the Fall, the Soviet Ambassador to Helsinki left his post without ceremony or explanation and bilateral negotiations of all types were frozen. Moscow declared that it was not pleased with the composition of the new government of Social Democrats and Conservatives. In particular, the Soviets were concerned about the possible selection of an anti-communist prime minister. Khrushchev apparently felt the Finns might be pressing their advantage following the return of Porkkala and increasing trade contact with the West. The Soviet Union's warning was subtle yet pointed. Kekkonen directed the parliament to form a minority government under the leadership of the small Agrarian Party. Meeting Kekkonen in Leningrad, Khrushchev explained his concern with a potential anti-Soviet stance by the Finns; appraised of the new government, the Soviet leader immediately lifted the sanctions.<sup>66</sup> For his part, the Finnish President defined his adherence to his predecessor's policy of careful appeasement of the USSR. Conversely, Khrushchev betrayed the lingering Soviet interest in Finnish domestic affairs.

(3) The 'Note Crisis' of 1961.<sup>67</sup> Moscow's interest in its neighbor's internal politics led to a second, more serious crisis three years later. The 'Note Crisis' in 1961 was rooted in Soviet concerns over the increasing build-up of German military activity in the Baltic. Although Bonn had begun to rearm under NATO auspices in the mid-1950s, in 1961 the Atlantic Alliance formed the Baltic Approaches Command - a

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<sup>66</sup>Berner, 96-97. See also Stoddard, Jakobson, and Allison for an in-depth look at the 1958 elections.

<sup>67</sup>Ibid.

joint German-Danish integrated military under Danish control.<sup>68</sup> At the same time, the German Defense Minister, Franz Josef Strauss was visiting Norway to coordinate German participation in NATO maneuvers in that country. Taken exclusive of other events around the globe, these actions appeared to the Soviets as a concerted effort by Germany to reintroduce its influence in the region.<sup>69</sup> Moscow used this 'threat' to call for a conference under the articles of the FCMA. Kekkonen, vacationing in the U.S., sent his foreign minister to Moscow to interpret the Kremlin's designs. Soviet Foreign Minister Gromyko relayed that the Soviet leadership was deeply concerned over the possible election of *revanchist* elements of the Social Democratic Party in the next voting. Combined with the advancement of German interests in other parts of Scandinavia, the threat of anti-Soviet elements gaining control of the Finnish presidency provided the impetus for the now-famous exchange of notes. Kekkonen, upon his return, met with Khrushchev in Leningrad to explain Finnish policy. He reaffirmed Finland's commitment to a stable and mutually-beneficial relationship with the USSR. The President's cautious yet direct approach to a potentially explosive situation gained the Soviet's respect and trust. As a result, Moscow backed down on its request for the FCMA conference, the issue quickly fizzled, and the suspect SDP

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<sup>68</sup>BALTAP was formed as a compromise solution by NATO: the Germans wanted protection for their northern flank, while the Danes wanted guarantees for the Alliance's defense of the Jutland peninsula. The Danes, however, were still dubious of the most likely guarantor - Germany - because of recent (WWII) experiences. The compromise was BALTAP, placing troops from Schleswig-Holstein and Jutland in an integrated command led by a Danish admiral.

<sup>69</sup>Namely, increasing Sino-Soviet tensions; Soviet pressure on the Allied position in Berlin; and, NATO's new emphasis on conventional arms build-up under the doctrine of flexible response.

presidential candidate quietly withdrew his name from consideration. The subtleties of the Finnish negotiating position may have been lost on the West. Nevertheless, the Finns successfully managed another crisis as they climbed the ladder toward international recognition of their precarious nonalignment/neutrality policy.

#### 4. Economics and Neutrality

The 'Note Crisis' presented the last serious challenge to domestic politics in the Cold War period. The Finnish government was therefore able to concentrate its unrestricted energies on two areas: rebuilding the domestic economy and firmly establishing the country as a model neutral state. Success in the first was dramatic. Although the Finns reluctantly refused to join the Marshall plan because of Soviet concerns of Western influence, the nation united in producing its own *Wirtschaftswunder*. From 1950-1974, the economy grew at a remarkable 4.9%; in the 1970s and 80s, the pace remained a steady 4.0%.<sup>70</sup> While trade with the Soviet Union represented the single largest share of this achievement, improving relations with the West fueled the rapid expansion of quality and high technology products for import/export. Whereas through the early 1980s around one-fourth of the nation's trade was conducted with East Bloc economies, by 1989 that number had dropped to less than 14%. Two-thirds of Finland's current trade is with the European Community, with Britain and Germany providing the main markets for Finnish goods outside of Scandinavia.<sup>71</sup> Perhaps the most significant step in Finland's economic

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<sup>70</sup>Patrick Humphreys, *Finland and Europe* (Helsinki: Tietosanoma, 1990), 11.

<sup>71</sup>*Ibid.*, and International Monetary Fund, *Direction of Trade Statistics, Yearbook 1990* (Washington, D.C: International Monetary Fund, 1990), 176-8. Through the mid-1980s, trade with the USSR represented over 20% of Finland's total. Fenno-Soviet trade worked (until 1990) on the barter system - finished products from Finland were

progress was the increased contact with Western markets following the country's membership in the European Free Trade Association (EFTA) in 1961.<sup>72</sup> EFTA provided an open market in which to sell Finnish raw materials and light industrial goods. In return, the Finns received the heavy machinery and technology necessary to reconstitute their industries. As a result, Finland 'westernized' its economy without disturbing trade relations with the East. Rather, the open door to the Soviet Union funnelled a steady supply of contemporary western goods to Moscow.

The period of sustained economic growth and a secure domestic scene gave Finland the chance to concentrate on implementing its non-alignment strategy. Since the interwar years and the prelude to hostilities, the Finns have applied for international recognition of their neutral and non-aligned status. The preamble of the FCMA Treaty expressed Finland's desire to "remain outside the conflicting interests of the Great Powers." Seven years later, Finland's membership in the United Nations provided the international forum for advancing the state's declared position of neutrality in war and non-alignment in peacetime. More than statements of intent, Finland's circumspect foreign policy and its steadfast determination to remain outside the Cold War struggle

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exchanged for raw materials (mainly fuel, Finland's major import) from the Soviets. Trade dipped after 1983 with the dramatic decrease in the international price of oil.

