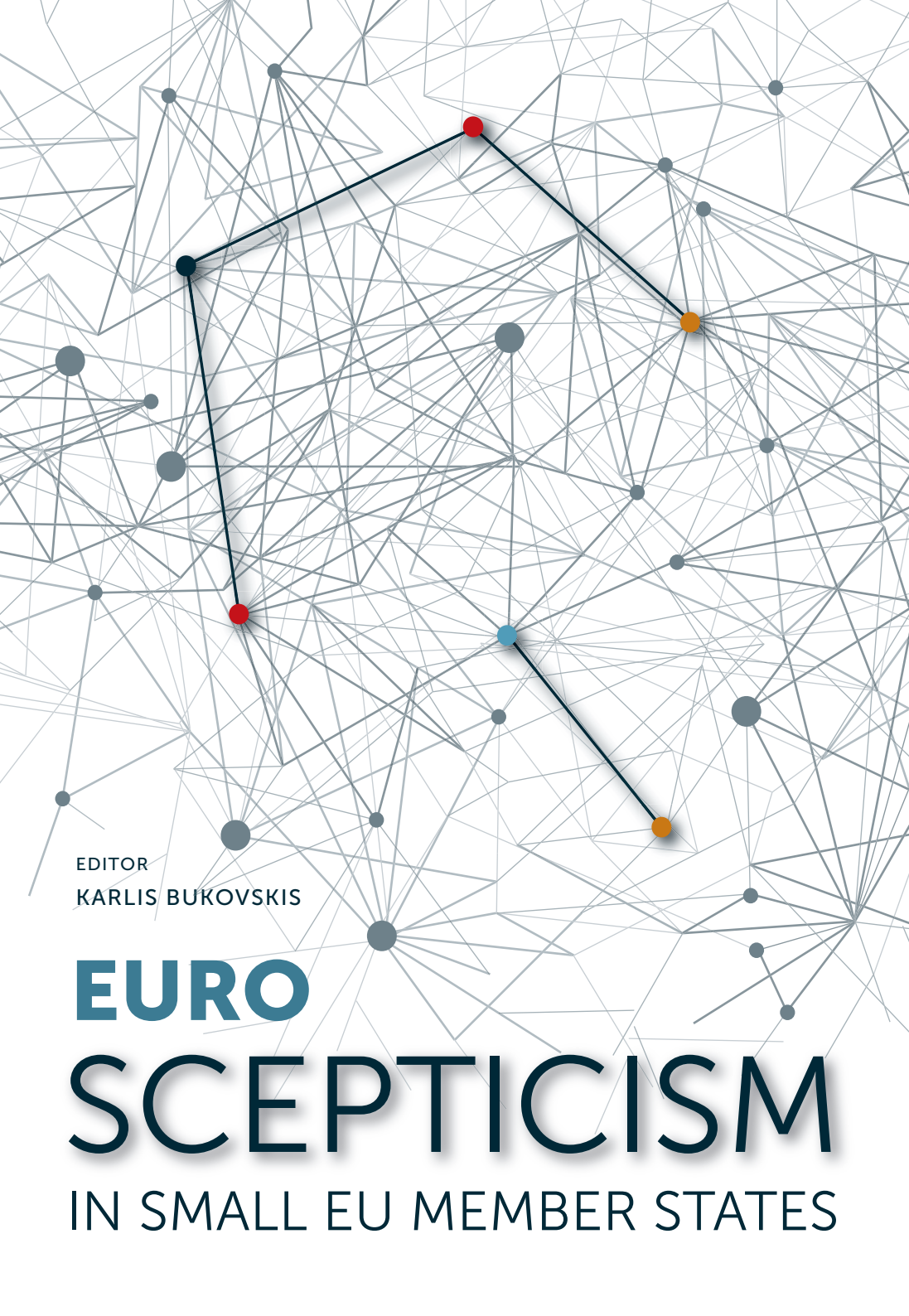




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KARLIS BUKOVSKIS

EURO **SCEPTICISM**

IN SMALL EU MEMBER STATES

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EDITOR KARLIS BUKOVSKIS

LATVIAN INSTITUTE OF INTERNATIONAL AFFAIRS
RIGA, 2016

EUROSCEPTICISM IN SMALL EU MEMBER STATES

The book "Euroscepticism in Small EU Member States" is an effort by an international team of analysts to address the Euroscepticism phenomenon in small European Union Member States. It draws the general conclusions that the observed small countries of different enlargement periods, namely, Luxembourg, Ireland, Portugal, Finland, Latvia, Bulgaria and Croatia, are realists in terms of reckoning the political and economic gains from the membership and future amendments of the EU policies. Although Eurosceptic ideas are not unfamiliar in any of the countries, calls for exiting the European Union are marginalised. The book is the result of successful collaboration between the Latvian Institute of International Affairs and the Friedrich-Ebert-Stiftung.

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The opinions expressed here are those of the authors and do not necessarily reflect the positions of the Latvian Institute of International Affairs or the Friedrich Ebert Stiftung or represent the opinion of any government authority or ministry.

This publication is an effort of the Latvian Institute of International Affairs with fundamental support by Friedrich-Ebert-Stiftung.

English language editor: Livija Uskalis

Cover design: Kristine Pluksna-Zvagule

Layout: Oskars Stalidzans

The book is published in collaboration with the Publishers Zinātne



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Friedrich-Ebert-Stiftung, 2016

ISBN 978-9984-583-81-5

UDK 339.9(4) + 327(4)

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INTRODUCTION: ENTERING THE AGE OF EUROSCEPTICISM

Karlis Bukovskis

For almost a decade, the European Union has faced major problems, one after another. Traditionally, each crisis has made the EU stronger and more integrated. The European Union countries have been facing problems and closer coordination and delegation of responsibilities to supranational institutions generally leading to a solution. Since the end of the Cold War, among others, Europe has experienced German reunification and post-Communist transitions, the rise of international terrorist organisations, economic and financial problems, a migrant crisis and finally the referendum for continued European Union membership in the United Kingdom. During these years, the EU has, with varying results negotiated and adopted the Maastricht Treaty, the Amsterdam Treaty, and the Treaty of Lisbon (the reapproached Constitutional Treaty), and introduced the Eurozone. The sovereign debt crisis alone resulted in the adoption of several new economic governance instruments, such as the so-called Fiscal Compact, European Semester, Banking Union, and Capital Markets Union, and the completion of the Economic and Monetary Union is scheduled to be implemented by 2025. The EU is going through perpetual change.

In the current situation, the question of survival of the European project has become a household feature. Fears, or in some cases hopes, that one might be witnessing the decay and dissolution of the EU are taking on momentum. The reality is that political organisations disappear only when they are acted against. Active and popular actors are needed for an organisation or political idea to lose its momentum and dissolve. Therefore, until recently, only the “Empty chair crisis”

of 1965-1966 was a true moment of political crisis for the European integration project, as it was actively led by Charles de Gaulle. Today, with the prolonged Greek crisis, David Cameron and the Brexit vote, the increased popularity of Marie Le Pen and the rise of such parties as *Alternative für Deutschland* and *Prawo i Sprawiedliwość* in Poland, there are now too many leaders acting against the political unity and trustworthiness of the European Union.