<sup>72</sup>EFTA was formed in 1959 when Britain, rebuffed by French refusal to accept British demands for a wider free-trade area, organized a trade league outside of the EEC. Besides Britain, the six initial signatories to EFTA included Sweden, Norway, Denmark, and Switzerland. Finland did not join initially because of difficulties in arranging a free trade agreement with the Soviet Union, its major trading partner at the time. The difficulties were resolved in 1961 when Finland signed mutually acceptable free trade agreements with EFTA and the USSR.

legitimized its non-aligned status. The policy has been a success; for the last three decades Finland has remained free of much of the superpower fray and has, consequently, enjoyed the benefits of a relatively untethered international position.

#### IV. REGIONAL ISSUES: THE SUPERPOWERS AND 'NORDIC STABILITY'

Any analysis of Swedish or Finnish foreign policy must take into account its 'Nordic' element. Although the countries have emphasized longstanding traditions of nonalignment and neutrality, the ideological roots of the foreign policy of both are historically and culturally tied to Scandinavia. The Nordic states, Iceland, Denmark, Norway, Sweden, and Finland, share a strong sense of common identity which shows frequently in their security policy priorities and decisions. Norway and Denmark are extremely sensitive of the impact that their NATO obligations may have on non-aligned Sweden and Finland. Similarly, the Swedes and Finns have minimized their criticisms of the Soviet Union to keep tensions low in the Eastern Baltic and the Gulf of Finland. While often faulted in the West, actions (or *inactions*) such as Finland's careful relationship with Moscow, Stockholm's compromising stand on the Soviet submarine violations of territorial waters, and the lukewarm response by both governments to the Baltic States' independence movements are considered by domestic policymakers to be a key element in the governments' pursuit of regional stability. The 'Nordic Balance,' as the posture has been termed, is less an alliance of the Scandinavian states than a philosophy aimed at keeping East-West tensions at a low level by remaining alert to regional sensitivities.

The 'Nordic Balance' is founded on the dual concept of 'deterrence-reassurance.'<sup>73</sup> The 'deterrence' component is two-fold: the first

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<sup>73</sup>Bitzinger, *Denmark, Norway, and NATO*, 17.

aspect refers to an effective national defense posture; the second concerns the NATO members, Iceland, Denmark, and Norway, and pertains to Allied, mainly U.S. and British, promises to deter, and if necessary, to help defend against external threats through reinforcements and, in extremis, nuclear retaliation. The 'reassurance' component has as its objective to assure the Soviet Union of the region's non-aggressive stance. This aspect of the policy has grown in popularity since the USSR's détente offensive of the early 1970s. It comprises restrictions on domestic military capabilities, banning of foreign bases and nuclear weapons on Scandinavian soil, and a heavy reliance on compromise and consensus in superpower dealings.<sup>74</sup>

In planning for the national defense, the Swedes and Finns use the concept of 'marginality.' The concept revolves around the idea that, in war, Sweden or Finland would represent only a 'marginal' strategic goal for an aggressor, and that consequently, the invader would use 'marginal' forces - qualitatively and numerically - in the attack. In *The Future of the Nordic Balance*, author Nils Andrén noted that his country's defense planning is based on the premise that,

an enemy that might threaten or attack Sweden will always hold back a considerable part of his resources for other purposes such as opposing an expected or surprise confrontation with another superpower. Consequently only a part of a superpower's military force can be used to attack Sweden. If the enemy's objectives in Sweden are limited and if the country is able to defend itself, the cost of controlling Sweden or part of it will be disproportionate to the cost of aggression.<sup>75</sup>

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<sup>74</sup>See Bitzinger, 8-17, for a more complete analysis of the NATO aspects of the 'Nordic Balance.' The foreign bases ban includes permanently stationed allied troops but does not restrict, in Norway's case, a ban on pre-positioned equipment for allied reinforcements.

<sup>75</sup>Quoted in Kruzal, 541.



Andrén's description applies equally to Finland. So long as superpower competition remained a part of Nordic strategies, 'marginality' was a realistic and functional assumption. If the Cold War is ending, and the U.S. and USSR can resolve the remaining strategic questions in the High North, Swedish and Finnish defense planners may need to revise the way they view the next war.

A comparative analysis of defense spending (see Table IV.A.1.) gives an enlightening picture of the relative trends in Swedish and Finnish defense policy, and perhaps some insight into regional threat perceptions. In an era of expensive, technology-intensive weaponry, the Swedes have cut back the share of the national budget devoted to defense throughout the 1980s. In the early 1960s, the period most analysts consider the high-point of Swedish defense effectiveness, military budgets were 4-4.5% of the Gross National Product; defense spending now accounts for little more than one-half of that amount.<sup>75</sup> The high cost of manning and equipping the Swedish military combined with a smaller share of the budget means smaller or lesser capable armed forces. In fact, current frontline forces available for immediate mobilization are between one-third and one-half the levels that could be mustered in the 1950s.<sup>76</sup>

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<sup>75</sup>*Western Europe 1989: A Political and Economic Survey* (London: Europa Publications, 1988), 443, and Kennedy-Minott, *U.S. Regional Force Application* (Stanford: Hoover Institution Press, 1988), 34. In 1955, the Swedish Air Force consisted of 17 wings with 33 squadrons; by the end of the 1980s these numbers have decreased to 7 wings of 8 squadrons (Kennedy-Minott).

<sup>76</sup>*Ibid.*

Table IV.A.1. Comparison of Public Defense Expenditures<sup>77</sup>

Country	Public Defense Expenditures								
	millions of US\$			% of budget			% of GNP		
	1980	1982	1984	1980	1982	1984	1980	1984	1986
Sweden	3867	2840	2862	8.0	7.3	7.2	3.3	3.0	2.5
Finland	734	809	815	5.4	5.7	5.7	1.4	1.6	2.1

In contrast, the Finnish defense budget in the last decade has kept pace not only with the rising costs of arming a modern military, but it actually has *increased* relative to the country's GNP. Under the limitations of the 1947 Treaty of Peace, the size of Finnish defense forces and how they may be equipped is strictly defined.<sup>78</sup> Therefore, the Finns have used budget allocations to produce a modern, technology-intensive military under the restrictions imposed by the peace treaty. The air force is a good example. Finnish forces currently include aircraft purchased from both Sweden and the USSR; among the follow-on defense fighter aircraft being considered for purchase are the Swedish JAS Grippen, the Soviet MIG-29, and the U.S.-built F-16.<sup>79</sup> All are state-of-the-art options for the Finns. Implications of the United States entering the Finnish defense market will be discussed below.

<sup>77</sup>Björn Hagelin, *Neutrality and Foreign Military Sales* (Boulder, CO: Westview, 1990), 39.

<sup>78</sup>*Treaty of Peace with Finland*, Part III, Articles 13-22. Some of the limitations include: a maximum force strength of 34,400-man army, sixty aircraft and 3,000-man air force, shipping weight to 10,000 tons and 4,500-man navy. Certain offensive weapons were also prohibited under the treaty. This list includes motor torpedo boats, submarines, torpedoes, mines, bombers, certain types of civilian aircraft, guided missiles, and nuclear weapons.

<sup>79</sup>Interview between the author and United States Department of Defense personnel, Washington, D.C., 12-16 November 1990.

A shadow of doubt is cast on the efficacy of the 'reassurance' aspect of regional foreign policy given Moscow's apparent absence of concern for Scandinavian interests in its 'militarization' of the northern flank. Western critics, especially in the U.S., cite Sweden's and Finland's role in 'reassurance' as merely appeasement.<sup>80</sup> The relatively mild response of the Swedish government following the 'Whiskey on the Rocks' incident and its subsequent failure to halt the incursions may have encouraged the Soviet Union to claim the Baltic as a *de facto mare nostrum*. Moreover, quiet diplomacy by the neutrals seemingly has done little to stem the tide of the Kola build-up. American-Swedish relations in particular have followed a rocky path since World War Two and the recent criticisms are but the latest round of crossfire. Many in the U.S. viewed Swedish neutrality in the 1940s as a cowardly unwillingness to support a just and moral cause.<sup>81</sup> When the lines of the Cold War were drawn in the aftermath of World War Two, the Atlantic Alliance found little support in Sweden's nonalignment policies.

On the other hand, Sweden has found much to fault with U.S. foreign policy. Swedes have criticized America's Cold War rhetoric for fueling East-West tensions and have decried U.S. involvement in Southeast Asia and Central America with the full moralistic fervor of Swedish foreign policy. The bellicose anti-Soviet line pursued by the Reagan administration, and its insistence on 'Star Wars' and INF deployment did

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<sup>80</sup>Kennedy-Minott, 8-9. This point is driven home by the view of one Norwegian analyst that "a policy of prudence involves avoiding extremes. Unmitigated pursuit of deterrence could result in provocation, while maximizing reassurance could lead to appeasement." Quoted in Kennedy-Minott, *U.S. Regional Force Application*, 25.

<sup>81</sup>Kennedy-Minott, *Lonely Path to Follow*, 1.

little to assuage Swedish concerns in the early 1980s. However, by the latter part of the decade, Swedish foreign policy became preoccupied with the Soviet 'problem.' When the U.S. Navy publicly announced its Forward Maritime Strategy in January 1986, criticisms were limited to the aggressive comments by the proponents of the doctrine rather than to the strategy itself.<sup>82</sup> For its part, the U.S. Navy has applied lessons from past unilateralism and has followed a careful line in promoting the FMS with due regard for regional stability and political concerns. The overriding view in Swedish circles is that the Americans "responded responsibly to the Soviet threat" and that the U.S./NATO naval presence in the northern seas "serves a pragmatic, stabilizing purpose."<sup>83</sup> It is difficult to forecast the direction that relations between the Nordic neutrals and the U.S./NATO will follow given the dramatic events unfolding in Eastern and Central Europe. The Atlantic Alliance will certainly maintain a credible presence in the High North until the domestic political situation in the USSR begins to stabilize and the Kola Peninsula is significantly demilitarized.

As noted above, it is illegal for the Finnish media to defame a foreign state. Consequently, severe criticisms of both Soviet *and* American policies generally have been muted. Instead, the Finns have been quick to interpose a positive alternative when superpower stalemates affecting northern security have occurred. The 1963 proposal by Finnish President

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<sup>82</sup>Kennedy-Minott, *U.S. Regional Force Application*, 35. See also Ingemar Dörfer, "The Nordic Region: Between the U.S., Europe, and the Soviet Union," report from the Swedish Defense Research Establishment, undated, 10. Dörfer states that the U.S. Navy's leadership, specifically then Secretary of the Navy John Lehman, made "little time" for the Scandinavians in drawing up the FMS.

<sup>83</sup>Kennedy-Minott, *Lonely Path to Follow*, 34.

Kekkonen for a 'Nordic Nuclear Weapons Free Zone' (NNWFZ) and the Helsinki-hosted founding of the Conference on Security and Cooperation in Europe in 1975 were among the Cold War alternatives offered by Finland. The NNWFZ proposal, in particular, has become a cornerstone of Finland's contribution to the 'reassurance' component of Nordic stability and so bears explanation. Subsequent to the superpower confrontation over Cuban missiles and follow-on discussions in NATO concerning a multilateral nuclear force, President Kekkonen presented the concept of a nuclear weapons-free Scandinavia. The NNWFZ concept was introduced in May 1963, shortly after the Cuban Missile Crisis, with Kekkonen's suggestion that its adoption would increase regional stability by preventing the superpowers from drawing the Scandinavian countries into a nuclear arms race.<sup>84</sup> It seems clear that the Finns were appealing to the Danes and Norwegians to reconsider any moves toward nuclearization or participation in NATO's nuclear multilateral force (MLF), then under discussion. Despite Finnish claims to the contrary, the other northern states were skeptical of NNWFZ benefits and questioned whether the proposal was meant to serve regional or Soviet interests.<sup>85</sup> Moscow's response to the Kekkonen plan, on the other hand, was predictably positive: In the Soviets' view, establishment of the NNWFZ would erect a

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<sup>84</sup>Allison, 61-4; Kennedy-Minott, *Lonely Path to Follow*, 12-13; J. Borawski and J. Valentine, "Nuclear Weapon Free Zones: The Nordic Case," *Naval Forces*, vol. 9, (March 1988): 66-71; "Finland's View on a Nuclear-Weapon-Free Baltic Sea," press release from the Finnish Ministry of Foreign Affairs, Helsinki, 12 November 1990.