The anti-Europeans have the luxuries of simplicity in their messages. One of the greatest challenges for the European Union nowadays is its complex institutional and political settings and decision-making processes that makes it unappealing to the masses. Due to the changes, consensuses, opt-outs, compromises between the interpretation of inter-governmentalism and federalism during particular periods of decision-making, the European project has become increasingly unclear for non-professionals. This piecemeal engineering of trust that is European integration has resulted in a complicated framework of rules and regulations with blurred institutional responsibilities and an incomprehensible bureaucratic machinery. Humans naturally fear and dislike issues they do not understand, especially if those issues are often seen as unfair through the actions of those in power.

This gives enough ground for the emergence of Euroscepticism, not only in the aforementioned large EU countries, but also in the small ones. Traditionally, analysts tend to look at the large European Union countries to discuss and predict the future development vectors of the EU while forgetting that the majority of the EU Member States are small countries. The European Union has successfully embraced a great number of countries that are considered relatively small by their economies, political influence, population size or other characteristics. These are the small countries that have made foreign policy choices to integrate into multilateral international organisations and/or bandwagon themselves to friendly large countries. And it is a vast constellation of small countries looking for their geopolitical security, a safe economic environment or cultural sustainability in the European Union. Hence, the main premise of this book is to explore

the state of play, wishes and motivations of the small EU Member States in these uneasy times for the Union.

The book “Euroscepticism in Small EU Member States” engages in an in-depth analysis of the challenges faced by the European Union, with the aim of contrasting the attitudes towards the European integration process in small Eastern European, Southern, Northern and Western European countries of different enlargement periods. Small countries picked from each of the enlargement periods include members of the EU1957 (Luxembourg), the EU1973 (Ireland), the EU1986 (Portugal), EU1995 (Finland), the EU2004 (Latvia), the EU2007 (Bulgaria) and the EU2013 (Croatia). The only EU constellation missing is EU1981 and the enlargement that included Greece. Exclusion of Greece from this book is largely related to the unique situation the country and its society has been in since the outbreak of the sovereign debt crisis. The rise of Euroscepticism in Greece serves more as an exception than the overall trend in small EU countries. And it is largely due to severe economic, social and political turmoil that the country has faced both domestically and internationally. An additional two countries that have put themselves more actively on the Eurosceptic map since the inception of this project, are the Netherlands and Austria. Both deserve separate chapters and analysis, along with Greece, for the second edition of this book.

Euroscepticism has become a widely used concept and a term used to describe the strongly critical or even nihilistic attitude towards the European project. The political forces labelled as Eurosceptics on the extreme end, tend to oppose all the aspects of European integration, emphasising a conservative need to reclaim sovereignty and the country’s exit from the European Union. In contrast to that, this book concludes on the tendencies of “Eurorealism” – in small European Union countries the economic and security gains prevail in political calculations and positioning on the European Union’s membership, its policies and institutional shape. Eurorealist views consider the external environment and the uneasy alternatives for a small European country outside the EU when defining its support for the EU.

The distinguished authors representing each case analysis in this book address a vast number of issues in their chapters. The authors discuss Euroscepticism in their respective country from political, historical, economic, security and foreign policy aspects. The authors seek to reveal the political parties, lobby groups and influential NGOs heading the Eurosceptic mindset. They touch upon the general political reasons for EU membership, and reactions to the current issues of Brexit, the refugee crisis and Western values. Economic and financial arguments for and against the EU are analysed from the aspects of the costs of EU membership, balance of payments into the EU budget, financial or market gains, major businesses gaining from the EU or infrastructure improvements. Finally, the authors address the geopolitical and both domestic and external security aspects related to EU membership, before making projections of the development of the situation in their respective countries by 2025, and providing recommendations on limiting anti-European sentiments in society.

“Euroscepticism in Small EU Member States” is the effort of an international team of experts and analysts to provide decision-makers and professionals with practical, policy-based conclusions, suggestions and recommendations on dealing with the Eurosceptical phenomenon in modern Europe. This book is the result of another productive collaboration between the Latvian Institute of International Affairs and other think-tanks and European academic institutions. Finally, this scientific research that addresses the future of “project Europe” would not have been possible without the generous and timely support of the Friedrich Ebert Foundation and Dr Werner Rechmann personally.

EUROPHILE BY NATURE: THE CASE OF THE SMALL GRAND DUCHY OF LUXEMBOURG

Nadine Besch, Guido Lessing

For a small country like Luxembourg, the first lesson to be drawn from history is their need to be part of something bigger. Historically, the creation of a rules-based union of states was a stroke of luck for a tiny country such as this. Luxembourg has no interest groups in society, no business stakeholders nor any political party lobbying for leaving the EU.

The political and legal framework created by the ongoing integration process still guarantees Luxembourg a place at the table of the heavyweights in Europe. The EU delivers the framework for the guarantee of its security, completing the role of NATO. Economically, the country could not survive outside the common market. So far, Luxembourg's endeavour to open business niches in the common market has been the guarantee for its economic well-being. As a successful early adaptor to a changing market environment, the Grand Duchy traditionally sticks to the achievements reached by the original six and now 28 Member States. However, shadows were cast on the traditional pro-Europeanism by the wave of enlargements of 2004/2007. Economic imbalances within the EU, lacking solidarity between its Member States, growing dissonances on issues considered to be essential for a Union built on principles and values make people more Eurosceptic. At the same time, the attractiveness of Luxembourg within the EU and the ongoing immigration to a country with an almost 50 per cent foreign population pushes a part of society to claim more openly for the defence of its national identity within the existing European polity.

CONVINCED PRO-EUROPEANS AND THE QUEST FOR CONSERVING NATIONAL IDENTITY

Strong Euroscepticism is basically non-existent in public discourse in Luxembourg. No political parties or interest groups advocate for leaving the EU. Whereas nationalist and right-wing parties are enjoying a surge of support in the context of the migrant crisis and social and economic insecurity almost throughout Europe, the Luxembourgish electorate proves quite immune to the siren voices of nationalism and anti-Europeanism. However, as a result of the 2004/2007 enlargement rounds, European integration is seen with more scepticism. Today, the general commitment to the European project is paralleled with a growing need for national self-affirmation.

In June 2015, the referendum about the voting rights for foreigners revived the political debate about national identity in an unseen way. The referendum asked, amongst other questions, whether foreigners who have lived in Luxembourg for ten years, should have the right to participate in the elections of the national parliament. An overwhelming majority of voters throughout the country, 78.02 per cent, rejected the proposal. The outcome of the poll does not quite fit with the reputation of Luxembourg as a cosmopolitan and pro-European country.¹ One of the major arguments of the “No” camp was the fear of the possible loss of national sovereignty. One of the strongest opponents of the foreigners’ voting rights was the national Conservative Party ADR (Alternative Democratic Reform Party). In its “No” campaign, it raised the same nationalist reasoning when assessing the European project.² The ADR, a minor party with 3 Members of Parliament out of 60 in the national *Chambre des Députés*, is known for being the main Eurosceptic force in Luxembourg. However, compared with other similar European movements, it defends a rather soft variety of Euroscepticism.³ One of its leading figures, Gast Gibéryen, maintains that his party has an unquestionably pro-European orientation while not being uncritical towards the European Union. He explicitly denies possible ties with the Eurosceptic alliance of the extreme right-wing parties, the

“Movement for a Europe of Nations and Freedom”.⁴ According to the party’s president, Jean Schoos, the ADR adheres to the permissive consensus in Luxembourg on “the necessity of a peaceful Europe with a large internal market”.⁵ However, in European matters, it claims a better defence of the Luxembourgish interests. The ADR further believes that national representatives should, for example, make much more use of their veto right to block the decision-making process when national interests, especially for financial and fiscal questions, are at stake. In the same way, it demands the recognition of Luxembourgish as an official language in the European institutions. In the campaign for the European elections in 2014, the party’s stance on the EU was expressed by the slogan “Less Europe, more Luxembourg”. This view reflects the one of the “Alliance of European Conservatives and Reformist” (AECR), a European political party, that the ADR joined in 2011. As its European sister parties, the ADR rejects the idea of a European federal state and aims towards a “Europe of nations, so that every country could see its independence and difference”.⁶

When commenting on recent developments in EU politics, the ADR reaffirms its approach of sovereignty. It saw the refusal of the Eastern European countries in taking part in the refugee quota system to relocate refugees, in September 2015, as a legitimate response, rather than a rebellious reaction.⁷ For the ADR, it was an important step for those countries to ultimately emancipate from the domination of Germany and France in European issues. In the context of the ‘Brexit’ summit in February 2016, the party welcomed the British initiative of the referendum on EU membership and the following negotiations on the terms of its membership as an opportunity to launch a broader debate on the actual nature of European integration. In this context, the use of direct democratic instruments was seen as a useful means to know what direction Europe should take.⁸ When a majority of Dutch voters rejected the ratification of the EU-Ukraine deal in April 2016, the ADR condemned political leaders for lacking confidence in the people’s ability to take educated decisions and criticised that the negative attitude towards referenda among the ruling class could lead to a gradual loss of the citizens’ trust in the European project.⁹

On a national scale, the ADR only shares its Eurosceptical position with *Déi Lénk* ("The Left"), a far-left party with similar limited political weight. In fact, both criticise the democratic deficit of the European decision-making process and demand a review of the orientation of the project as a whole.

Reviewing the European integration from a socialist and anti-capitalist angle, 'the Left' mainly condemns the lack of a social dimension of the EU project, which is considered to be too centred on economic goals. In the context of the Greek debt crisis, the implementation of a strict austerity policy by the EU was interpreted as a neoliberal response serving only the interests of the banking sector.¹⁰ In this sense, the party advocated the ruling left-wing *Syriza* party's final resort to a referendum in July 2015, seeing it as the correct response for approaching "the blackmailing attempt of the neoliberal elites and their manipulative information with the weapon of democracy."¹¹ The subsequent implementation of austerity measures, despite the general rejection by a large part of voters, proved, according to 'the Left', once more that the will of the people is often not taken into account on a European level.¹² The party identifies the same gap between the public and their political leaders regarding the ongoing negotiations of the Transatlantic Trade and Investment Partnership (TTIP). Despite unprecedented opposition from civil society to this agreement, European decision-makers seem to ignore the will of a broad segment of the population. As a consequence, the party demands a "democratic deepening" of the EU, mainly by increasing the weight of the European Parliament.¹³

According to 'the Left', the future of the EU is not only at risk because of the problem of a democratic deficit, but also because of the lack of solidarity between Member States. During the recent migrant crisis, national responses prevailed and the attempt to handle it together failed with the rejection of the refugees' relocation system by some countries. This attitude is considered by *Déi Lénk* as a betrayal of the founding values of the EU project. Therefore, it calls strongly for a more solid commitment to the political dimension of the EU project and advocates for a common asylum policy.¹⁴

Data from the Eurobarometer survey (EB83 spring 2015) confirm the general pro-European attitude, with a large majority of 70 per cent of citizens totally disagreeing with the idea that Luxembourg “could face the future better outside the EU”¹⁵. Accordingly, a majority of respondents, i.e. 52 per cent, have a completely positive image of the EU, while 30 per cent are neutral.¹⁶

AB INITIO PRO-EUROPEAN

The official celebrations of Luxembourg’s National Day on the 23rd of June coincided in 2016 with the British referendum on EU membership. The Head of State of Luxembourg, Grand Duke Henri, responded in his speech to the ongoing developments and devoted it almost completely to the praise of the European idea.¹⁷ One must note that the Constitution of Luxembourg establishes the sovereign’s impartiality as a fundamental principle of democracy. The fact that the monarch specifically highlighted this subject on such an occasion shows that EU membership of Luxembourg is far from being a divisive subject, and furthermore, that pro-Europeanism is partly Luxembourg’s patriotism.

In his speech, the Grand Duke mentioned the country’s “special relationship” with the European project and even called Luxembourg “the birthplace of the European idea”, the place where everything started. In this context, he refers to the Luxembourgish origins of the founding father of European unity, Robert Schuman.¹⁸ The pride of the pioneer role of Luxembourg as a founding member of European integration, and of the personalities that have significantly shaped its history, is an important component of the pro-European discourse. A booklet, published in 2015 by the Government for Luxembourg’s Presidency of the Council of the European Union, states in its historical outline that the leading role of Luxembourg in EU history was mainly due to “the quality of its representatives at all levels (...), their way of tackling issues in a Community-based approach, their credibility as well as their ability to drive Community integration while disregarding

purely national interests, to assume presidencies of the Council of Ministers as honest broker, to make themselves available as a discreet mediator between dissenting views”¹⁹. The document illustrates this view by mentioning the following personalities: Gaston Thorn, Jacques Santer and Jean-Claude Juncker, the three Luxembourgish Presidents of the Commission and Pierre Werner, the forerunner for the Economic and Monetary Union.²⁰

The Grand Duchy’s Head of State underlined, furthermore, that the Luxembourgish people owe their peace and prosperity to the European project.²¹ The idea that the survival of a small nation, both in political and in economic regards, depends on its integration into the larger entity of the EU is also very recurrent in the pro-European discourse. In a recent interview with the German newspaper *Reutlinger General-Anzeiger*, the Minister of Foreign Affairs, Jean Asselborn, argues that European integration was for Luxembourg the only chance to survive. According to him, Luxembourg’s existence on the map of Europe is only the result of historical coincidences.²² In fact, in the nineteenth and the first half of the twentieth century, Luxembourg was often threatened in its existence due to the annexation attempts of its big neighbouring states. Scarred by the experience of the German occupation, Luxembourg finally abandoned its neutrality status in 1948, and joined different multilateral organisations such as the Council of Europe, the Benelux Economic Union and the European Coal and Steel Community. These memberships – and especially the one to the EU – nowadays represent a guarantee to the country’s independence and security. It also helps Luxembourg to assume an active role in international relations and to play a role bigger than its size would suggest. In fact, Luxembourg, whose inhabitants only make up 0.1 per cent of the total EU28 population, can still block EU legislation. Especially in areas central to Luxembourg’s economy, such as the field of harmonisation of indirect taxation and EU finances, the required unanimity in the Council of Ministers gives the country considerable weight compared to its size. In the European Parliament, the country is represented by only 6 deputies out of 751, but it is the second highest number of