<sup>85</sup>Kennedy-Minott, 12.

"formidable obstacle...to NATO plans to militarise Northern Europe and involve it in the arms drive."<sup>86</sup>

The Kekkonen plan failed to specify the exact area that would be included, notably whether it would embrace Soviet soil. When questioned on this point earlier, however, a Soviet official had replied angrily that "it is known that Soviet territory is not a part of Scandinavia and it is not expected to be included in it. Do you want to expand Scandinavia at the expense of the Soviet Union?"<sup>87</sup> Moscow's attitude toward a multilateral commitment to the NNWFZ concept merely reinforced the Danish and Norwegian stand against it. With the impasse, no action was taken on the Finnish proposal and it subsequently faded into the background in regional negotiations. The Nuclear Non-Proliferation Treaty, signed in 1968, filled many of the roles Kekkonen had envisioned for his plan, but in the 1980s the nuclear weapon-free zones concept surfaced once again in defense discussions. The contemporary debate is centered on Soviet President Gorbachev's October 1987 speech in Murmansk calling for a Nordic "zone of peace."<sup>88</sup> The Soviets are using the theme of lower tensions in Central Europe to press for an increase in anti-nuclear popular opinion in the North. The only difference between the Soviet positions appears to be three decades and a new mouthpiece. Prime Minister Ryzhkov, adding to Gorbachev's earlier remarks, envisioned a nuclear-free Baltic with the

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<sup>86</sup>V. Golubkov, "President Kekkonen's Important Initiative," *International Affairs (Moscow)* no. 8 (1963): 107, quoted in Allison, 63. Foreign Minister Gromyko described the proposal as one of "great value," and added that the Soviet Union was prepared to act as 'guarantor' for the zone.

<sup>87</sup>Allison, 63.

<sup>88</sup>Borawski and Valentine, 67.

USSR again volunteering to serve as guarantor.<sup>89</sup> While the NNWFZ concept is a thoughtful option for reducing the regional superpower competition, the Kekkonen/Gorbachev proposal is unrealistic: the plan would be difficult, if not impossible, to verify; it would rely on negative assurances from the nuclear powers - essentially, a statement of benign intent; and it appears to benefit the Soviets singularly. The Finns, too, have become more circumspect in their support for a nuclear-free proposal. In a response to Moscow's latest attempt to revive a NWFZ encompassing the Baltic, the Finnish government, while supporting the 'philosophy' of the initiative, pre-conditioned its support on an agreement to link both sea- and land-based nuclear missiles capable of being used in the region to the overall ban.<sup>90</sup> A Joint Nordic Study is scheduled to address this issue in its 1991 report.<sup>91</sup> In the interim, the Scandinavians appear willing to allow regional remnants of the Cold War to subside at their own pace.

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<sup>89</sup>Ibid.

<sup>90</sup>"Finland's View on a Nuclear-Weapon-Free Baltic Sea." The most recent Soviet proposal for the Baltic NWFZ was dated 18 October 1990. The press release stated that "in the Finnish view, there are problems connected with control and verification of the absence of nuclear weapons at sea that are complicated and remain open so far....Finland regards the Soviet unilateral decision concerning the Baltic Sea...as a positive measure which builds stability and confidence in the critical transition under way in the European security order."

<sup>91</sup>Ibid. The JNS was commissioned by the Nordic states to investigate the means of implementing the NNWFZ in a way that adequately address the spectrum of regional security concerns.

## V. THE EUROPEAN CONNECTION

In the 1980s, Scandinavia moved from the periphery of the Cold War superpower confrontation to the forefront. The shift in superpower attention from Central Europe to the High North caught Finnish and Swedish foreign policy off-guard. For three decades the Nordics had enjoyed a relatively quiet existence away from the threat of hostilities. The Soviet Union's military build-up on the Kola Peninsula led to a mini-arms race in the High North including the numerous and increasingly aggressive alien submarine operations in Nordic waters and the U.S. Navy/NATO response in the form of the Forward Maritime Strategy. In less than a decade, the Northern Flank became the focal point of the East-West confrontation.

While the Cold War paradigm is on the verge of becoming irrelevant in Central Europe, the High North remains an area of unresolved superpower competition. The Kola Peninsula will remain, for the foreseeable future, a bastion for Soviet strategic military systems. Consequently, even with the remarkably fast improvement in East-West relations, the U.S. is likely to view the Soviet's position in the North as a continued threat to American/NATO interests. For the Nordic states, this means that they will have to remain on guard against the by-products of superpower relations in the region. The neutrals, specifically, should be wary of the rapidly changing nature of the U.S./Soviet relationship. Nevertheless, Sweden and Finland are in the unique position of being able to offer their services as nonaligned states to speed the road to stability in the High North.



One of the side effects of the Cold War alliances' scrutiny of Northern Europe was that the foreign and security policies of the Nordic countries were suffused with continental interests. In the 1980s, political, economic, and social concerns in the heart of Europe began to spill over into the North. As a result, Scandinavia has become less immune to the pull of pan-European organizations. The 'Europeanization' of the Nordic neutrals manifests itself in their views of two preeminent post-Cold War collective bodies: the Conference on Security and Cooperation in Europe and the European Community. Both neutrals agree that the CSCE is the natural forum for future continental security questions. Largely because of the relative stages of their integration, Sweden and Finland maintain differing views of their roles in the pan-European political and economic environment; Stockholm, with a larger economy and a considerably more secure geographic location, has had more contact - political, economic, and social - with the West than Helsinki. Sweden's break with the Norwegian and Finnish positions on joining the EC appears to signal a significant fissure in the coordinated Nordic stance toward European integration and an end, perhaps, to 'Nordic Stability.' Anything less than a unified approach from the Nordic states, however, may work to their detriment. The neutrals, in particular, are in danger of approaching the new Europe as anachronisms of the Cold War era; they may have little to offer singly and might find themselves with only a minor role in the future European fora.