MEPs per inhabitant within the Union of 28 Member States, after Malta.²³

The importance of Luxembourg's belonging to the EU was once again stressed in the context of the current migrant crisis and the terrorist attacks in Europe, when the EU's borderless Schengen zone was coming under increasing threats to implode. In January 2016, the President of the European Commission, Jean-Claude Juncker, presented the possible negative economic impact of systematic reintroduction of border controls, stating that the suppression of the freedom of circulation would mean the end of the internal market. He illustrated his stance by citing the example of his native Luxembourg, which counts roughly 170,000 cross-border workers, one of the highest share of commuters in the working population in Europe.²⁴ No doubt, the open economy of Luxembourg would suffer the most if the Schengen zone of free movement was removed. More than four-fifths of its domestic production is exported to EU Member States.²⁵ The conviction that a country of such a small size and, consequently, with such a small market, has no other option but to seek openings with other countries, is representative of the national self-image of Luxembourg. In fact, from the 19th century onwards, Luxembourg entered different customs' unions, for example, the Prussian Zollverein in 1842 and the Belgo-Luxembourg Economic Union in 1921.²⁶

The wide public support in Luxembourg for the European project has a longstanding tradition. In 1986, the people of Luxembourg were even rewarded with the International Charlemagne Prize, bestowed in recognition of the country's exemplary commitment to the unification of the people of Europe.²⁷ The European Commission's Eurobarometer survey regularly reveals that the population of Luxembourg consistently rank among the most pro-European citizens and that they consider their country's membership of the European Union to be a normal part of everyday life. The country's geographical location and its openness to other cultures transform it into a territory with a certain European feel. Resident foreigners make up 46.7 per cent (2016) of the population. EU citizens form the strongest group,

accounting for 86 per cent of the total number of foreigners living in the Grand Duchy, which makes Luxembourg a real European melting pot and has consequences for its psychological set-up – beyond any economic considerations. Luxembourg's high proportion of cross-border employees leads to a rate of more than 70 per cent of foreigners (45 per cent cross-border employees and 26 per cent resident foreigners) in the active population.²⁸ Moreover, the 11,000 civil servants working in Luxembourg mostly for EU institutions form a community with a strong European vocation.²⁹

THE CAPACITY TO ADAPT TO THE ECONOMIC ENVIRONMENT OF THE SINGLE MARKET

The Pro-European stance of the Luxembourgish public can partly be explained by the economic well-being of the country and its capacity of the last 50 years to adapt to a changing economic environment. Luxembourg is an open and stable high-income economy with a small budget surplus of 1.24 per cent of GDP in 2015³⁰. Today, 84 per cent of exports from Luxembourg go to the EU. Compared to most of the other EU Member States, its economic situation is relatively comfortable – though all that glitters is not gold. Economists criticise the lacking sustainability of the welfare state, especially with respect to a pension scheme which is based on the assumption of a perpetually growing labour market³¹. Insufficient economic diversification has increasingly become a source of criticism – in particular in the context of the outbreak of the global financial crisis in 2007.

For many years, the generous welfare state could rely on solid economic growth. Based on data from 1961 to 2014, the average annual growth rate of GDP was 3.67 per cent with major peaks during the mid-1980s, the late 1990s, and on the eve of the outbreak of the financial crisis. In 2007, it reached 8.4 per cent followed by two years of economic contraction. Today, Luxembourg's economy is back on track. With the sole exception of 2012, Luxembourg has had positive growth rates between 4 and 5 per cent since 2010.³²

In order to better understand the importance of the internal market for the national economy, a look back at the economic history of the Grand Duchy is useful. Until the mid-1970s, its economic well-being was primarily based on the steel industry, developing in the framework of the ECSC. Under the pressure of industrial decline, the subsequent Luxembourgish governments worked on an ambitious programme of economic diversification with a focus on the service sector. Anticipating changes linked to the ongoing integration of the European market, the financial sector could take over the role of the driving force for further economic growth.

From the late 1960s to the mid-1990s the number of banks established in Luxembourg rose from 25 to more than 200³³. Accordingly, the labour market also underwent important changes. Although the country's employment stagnated in absolute numbers during the decade following the steel crisis, the tertiary sector became more important and could compensate for the losses in the industry. Since the mid-1980s employment has recorded exceptional growth to the point that demand could no longer be met by the native workforce. As a result, cross-border workers from neighbouring Belgium, France and Germany and immigrant workers represent an increasing share of total domestic employment and thus contribute to the national economy. As of January 2015, more than 414,000 people were employed on the domestic labour market, of whom more than 175,000 were cross-border commuters. Taking into account that 258,679 out of the 562,958 inhabitants of Luxembourg were foreign nationals at that time, less than 30 per cent of the national labour market were Luxembourgish nationals – and the trend continues. It is noteworthy to mention that the slowdown in employment growth since 2008 has been coupled with a relatively high unemployment rate, compared to the years before the outbreak of the financial crisis. Whereas Luxembourg was used to an unemployment rate between 2 and 4 per cent during the 1990s until 2007, it seems that the labour market cannot absorb the national workforce as it did before the outbreak of the crisis. Despite a growing labour market, unemployment rose to 6.5 per cent in May 2016³⁴. The data shows once more the degree of integration into the internal market.

The economic success of the country and the awareness of the importance of the European market for Luxembourg, facilitate an unbiased discussion about national contributions to the EU budget. Dissatisfaction about net contributions remains so far unknown. During the parliamentary debate on the occasion of the vote on the Council Decision of 26th May 2014 (2014/335/EU, Euratom) on the system of the EU's own resources, MPs from almost all groups in parliament displayed a great sense of unity³⁵. The *rapporteur* of the Finance and Budget Committee of the Chamber of Deputies, Eugène Berger from the ruling liberal DP, recalled the contributions from Luxembourg to the EU budget for the period between 2007 and 2013. The amount transferred to Brussels was EUR 1.9 billion, respectively EUR 268 million annually. On the other hand, Luxembourg received EUR 1.45 billion within the financial framework of 2007-2013, with the biggest share going on administrative expenditure of the numerous EU institutions hosted by it (85 per cent in 2013). Berger refers in his rapport to the fact that contributions were higher than direct returns from Brussels, but reiterates the importance of the EU institutions established in Luxembourg for the national economy.

Indeed, since the High Authority of the European Coal and Steel Community began its work in Luxembourg, in 1952, thanks to the proposal of the Minister of Foreign Affairs, Joseph Bech, the people of Luxembourg embraced European identity as their own – beyond the pecuniary considerations possibly linked to it.

Today, Luxembourg hosts a whole series of mostly financial and legal European institutions among which the European Court of Justice is but the most notorious. Besides the Court, Luxembourg is not just home to the Secretariat of the European Parliament, diverse services of the Commission and the European Court of Auditors, but it also hosts the European Investment Bank and the European Investment Fund – most important for its role as a hub for the financial industry. Moreover, thanks to financial allocations out of the EU budget to the existing institutions, to investments in buildings and thanks to the purchasing power of 11,000 international civil servants, the national labour market benefits largely from membership

of the EU. Even the most Eurosceptic party, the ADR, recognised in the abovementioned debate that, despite net contributions to the EU budget, all in all, the institutions provide significant benefits for the country³⁶. Open criticism of the EU budget comes solely from the left-wing party of *Déi Lenk*, calling for a transfer union with much higher contributions to the EU budget.

So far, the economic arguments for EU membership outweigh by far the possible arguments against membership. Yet, the economic symbiosis is not completely free of cracks. The referendum on the Constitutional Treaty, in 2005, revealed that the traditional permissive consensus of the Luxembourgish voters on EU issues was annulled by some. From a Luxembourgish point of view, a mere 56.52 per cent of the national electorate voted in favour of the treaty. The rejection of the Constitutional Treaty by a significant share of the national electorate should however be interpreted in light of the “big bang” enlargement of 2004, which seemed to play a much more important role in voting behaviour than economic considerations, after all, 39 per cent of those who voted against the treaty criticised the Constitution for Europe as being too liberal³⁷. Today, the continuing immigration of mostly European workers and their families contributes to rising housing prices, which is a major source of preoccupation for the resident population. For many nationals, acquisition of an apartment becomes almost unaffordable, so that a growing numbers of Luxembourgers leave the country for neighbouring regions³⁸. Paradoxically, the ongoing economic attractiveness of the small Grand Duchy of Luxembourg within the single market and its freedom of movement contributes to a feeling of alienation amongst some of the long-established population.

COMMITMENT TO A SHARED SECURITY AND A COMMON FOREIGN POLICY

The multitude of European midpoints³⁹ – ranging from the French Auvergne of the EU12 to the town of Purnušké in Lithuania, north of Vilnius – is the result of efforts to put one’s own countries on the

map. But it also reflects the vicissitudes of a rather turbulent European history with floating borders. Although Luxembourg has never figured among the many European midpoints since the French National Geographic Institute started measuring the continent in an effort to determine its centre, the Grand Duchy feels to be in the very heart of it. The country's position in security and foreign policy matters is closely linked to precisely that feeling of being part of Europe.

Since Luxembourg signed the customs' agreement that initiated the Benelux Union, in 1944, the "dwarf" among the Western European countries took any opportunities it could to join alliances and treaty-based structures that would secure its existence. Luxembourgish neutrality, established by the Treaty of London in 1867, was twice violated through German occupation during the two World Wars. This experience created large political consensus in favour of economic, political and military integration once the country was liberated. Consequently, Luxembourg is a founding member of the United Nations, the Western European Union, the Council of Europe, NATO and, of course, the European Communities. A landlocked country, located between France, Germany and Belgium, the Grand Duchy of Luxembourg never searched for an alternative to Western integration. Today, dependent on the single market and open borders, to aspire for domestic or external security outside the European or NATO framework would be an illusion.

So far, the marginal military weight of a country representing roughly 0.1 per cent of the population of the EU, with a military force of barely 900 persons in 2015, does not prevent the second smallest EU country from being represented in the bodies of NATO and the European security and defence institutions. As a symbol of its commitment to a common security and defence policy, Luxembourg joined Eurocorps in 1996, assigned the reconnaissance company of the Luxembourg battalion to the Strasbourg HQ and became one of the five framework nations at the time. But, as a European army is not likely to be created under the current circumstances, from the Luxembourgish point of view, the EU Member States should work harder on achieving a real common defence policy.⁴⁰

Nonetheless, Luxembourg punches below its economic weight, at least in military and security matters. With regard to defence expenditures in relation to its economic potential, Luxembourg is the worst performer amongst all NATO Member States, spending less than a half per cent of its GDP for defence⁴¹ – falling far short of the Alliance’s guideline of 2 per cent. Following the NATO summit of September 2014, Luxembourg’s commitment to increase its defence expenditures from a share of roughly 0.4 per cent to 0.6 of its GDP by 2020, prompted the editor of the second largest newspaper, the *Tageblatt*⁴², politically close to the ruling Social Democrats, to speak of a creeping militarisation of Luxembourg. This perception possibly reveals more about the lacking awareness of hard security issues than about the factual militarisation of a country where the military service was opened to other EU nationals in 2004, in order to cure the chronic shortage of staff⁴³. In short, Luxembourg has no defence culture and the deployment of military or police forces beyond the national borders is reduced to peacekeeping, humanitarian and advisory missions – the first, going back to 1992. The absence of a White Paper on Defence and a patchy information policy make it quite difficult to collect comprehensive data about Luxembourg’s army. As of July 2016, security and army forces from Luxembourg have participated in six operations, of which five are led by the EU. 23 Luxembourgish soldiers are present in Kosovo through KFOR piloted by NATO, and one civil servant also participates in the EULEX rule of law mission in Kosovo. Secondly, Luxembourg participates with one military observer in each of the EU missions in Sub-Saharan Africa, under the framework of its Common Security and Defence Policy, namely in EUCAP Sahel and Niger and in the military training mission EUTM in Mali. When the Luxembourgish government decided to send a second soldier to Mali temporarily, Internet users, especially those in France, whose forces were meant to be supported, mocked the Grand Duchy⁴⁴, hinting at insufficient means in order to combat the Islamic jihadist groups. Thirdly, one person from Luxembourg takes part in the civil EU advisory mission in Ukraine and one in the EU monitoring mission in Georgia.

The mission in Sub-Saharan Africa is especially closely linked with security concerns in Europe itself. Although Luxembourg has not been a prime target for terrorist attacks so far, the risk of threats is not completely far-fetched, since the national security authorities are aware that six individuals from Luxembourg joined the jihadist group *Islamic State* (IS) in Syria⁴⁵. The last available activity report of the Grand Ducal police⁴⁶ show to which extent Luxembourg is integrated in the different circles of police cooperation. Luxembourg's police forces cooperated with its Belgian and Dutch partners and co-signatories of the Benelux Union, on the EU level in the framework of the Prüm Convention, the Schengen Treaty and EUROPOL, and beyond that with INTERPOL. To withdraw from any of the frameworks of police cooperation would be a blow to Luxembourg and its way of life. The temporary reintroduction of border controls due to the refugee crisis and, as a direct result of the recent terror attacks in France and Belgium, gave a glimpse into what the end of Schengen would mean. When the French President, Francois Hollande, proclaimed the state of emergency and restored border controls in November 2015, more than 80,000 French commuters coming into Luxembourg for work every day had to line up for hours⁴⁷. In response to the widespread tendency of national governments to erect fences in order to hold back refugees at borders that used to be open, the Luxembourgish Minister of Foreign Affairs, Jean Asselborn, warned that there are only a few months remaining to save Schengen⁴⁸. Considering the horrendous costs, the end of free movement would bring about for economies, as well as for consumers, Schengen is without an alternative. Logically, domestic security cannot exist outside Schengen along with the exchange of data and close police cooperation linked to it.

In summary, the small size of the country and the experience of repeated violations of its sovereignty in the first half of the 20th century pushed the Luxembourgish Governments to seek any kind of rules-based cooperation and integration. A small country's security and foreign policy is more dependent on institutional structures above the nation-state as is the case for the economic, political or military heavyweights in the international arena. The transmission belt for the

defence of own security concerns are primarily the United Nations, NATO and, of course, the EU. In its endeavour to raise the profile of Luxembourg as an actor in foreign and security policy, Luxembourg served for the first time as one of ten non-permanent members of the UN-Security Council in 2013-2014. Given the rather low profile in hard security matters with an army used to limiting its mandate to the defence of the country's own territory, Luxembourg made a considerable step by participating since the 1990s in humanitarian and peace-keeping missions. At the same time, Luxembourg figures are amongst the most generous donors of development aid – surpassing the 0.7 per cent target of GDP of the UN Millennium goals.