#### **A. THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE**

The CSCE process began in 1975 as part of the Helsinki Final Act, which recognized the post-Second World War division of Europe in

exchange for Soviet acceptance of human rights accords. Although established as a series of conferences merely to review compliance with the Helsinki agreement, CSCE has evolved into the primary vehicle for integrating the East and West into a pan-European security apparatus.<sup>92</sup> The 34-nation body includes the United States, Canada, and all European nations except Albania. At the Paris Summit of the CSCE in November 1990, heads of state of the member nations agreed to a series of important changes shaping the future structure of the body. The three most significant of these included the signing of an agreement to cut conventional forces in Europe, the blessing of German unification, and the institutionalization of the CSCE process. In addition, the heads of state reinforced their commitment to the CSCE's organizational goals by agreeing to annual summits and to begin regularly scheduled foreign minister meetings.<sup>93</sup>

As small states outside most of Europe's main political and military structures, Sweden and Finland are pleased to find the role of the CSCE, the one organization that does give them a voice in continental affairs, expanding to fill post-Cold War void. Along with some of the East European countries, the Nordic neutrals have envisioned the scope of the CSCE growing gradually to become a 'mini-United Nations,' with a security

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<sup>92</sup>"CSCE Looks to New Role in Europe," *Washington Times*, 3 October 1990, 9.

<sup>93</sup>"The Thrill of Europe's Rebirth," *The Economist*, 24 November 1990, 49. The thirty-four nations agreed to establish a small secretariat in Prague, a Crisis Prevention Center in Vienna, and an office in Warsaw to gather data on elections. The agreements reached fell short of President Gorbachev's call for a "European common home," or the European confederation concept envisioned by President Mitterand. The Americans and British appear to be the least enthusiastic about expanding the CSCE role; their concern stems from desires to protect the influence of NATO until the situation in Eastern Europe has stabilized.

council and peacekeeping forces capable of maintaining the new European order.<sup>94</sup> The rest of Europe (especially the French, who are interested in expanding the security role of the EC; the U.S., which is concerned with the future of NATO; and Germany, which is preoccupied with the development of its eastern *Länder*) may not be willing to agree just yet to the more far-reaching options proposed for the CSCE. Nevertheless, while hoping the process evolves into a UN-type confederation, the Scandinavians appear attuned to the continental *Realpolitik*. They admit that the CSCE currently does not offer "a panacea for the problems of Europe." Rather, the organization gradually could be given "more importance in integrating the factors of the new security order," an order in which the Swedes and Finns would have a voice equal, in theory, to the superpowers.<sup>95</sup>

The Finns, in particular, are placing considerable foreign policy emphasis on the broad potential of a pan-European security institution. Finland has considered itself the motive force behind the Helsinki process from the start, and, in fact, regards the CSCE a part of its "international identity."<sup>96</sup> As was noted previously, the Finns were prepared on several occasions to offer their good offices to provide a neutral platform for the superpowers to negotiate their differences. The leadership took the position that by pursuing a rather singular goal, regional stability, it could concentrate its diplomatic energies and increase the likelihood of a

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<sup>94</sup>Peter Wivel, report on interview with Danish Foreign Minister Uffe Ellemann-Jensen, *Berlingske Tidende* (Copenhagen), 12 May 1990, 2, in *Foreign Broadcast Information Service*, 21 May 1990, 21-2, and "The Thrill of Europe's Rebirth," 49.

<sup>95</sup>Harri Holkeri, "New European Architecture and Finland," an address by the Finnish Prime Minister at the meeting of the New York Society of International Affairs, New York, 28 September 1990, 3.

<sup>96</sup>*Ibid.*

mutually-beneficial settlement. In the complex contemporary arena of multi-layered security interests, the Finnish government has drawn on its Cold War experiences to propose some of the most extensive of the process' long-term objectives. In its view, the threats presented by the rapidly-evolving paradigm in Europe extend beyond those responsive to military solutions alone. According to a Finnish Foreign Ministry official, political means will be given primacy

in developing the prerequisites for security after the Cold War. The greatest threat to security is not the offensive capability and the intent of the 'other party,' but the decline in the economic and social position of the new democratic countries of Eastern and Central Europe.<sup>97</sup>

The Finns are quick not to belittle the 'military factor' in security. Along with Sweden and Switzerland, Finland has maintained a respectable defense force; the theoretical and practical aspects of armed neutrality demand a credible military deterrent. Nonetheless, the Finnish government shares the concerns of its Polish and Hungarian counterparts over the division of Europe, not along military axes, but rather by relative wealth - in effect, the formation of a "Welfare Wall" to replace the Iron Curtain.<sup>98</sup> The fall of the latter has already led to the *de facto* partition of the continent into two unequal economic blocs. The Scandinavians and the East Europeans argue that, in the absence of an established pan-European economic system, the CSCE may be the arena to prevent the

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<sup>97</sup>Alpo Rusi, "Changes in Europe: Finland Emphasizes Neutrality in the Military Field; Foreign Policy Evolving to Non-alignment," quoted from a Foreign Ministry lecture, 20 September 1990, 10. Dr. Rusi is the Director for Planning and Research at the Finnish Ministry for Foreign Affairs.

<sup>98</sup>"The Thrill of Europe's Rebirth," 50, and Rusi, 10.

erection of a destabilizing barrier between the 'haves' and 'have nots.' Placing economics at the pinnacle of the security order would be a difficult proposition for regional defense planners. However, the structuring of the new European order demands innovation beyond minor adjustments to the old paradigm. The proposal that questions of 'economic security' could be settled within the CSCE framework suggests that there is room to expand the popular definitions of the threat and its corresponding response. If the CSCE evolves into a European UN, other issues threatening the continent - such as ethnic migrations and environmental concerns - quickly could supplant arms control as the organization's primary focus.

## **B. THE EUROPEAN COMMUNITY**

Until most recently, considerations of neutrality and nonalignment provided the primary impediment to Swedish and Finnish membership in the EC. In 1970, when the Community offered membership to the Scandinavian states, both Sweden and Finland opted to remain in the alternative European Free Trade Association. The issue at that time was regional concern for the 'Nordic Balance.'<sup>99</sup> The EC was viewed in the East as the political and economic arm of the North Atlantic alliance. Moscow pressured the Nordic neutrals to avoid such a "closed economic organization" and discounted Nordic claims that political union with

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<sup>99</sup>Kennedy-Minott, *Lonely Path to Follow*, 51. Sweden and Finland decided not to apply for EC membership, while Denmark joined, and the Norwegians, after the parliament approved Norway's application, vetoed membership in a national referendum.

Western Europe would not follow on the heels of increased trade.<sup>100</sup> The mild response from Sweden and Finland also reflected the political and economic impotency of the EC in 1970. Two decades later, the EC is advertising the forthcoming 'unified Europe,' and the economic pull of the Community may be irresistible.

In Sweden, the issue of joining the EC has been hotly debated for years, and it appears that proponents of membership have gained the upper hand. The Swedes have been members of EFTA since its establishment in 1959. While ties between the EC and EFTA have been relatively loose over the years, the creation of the European Economic Space in the summer of 1989 was a significant step toward removing remaining trade barriers. Since then, the tremendous changes in Central Europe have made the EES more of a waiting room than a gateway to cooperative action. Growing concern among EFTA members over the economic impact of the European Community's goal of a single market in 1992 already has led Austria to submit its application for membership. Swedish business concerns, fearing the 'Fortress Europe' scenario, have pushed the government toward the EC. One Scandinavian official echoed business' enthusiasm for the single market when he forecasted that "the EC will be the dynamo and the powerhouse in the Europe of the future...(and) that in ten years' time we will have a Europe in which the nucleus of European development will be the EC."<sup>101</sup>

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<sup>100</sup>Allison, 121-6 and Berner, 116-7. Apparently, the Soviets were very concerned that an increase in Swedish and Finnish trade with the West would necessitate a drop in commerce with the COMECON countries.

<sup>101</sup>Terkel Svensson, report on interview with Danish Foreign Minister Uffe Ellemann-Jensen, *Berlingske Tidende* (Copenhagen), 4 February 1990, 6, in *Foreign Broadcast Information Service*, 26 January 1990, 23.

While some voices both in and out of the EC may be overestimating the near-term potential of the Community, the fact remains that the collective economic and political clout of the twelve-member organization is formidable and still growing. Swedish insistence on nonalignment should not be so determined as to isolate the country in the midst of an emerging 'common European home.' Certainly, there would be political costs to EC membership. Sweden would have to give up some freedom of political and economic maneuver in the name of collective policy. This price until now has been too high for a country that has an independent foreign policy as a traditional vital interest. Pierre Schöri, a leading voice in the Swedish Foreign Ministry, succinctly described a generation of unease between Sweden's position on nonalignment and membership in the West European economic organization:

Sweden's armed neutrality is an all-weather policy. It is not an end in itself but it has served us well in keeping this country out of war for more than 175 years....Our neutrality from the superpower blocs ensures we can remain an independent, mediating force in the world. You can see this with our role in helping achieve a cease-fire in the Iran-Iraq war and in efforts to bring the U.S. and the Palestine Liberation Organization together. Could you really see a member of the EC being able to do all that?<sup>102</sup>

However, in less than a year, the Swedish government completely reversed its position on EC membership. As recently as Fall 1990, the Swedes were not prepared to commit to the European Community as the only alternative

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<sup>102</sup>Bo Stenstrom, report on interview with the Swedish Foreign Ministry Undersecretary of State Pierre Schöri, *Helsinki Hufvudstadsbladet*, 23 November 1990, 8, in *Foreign Broadcast Information Service*, 23 February 1990, 23.

for economic integration.<sup>103</sup> Then, in a move that left its Nordic counterparts stunned and isolated, the Swedish parliament voted on 12 December to give the prime minister the mandate to apply for membership to the EC. Both the Norwegians and the Finns called such a move premature and reacted angrily to the Swedish government's failure to consult with its Nordic neighbors prior to announcing its decision to seek the mandate.<sup>104</sup> Yet another element in the unfolding EC drama is the European Community itself. The EC Commission, which oversees new applications, has declared that it will accept no additional members until at least 1993.<sup>105</sup>

The Finns have shown little enthusiasm for rushing their application for EC membership. Irritated by what it considered Sweden's failure to observe regional interests, Finland intends to continue to move cautiously on the issue of European integration. In the short term, the Finns are planning to work within EFTA and to assist in bilateral negotiations with the EC through the European Economic Space. According to the Prime Minister Holkeri, the government will concentrate on completing EES arrangements before taking additional steps toward the EC.<sup>106</sup> The

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<sup>103</sup>"Carlsson's Tiny Distance," *Dagens Nyheter* (Stockholm), 2 July 1990, 2, in *Foreign Broadcast Information Service*, 18 September 1990, 56.

<sup>104</sup>"Sweden to Seek Membership in the European Community," *New York Times*, 13 December 1990, 4, and John Burton, "Nordic States Disagree on EC," *Financial Times* (London), 1 November 1990, in *Foreign Broadcast Information Service*, 2 November 1990, 18-9.

<sup>105</sup>Burton, 19. The vice-chairman of the EC Commission added that the Community was prepared to accept a joint Nordic application with an entry date of 1994.

<sup>106</sup>Jan-Anders Ekstrom, "Finland Puts its Money on the European Economic Space," *Svenska Dagbladet* (Stockholm), 28 October 1990, 8, in *Foreign Broadcast Information Service*, 2 November 1990, 25.



government is primarily concerned with the impact 'Europeanization' will have on domestic economics and foreign policy. Although the Finnish leadership realizes that most of the economic implications of integration would be favorable to the country, some of the state's leading financial concerns and interest groups worry that a 'Europe first' policy would loosen their hold on the domestic economy.<sup>108</sup> The government intends to use the EES negotiations as an adjustment period - one that will allow the Finnish economy to restructure along the lines of the EC program. The Finnish move is designed to distance domestic policy from European scrutiny during the restructuring phase; by taking such an unobtrusive approach to integration with the rest of the continent, Finland hopes to avoid both EC and domestic pressures for quick, destabilizing reforms.<sup>109</sup>

Like the Swedes, the Finns are concerned as well with the implications of EC membership on their respective foreign policies. Some circles within the European Community are discussing the possibility of extending the organization's role to security matters - possibly through a revived Western European Union (WEU).<sup>110</sup> Finland is watching these developments closely; since the EC remains a West European 'club,' a

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<sup>108</sup>Humphreys, 27. According to Humphreys, "The real difference is that the EC both prevents and restrains major concentrations of economic power, while Finland does neither." The argument for the cartel system was that, for a small country like Finland to survive against its much larger international competition, such a concentration of power was necessary. Domestic economic power blocs are found still in the financial, chemical, building materials, and electronics industries. Naturally, these businesses remain reluctant to support the government's efforts to deregulate.