In view of the limited means of a small state to finance a dense network of diplomatic missions, the creation of a European External Action Service was strongly supported by the Grand Duchy. So far, the Eurosceptic and anti-federalist ADR, the sole heralds of a strong nation-state, have not provided any conclusive explanations of how Luxembourg could better defend its interests in a 'Europe of nations'.

CONCLUSIONS

Although Euroscepticism is less obtrusive in the public discourse in Luxembourg than in most other EU Member States, it is not completely absent. Sources of Euroscepticism are manifold. Historically, we can trace back the first doubts about European integration to the prospect of the enlargement rounds of 2004 and 2007, which made the Union less comprehensible. The "big bang" enlargement marked an end to the intimate world of Western Europe. Europe moved eastwards and the relative weight of Luxembourg as the honest broker of French and German interests diminished. Nonetheless, the small states of Central and Eastern Europe are potential allies in a Union which tends more towards inter-governmentalism – not least through the institutionalisation of the European Council upon the coming into force of the Lisbon Treaty. But, political perception is rarely based on profound analysis, sometimes expectations are even contradictory.

Calls for leadership by the French-German tandem in case the European engine sticks, may come into conflict with the feeling of small states of being marginalised. In the latter case, Luxembourg defends vigorously the principle of supranationalism. The national conservative ADR is the only political party that calls for the nation-state to better defend the country's national interests. Thus far, the ADR is the only political force in Luxembourg to strive for the return of the nation-state within the European polity. In order to respond to Euroscepticism relative to the functioning of the Union, it would therefore be recommended not to ignore the political sensibilities of smaller Member States.

Euroscepticism from the left of the political spectrum is of a completely different nature. Citizens – and voters, of course – need to perceive ongoing European integration as an answer to economic and social distortions within and between the different Member States. A significant part of the Luxembourgish public is quite sensitive to the social problems, especially in southern Europe. Solidarity is considered as a basic value of the Union. Citizens increasingly turn away from the European Union if its Member States prove to be incapable of finding a common solution for common problems. Dissent in the refugee crisis triggered some deception and contributed to scepticism with regard to trust in the EU.

The very specific situation of Luxembourg as a tiny state with continuing immigration inflows should not lead to the feeling of alienation by the country's native population. Luxembourgish as the national language has become increasingly important in comparison to the other two official languages of the country, French and German. Although most of the students having finished the Luxembourgish school system are more or less fluent in the three languages, the national language has become more and more crucial as a distinctive element of national identity. It is up to the Luxembourgish state itself to make all possible efforts to integrate the foreign residential population also through education. If immigration follows the same rhythm for the ensuing ten years, as it did during the previous decade, demand on the housing market will increase and strained supply will

push prices even higher. Exorbitant housing prices are identified as the major challenge for political decision-makers who should aim to prevent this to create a feeling of a rising number of Luxembourgers staying behind, in the heart of the European Union.

For the Union as a whole, a series of possible breaking points emerge that destabilise the European house: economic imbalances, the questioning of common European values, even the suspension of the rule of law and, not least, rising nationalism. For the moment, it does not seem to be likely that the EU27 (without the UK) would simply continue with new rounds of integration as an answer to new challenges. Some kind of competences will have to be given back to the nation-state. The traditional European bargaining approach in order to find common solutions for common problems no longer functions. At the same time, as the refugee crisis has shown, the Commission has problems imposing decisions against the will of some nation-states, which undermines the Union as a rule-based, multi-layer governance system. Groups of countries will seek for different degrees of integration as is already the case for Schengen, the Eurozone, defence and security and justice. Whether or not a country stays within the EU or seeks for other forms of cooperation seems to depend finally more on the moods of voters and vague fears than on actual national interests.

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EUROSCEPTICISM IN IRELAND: THE DIFFICULTY OF COMPETING WITH HISTORIC EU-RELATED SUCCESSSES

John FitzGibbon

In analysing Ireland's membership of the EU, a clear time-period has emerged between the pre-Eurocrisis era of Irish-EU relations and the present era of the Eurocrisisⁱ. In the pre-Eurocrisis era, Ireland was one of the most solidly pro-European Member States, with large majorities supporting EU referendums and limited political opposition to EU membership. As the Irish economy boomed in the 2000s, the relationship changed slightly as Irish voters became warier of deeper integration, by voting "No" to two EU referendums (on the 2001 Nice and 2008 Lisbon Treaties respectively), but still strongly supportive of Irish EU membership, as evidenced by the subsequent "Yes" votes to the two defeated EU referendums.

The current period of economic tumult in the Eurozone – and, more recently, the political uncertainty of Brexit – has seen a radical shift in the issues with which the EU is contested in Ireland. But, at the same time, the default position of the Irish electorate and mainstream Irish politics has been one of continued support for Irish EU membership – the 2015 Eurobarometer found 54 per cent of Irish voters had a positive image of the EU versus 14 per cent who viewed it negatively.¹ This situation is quite unique given the startling economic collapse of Ireland in the late 2000s, which resulted in the significant rise of Eurosceptic sentiment amongst fellow members of the pejorative 'PIIGS'ⁱⁱ group of

ⁱ The term 'Eurocrisis' is used as an all-encompassing term for the economic and financial crisis that has taken place in the Eurozone since 2008 to the present day.

ⁱⁱ PIIGS is a widely used acronym for: Portugal, Ireland, Italy, Greece, and Spain.

Eurozone Member States who were at the centre of the Eurocrisis, but less so in Ireland.

With regard to the other case studies in this collection, the Irish-EU relationship stands out as idiosyncratic in many ways. But, similar to the other Member States, profiling an analysis of the history of each state, and how this has affected their membership of the EU, provides a clear understanding of how these idiosyncrasies come about. In thinking, therefore, about Euroscepticism in Ireland as a small Member State, this chapter will show that, while Euroscepticism has had a strong influence at specific junctures in the Irish-EU relationship, it remains firmly restrained by a series of wider historical, political and economic issues that both Eurosceptic actors and the effects of the Eurocrisis have yet to overcome. These issues are intimately entwined with the Irish-UK relationship.² As a colony of England, and later as a constituent country of the UK, for several hundred years, the outcome of the Irish independence movement, which left the island divided into the six counties of Northern Ireland and the twenty-six counties of the Republic of Ireland, and economically dependent on the UK, was the dominant issue of 20th Century Irish politics. The general consensus among historians of the nascent independent Irish state was that it was a failure in political, economic and social terms. Emigration, poverty, and economic under-development resulted in the general stagnation of the Irish state relative to other Western European states.³