<sup>109</sup>Ibid., 28-44, and Burton, 18-9.

<sup>110</sup>Wilfred Gruber, *The Future of Europe's Security* (Santa Monica: RAND Corporation, February 1990, 9-10, and Rusi, 11. Gruber notes that the Single European Act of 1985, the document which codified the EC1992 goals, explicitly excluded a military role for the EC in security affairs.

security function for the organization could, in theory, be opposed to the interests of Finland's closest neighbor. From Finland's point of view, the regional *Realpolitik* requires that the Soviet Union must not be isolated in the new European order, and the Finnish government admits that it will not sacrifice its security-related neutrality policy to the integration process.<sup>111</sup> Therein lies the reason for the Finns' efforts to formalize the security functions of the CSCE process.

Sweden and Finland have been accused of wanting 'Europe' *à la carte*.<sup>112</sup> Certainly, both countries must ensure that their national interests are served. Nevertheless, if the Nordic neutrals are willing to take the benefits coincident to EC membership, they also must be prepared to give a little, as well, and not insist on special privileges or conditions. With over 54% of Swedish and almost half of Finnish international trade involving the EC, both countries already have surrendered a certain amount of economic sovereignty.<sup>113</sup> Yet, even though EFTA and the EES have assisted in adjusting the Nordic economies to EC rules, Sweden and Finland will have little influence in the Brussels decisionmaking process so long as they remain outside of 'Europe.' All in all, the lessening of East-West tensions and the economic advantages offered by the EC should give Stockholm and Helsinki the added impetus to review its future role in a pan-European political and economic framework.

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<sup>111</sup>Rusi, 11. The author points out that in the Persian Gulf, Finland is not a neutral. Rather, it supports collective security among UN members based on consensual agreements.

<sup>112</sup>Sverker Aström, "The Nordic Angle I: Sweden's EC Dilemmas," *The World Today*, November 1988, 192.

<sup>113</sup>International Monetary Fund, 176-8 and 368-70.

## VI. CONCLUDING OBSERVATIONS

Sweden and Finland appear ready to alter the nature of their respective neutrality/nonalignment policies. The end of the Cold War has forced the Nordic neutrals to review the objectives of their traditional foreign policy stance. Both countries had pursued a deliberate, legalistic process to obtain international recognition of its neutrality. Sweden's efforts allowed it to chart a course independent of the superpowers, while establishing itself as a model for small nations seeking political freedom in the Cold War. In Finland's case, international acceptance of its nonalignment created the conditions whereby a democratic nation could coexist peacefully on the borders of the most powerful communist state. Yet, in a remarkably short period of time, the Swedes and Finns have begun to change the nature and extent of their foreign policies to accommodate the new political climate swept in by the European revolutions of 1989. Neither country is preparing to dismiss its declared neutral status. Rather, both are attempting to resolve the paradox in their foreign policy by shaping neutrality to fit their interests in the emerging world order. It appears that Sweden and Finland have chosen two European collective organizations, the EC and CSCE, as the primary instruments of political, economic, and security policy in the next decade.

Sweden has taken the lead in Nordic foreign policy with its recent move toward the EC and European integration. An ailing economy and impotence against repeated violations of its territory by foreign submarines have required Sweden to take the initiative to seek new alternatives for its national and regional interests. Consequently, the

Swedes have chosen Europe without waiting for consensus with its more cautious neighbors. The early move signals that the country will be less reluctant to accept the EC without preconditions - and perhaps, without the *à la carte* menu on security matters that had been the major stumbling block to membership application.

This Europe initiative leaves Sweden's security dilemma unresolved. Reflecting on national policy at the height of the submarine intrusions, Anders Björck, a conservative member of parliament noted that Sweden "has had 170 years with no war, a high standard of living, a quiet country with a welfare state. That tends to make you less suspicious than you should be."<sup>113</sup> He also might have added that so long a period of peace may cast doubts on the credibility of the nation's defense. The results of the last decade support this perspective. Stockholm's compromising and conciliatory response to Soviet transgressions far from embarrassing Moscow has instead been an embarrassment to Swedish foreign policy. The result for the Soviets has certainly been a loss of international prestige; for Sweden, however, the damage may have been much more extensive. Regardless of the impact of the East-West *entente cordiale*, Sweden's vaunted armed neutrality posture has been breached, and therefore its credibility as a deterrent weakened. The Swedes must look then to the pan-European collective security arrangements evolving on the continent. Of these, the CSCE holds the greatest promise for giving Sweden a voice in European security affairs and for restoring a measure of credibility to the country's defense guarantee.

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<sup>113</sup>Kruzel, 542.

The Finns are content with a more cautious approach to their integration with the post-Cold War Europe. More than any other European state, Finland has followed a balanced course in East-West relations. Politically, economically, and socially the country is a self-contained Western democracy. Yet, its relations with its Soviet neighbor have remained positive and reflect the range of the two countries' mutual interests. Finland also benefits from a broad domestic consensus marked by an unusual degree of long-term consistency.<sup>114</sup> The Finnish government lacks the dramatic political divisions typical of the European parliamentary systems. Consequently, the Finns are prepared to ride out the post-Cold War shock waves and wait for the politico-military situation in the Soviet Union to stabilize before ardently moving toward Europe. Even so, and like Sweden, Finland will maneuver its neutralist foreign policy to adjust to the changing world order. As Finnish diplomat Max Jakobson has noted, however, the country's neutrality policy "is designed to resolve the latent conflict between ideological ties and strategic realities inherent in the country's situation....[Finland] must base her security on an unsentimental calculation of national interest."<sup>115</sup> This approach will continue to reflect an adherence to the regional *Realpolitik* that has been the mainstay of Finnish policy in the postwar period. The CSCE process represents the best forum to ensure Finland's voice in continental security affairs within the neutralist framework. At the

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<sup>114</sup>Perti Paasio, Finnish Foreign Minister, in an address to the Finnish Parliament, Helsinki, 18 September 1990, 4. The lack of drama in Finnish politics might be attributed to the fact that the liberal and conservative parties have formed a majority coalition.