The end of this situation, and the emergence of Ireland as a modern, successful and wealthy state, has been identified as originating axiomatically from membership of the EU and, subsequently, the EEC, in 1973. The most important element of this process has been the involvement of both Irish officials and Irish society in European integration that allowed them to operate outside the UK's sphere of influence. EU largesse in the form of grants and funds for infrastructure and social development projects quickened this process, while at the same time making it explicit to voters.⁴ Within 25 years of membership, Ireland had moved from being the poorest Western European state to one of the richest and fastest growing and from a position of mass outward migration to the second highest inward migration, out of all

EU members. Most importantly, however, was the transformation of the conflict in Northern Ireland. From an intractable conflict with deep animosity between the Irish and UK Governments, by the late 1990s a clear political solution had been agreed. EU funds have been rightly credited with smoothing the path of the Northern Ireland peace process and its current, slow but steady, progress. But more important to this outcome was the confidence and experience Irish Government officials and political actors gained from working successfully with other Member States, both with and against, the UK.⁵

These twin legacies of Irish EU membership are widely understood and appreciated by the Irish electorate. Euroscepticism has failed to emerge in a hard and sustained manner in Ireland, mainly because the Ireland that existed before EU membership is not appealing to voters or political actors. This is not to say that Euroscepticism does not exist in Ireland, far from it. It may be argued that the form it has taken in Ireland has been extremely fungible with regard to the shifting perception of the Irish electorate about what issues are most important in the Irish-EU relationship. While these twin pillars of the pro-European movement in Ireland have remained steadfast, Eurosceptic issues that resonate with voters have proved ephemeral and therefore limiting in their scope for Eurosceptics to achieve sustained political mobilisation.

THE EUROCRISIS AND DEVELOPMENT OF SUSTAINED EUROSCEPTICISM IN IRISH POLITICS

From the onset of membership negotiations in the early 1960s, the two largest parties in Irish politics to have led each Government since independence in 1922, Fianna Fáil and Fine Gaelⁱⁱⁱ, have been committed to the policy of EU membership. The Fianna Fáil leadership at different times struggled to prevent their republican and right-wing elements from criticising EU policies, but it never threatened to spill over into a

ⁱⁱⁱ Fianna Fáil being Conservative and, until 2009, part of the UEN group in the European Parliament, now it is part of ALDE, and Fine Gael as Christian Democrat and part of the EPP group in the European Parliament.

Thatcherite-like party rebellion or a split within the party ranks. With their domination of political office, pro-European policies became the norm in Irish government.⁶ In recent years, however, senior ministers have openly criticised EU policy and institutions, and even admitted to voting “No” in European referendums.^{iv} In the period preceding the Eurocrisis, a growing discrepancy between the ostensibly pro-EU position espoused by government parties and their vocal opposition to specific EU policies and institutions was beginning to develop.⁷

The leaders of the three largest parties (along with the Labour Party), who up to the 2011 general election held 148 of the 166 seats in parliament, were pro-European. Given the total domination by these parties of Irish electoral politics and government, pro-Europeanism became the default policy position of mainstream Irish politics. By the time of the 2016 general election the situation had changed remarkably. While pro-European Fine Gael and Fianna Fáil were returned as the largest parties, a swathe of smaller Eurosceptic parties and independent politicians were also brought into the Irish Parliament (the Dáil). This Euroscepticism was specifically left-wing in nature with the GUE-NGL member Sinn Féin and the Trotskyist AAA-PBP taking 23 and 6 seats between them, together with 10 independent politicians who campaigned against a series of specific EU policies – mostly related to agriculture, the environment, and the Eurocrisis.⁸ The emergence of left-wing Euroscepticism in Ireland in this period is not surprising giving the economic collapse of Ireland in 2008. Among this group of parties and independent politicians, the most pervasive criticism of the EU is the bank bailout of 2010. This situation occurred when the ECB agreed (or was forced, in the opinion of some) with the Irish government to turn the debt of insolvent Irish banks into sovereign debt. In turn the Irish Government borrowed

^{iv} Former Finance Minister McCreevey, and future EU Commissioner, had a much published clash with the European Commission over Irish exchequer deficits, Minister O’Cuiv admitted he voted No to Nice I and argued that the Irish people were right to reject Nice in 2001. For more information on this see: John O’Brennan, “Ireland says no (again): the 12 June 2008 referendum on the Lisbon Treaty,” *Parliamentary Affairs*, 2009.

this debt from the ECB and European Commission to be repaid over an extended period of time at just below the market rates of the time.

For left-wing Eurosceptics this bank deal came to symbolise all that is wrong with the EU. For them, it represented a technocratic and distant elite (specifically German) foisting egregious debt on to the Irish people to essentially bail out French and German banks who had made poor investments in failed Irish banks. This is discussed in more detail in the section on economic arguments for Euroscepticism. But the wider sense of injustice that the EU perpetrated on Ireland, through adding of private bank debt to Irish public debt, has fuelled this rise in left-wing Euroscepticism. The resultant need to dramatically cut back on government spending made this complex financial process visceral to voters in the all-encompassing term of 'austerity'. In particular, left-wing political actors and protest movements mobilised around the introduction of water charges and campaigned against the physical installation of water meters around the country.⁹

This campaign against water charges proved to be extremely successful, and was used as a key policy differentiator between left-wing Eurosceptic parties and centre/centre-right pro-European parties. The European element of this issue was that the terms of the bailout agreement between the Irish Government, the European Commission, the ECB and the IMF, specifically stipulated that a new public body be created to oversee the implementation of the water charges. While the bank bailout was a key issue of Eurosceptic mobilisation, it was a complicated and abstract issue that confused voters. This can be seen in the debate over the Fiscal Compact Treaty referendum where the terms of the bank bailout were essentially put to a public vote. Fear of the unknown was the overriding emotion in the referendum, as the public supported the Treaty by 60.4 to 39.6 per cent.¹⁰ With the roll-out of water charges, however, voters could project their opposition to European economic policies onto a specific issue, that was literally being implemented outside their front doors.

The basis of the Euroscepticism inherent in the anti-water charges' protest, was that an unaccountable and unelected technocratic elite based in distant Brussels and Frankfurt had foisted the charges on the Irish

people. Further evidence for this position was that the Bundestag Budget Committee was reviewing details of the Irish Government's budget, before it was laid before the Irish Parliament. For left-wing politicians and activists this was clear evidence of the austerity 'agenda' being foisted onto the backs of the Irish public, by German Chancellor Merkel, for the benefit of the German economy. When the Greek economic crisis was at its height in 2012–2013, Eurosceptics expressed strong solidarity with the Greek people as victims of German austerity and heartless EU technocratic rule. With Ireland being included as a member of the 'PIIGS' group of states whose economies were badly affected by the European economic and financial crisis, a clear divide opened up between 'northern' and 'southern' states. While Eurosceptics firmly identified with the 'southern' states of Portugal, Greece and Spain, the pro-European political mainstream desperately sought to implement the bailout agreement and become a successful 'northern' economy again.¹¹

The bailout agreement has been relatively successful, with the result that the Irish economy is now the fastest growing in the Eurozone and unemployment has declined from a high of 15 per cent in 2011 to just above 8 per cent by mid-2016.¹² This positive economic change has tempered the arguments of Eurosceptics somewhat. But the residual effect of a strong left-wing representation in the Dáil, who are there largely as a result of their opposition to EU economic policies, will ensure that criticism of the actions of the ECB and the European Commission will remain in Irish political discourse, at least until the next general election.