<sup>115</sup>Jakobson, 99, and Bitzinger, *Neutrality for Eastern Europe?*, 11.

same time, EC-EES negotiations will remain at the top of the country's economic agenda.

Consequently, the Nordic neutrals are at a crossroads in defining their foreign policy for the 1990s. Decisions made in Stockholm and Helsinki likely will be guided by historical ties to Scandinavia and a long tradition of successful nonalignment. Yet, with the door opening to the East and a continent-wide dash to grab a seat at the new European roundtable, isolation under the banner of neutrality would be the wrong path to choose. The historic paradigm shift now enveloping Europe confronts the national actors with a host of security problems beyond the scope of a military response. The new Europe must negotiate an obstacle course of political issues, such as massive population movements caused by an imbalance in continental economic and social conditions, and far-reaching environmental concerns. The Nordic neutrals, as nonaligned observers in the old paradigm, are situated to present progressive, unfettered guidance to the emerging European collective structures. Sweden and Finland should take this initiative to embrace their European neighbors as charter members of the new order.

## VII. IMPLICATIONS FOR U. S. SECURITY POLICY

The paper up to this point has drawn conclusions as to the likely structure of Nordic nonalignment/neutrality policies in the upcoming decade. The final section introduces the possible policy implications for the United States based on these findings. A critical element in ensuring that American interests are protected in the new European order is the policymaker's understanding not only of the concept of 'Europe,' but also of the regional and national intricacies that are part of the whole. A comprehensive 'European solution' would be an unsatisfactory approach for U.S. policy. Nevertheless, the continent remains an area of vital national interest - perhaps, even survival interest - for a myriad of security, political, and economic reasons.<sup>116</sup> Consequently, American policy should pursue a vigorous approach to bilateral relations with both the collective organizations, such as the EC, and the smaller littoral states, bearing in mind that national interests among the U.S. and its negotiating partners do not represent a zero-sum relationship.

The most significant issue facing U.S. interests in Europe is the continued threat posed by superpower military competition. There is little doubt that this threat is receding.<sup>117</sup> The spread of democracy throughout Eastern and Central Europe, the unification of Germany, and unprecedented success in conventional arms (CFE) and confidence-building

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<sup>116</sup>Donald E. Nuechterlein, *America Overcommitted* (Lexington, Kentucky: University of Kentucky Press, 1985), 10.

<sup>117</sup>"Final Communiqué," Ministerial Meeting of the North Atlantic Council at Turnberry, UK, 7-8 June 1990, quoted in *NATO Review*, June 1990, 30.

(CSBM) negotiations are indicative of the positive trends in improving East-West relations. However, as the NATO foreign ministers noted in June of this year,

such a fundamental process of change carries with it its own potential for instability and uncertainty. In addition, even after the satisfactory conclusion of current arms control negotiations, the Soviet Union will continue to retain substantial, modern and effective nuclear and conventional forces.<sup>118</sup>

The NATO communiqué is a stark reminder that even as the West extends an olive branch to the East, the Alliance is wary of the Soviet potential to threaten the existence of its members. For the northern NATO states, and the U.S. as the predominant seapower, the Norwegian, Barents, and Baltic Seas remain areas of special interest to Alliance security. In addition, the northern states realize that the reduction in tensions in Central Europe - including the far-reaching troop withdrawals in Germany and Hungary - has not lowered the military capability of Soviet forces on the Kola Peninsula, or in the remainder of the Leningrad or Baltic Military Districts.<sup>119</sup> For the near term, therefore, the Nordic region will remain an object of superpower competition.

Sweden and Finland will be caught in the middle between the nuclear powers until the reasons for this competition are removed. Since the Nordic neutrals are outside the alliance structures, their policy positions are often ignored or slighted. However, the U.S./NATO shares a common

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<sup>118</sup>ibid., 31, quoted from the "Defence Planning Committee Final Communiqué" section of the ministerial meeting report.

<sup>119</sup>Kennedy-Minott, *Lonely Path to Follow*, 39. See also *The Military Balance in Northern Europe 1989-1990*, a report from the Norwegian Atlantic Committee, Oslo, 1990.



interest with Sweden and Finland in regional stability. The challenge for the regional actors is to minimize the instability brought on by the dramatic changes in East-West relations. Toward this end, the U.S. must recognize the distinctive character of Swedish and Finnish national interests and negotiate with the two neutrals with a mutual understanding of the common goal. The U.S. and its NATO allies should reassure the Nordic neutrals that regional security would be served best in the current period of uncertainty by a combination of superpower dialogue *and* a credible deterrent force. The Swedes and Finns have been concerned in the past that one or the other superpower may upset the delicate balance in the North and violate their neutrality in the process. The NNWFZ concept, for example, is an outgrowth of attempts to reconcile their worries. If the U.S., in particular, wishes to enhance its strategic position in the region, it must address the *unique foreign policy concerns* of Sweden and Finland, and not approach the two countries as part of a 'generic' Europe. Specifically, (1) NATO (primarily the U.S. Navy) and the Nordic states should reach an agreement expressing a common policy on NNWFZ; (2) the U.S. should realize the inevitable potential of the CSCE process and improve its working relationships with Sweden and Finland to achieve 'Arctic Stability'; (3) Washington should increase bilateral economic relations with the Nordic states before EC membership preparations become all-consuming; and (4) the U.S. policymakers might find it useful to absorb some of the 'lessons learned' by the Swedes and Finns on practical relations with the Soviets. The Nordic region is merely one piece in the complex puzzle facing the United States as it attempts to adjust to a rapidly-developing, new European order. Yet, through a coordinated proactive diplomatic effort and increased emphasis on the

unique nature of Nordic policy, Washington may have the opportunity to resolve at least the northern flank of the puzzle.

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