CONTEMPORARY EU ISSUES AND EUROSCEPTICISM

Ireland's geographic position on the far West of the European continental shelf, means that it has been largely sheltered from the refugee crisis engulfing the Balkan and Central European regions. During the economic boom of the 2000s, many hundreds of thousands of Central and Eastern European citizens (Poles, Lithuanians and Latvians in particular) moved to Ireland to find employment. This has

resulted in Ireland having the fourth highest foreign-born population in the EU, at 17 per cent.¹³ Despite this rapid shift from a state with a net outflow of population to one of net inflow, populist anti-immigrant sentiment did not materialise. Moreover, as these immigrant groups were almost exclusively Caucasian and Catholic, there was a relatively high degree of cultural overlap with the native Irish population. This lack of a non-European community in Ireland means that it has not been a major destination for refugees and other migrants contributing to the ‘crisis’ engulfing Europe’s borders. Ireland additionally has some of the strictest laws concerning the rights of asylum, which results in a disproportionately high rejection of asylum claims relative to the EU average.¹⁴ The refugee crisis therefore, is not a major issue in the Irish-EU relationship and not a focal point for Eurosceptic mobilisation.

Brexit, however, is possibly the most serious foreign policy challenge that Ireland has faced since the escalation of the conflict in Northern Ireland, in the early 1970s. The negative impact of the withdrawal of the UK from the EU is multi-faceted. The UK is Ireland’s largest export market. UK citizens make up the largest non-native born group in Ireland, while Irish citizens make up the largest non-native born group in the UK. But, more fundamentally, European institutions and EU law form an intricate part of the 1998 Good Friday Agreement (GFA), which secured peace in Northern Ireland and act as an objective facilitator of the power-sharing system of government there.¹⁵

While the largest party in Northern Ireland, the Democratic Unionist Party, has always been outspoken in its Euroscepticism, the second largest, Sinn Féin, has begun to move away from left-wing critiques of the EU, instead expressing concern about the damage of Brexit to the Northern Ireland peace process. This shift away from Eurosceptic arguments on economic issues and the refugee crisis, is being mirrored across the Irish political mainstream; with only those on the hard left ignoring the issue of Brexit. This shift has occurred because of the centrality of the Irish-UK relationship to the basic functioning of the Irish state. Any changes to freedom of movement rights in the UK places UK citizens in Ireland, and Irish citizens in the UK, in a precarious position. Moreover, the depth of economic

ties between the two is such that any reintroduction of border controls would have an immediate and deeply negative effect on the Irish economy. This is because trade from Ireland to the UK is dominated by Irish-owned small-medium businesses in the agri-food industry, who provide high levels of employment and economic activity in underdeveloped parts of Ireland. In particular, cross-border trade between Northern Ireland and the Republic of Ireland has grown exponentially in the years following the GFA.¹⁶ The reintroduction of a 'hard' border with controls and passport checks would not only have serious political implications but economic ones as well.

The immediate impact of the Brexit vote, therefore, has been to temper Euroscepticism in Ireland. In as much as the Eurocrisis provided clear evidence of the negative effect of EU economic policy on Ireland, the Brexit vote has shown the extent of Irish dependence on the UK, that would be even greater were it not for Irish membership of the EU. Something of a general consensus has emerged on the vital importance of the Brexit negotiations to Ireland, and that, rather than outspoken criticism of the EU, political actors are withdrawing on the issue. Instead the Government is being given space to formulate a policy on the negotiations for Brexit, which will then be negotiated in the Dáil into a consensus position.

Typically, major crises in the EU have been understood to lead to greater levels of Euroscepticism as voters and political actors each blame the EU for the negative consequences.¹⁷ The Eurocrisis is a perfect example of this. Decades of overwhelming popular support for European integration in Ireland were greatly reduced in the space of four years – 2008 to 2012 – with the imposition of 'austerity' and the bank bailout. However, Brexit, represents a different form of crisis in the EU, and one that has an overwhelming impact on one Member State (in addition to the UK). Rather than pulling Ireland away from the EU, it has pushed it more solidly towards continued participation in European integration. UK Eurosceptics and many in the European media predicted that the result of Brexit would fan the flames of opposition to European integration, and lead to a series of 'copycat' EU-exit referendums and a rise in Euroscepticism more generally.¹⁸

While at this stage it is too early to understand the wider impact of the Brexit vote, the immediate impact on Ireland has been to actually decrease the climate of opposition to the EU.

Looking at the dynamics of small state relations with the EU is useful for understanding how such a political phenomenon occurs. Despite obvious public and political class frustration at many EU policies, the uncertainty created by the actions of large Member States has an immediate and explicit effect on small Member States. This reminds small-state citizens of the precariousness of their countries in the wider world, and also the extent to which they both rely on the EU for protection from the forces of globalisation *and* how the institutional structures and processes of the EU facilitate the advancement of their policy goals amongst large states, and the world more generally.

THE IRISH ECONOMY AND EUROPE: TRIUMPH OF THE 'FLESHPOTS OF BRUSSELS'

As referenced earlier in this chapter, economic arguments have dominated the Irish-EU relationship for decades. At the time of Irish accession, the state was the poorest in Western Europe. Presently, despite the sustained negative effect of the Eurocrisis, Ireland is in GDP per capita terms the second richest in the EU (at 145 per cent of the EU average¹⁹). This dramatic reversal in economic fortunes is due to several factors – favourable demographics, the 1990s global economic expansion and the dominance of the English language in global business – but the EU also played a crucial, and widely appreciated, role. Until the Eurocrisis, Ireland was vaunted by the European Commission as being a prime example of the potential of well-designed and implemented structural funds to transform an economy from low value production to high added value services and industry. EU structural funds were focused on the Irish transport, environmental, and educational sectors which facilitated this evolution in the Irish economy. In the period from 1973 to 2006, EU structural funds made up to between 2–3 per cent of the Irish budget annually.²⁰ The guarantee of funds over a continuous

period allowed for strategic and sustained investment in infrastructure projects for the first time in Irish economic planning. Previous to this, projects were delayed or deferred due to repeated budget crises as current expenditure was prioritised over capital investment. Academic interest in the relevance of EU support for the Irish economy has emphasised the relevance of the entire process in modernising the Irish Government's capability of administering large, complex and multi-year projects.²¹ As much as EU membership benefitted senior Irish politicians and officials in cooperating with their European counterparts, the process of engagement with the EU bureaucracy built up the capacity of Irish administrators to undertake the policies required for economic development. For ordinary voters these complex processes are hidden. But throughout the country large signs in prominent locations display the EU flag and list the role of EU funds in funding infrastructural projects. This appears to be a rather spurious point, however, in a country where a majority of the infrastructure was built in the 19th century, it makes explicitly clear how important the EU was in the modernisation of Ireland.

As a consequence, US foreign direct investment (FDI) has flowed into Ireland from the 1980s onwards, to take advantage of the new infrastructure, an increasingly better educated workforce, and access to the Single Market. It has been this solid economic base of FDI that has been the springboard for sustained economic growth. A continued increase in FDI has played a critical role in the Irish economic recovery from the Eurocrisis. While these US firms – Google, Intel, Apple, Pfizer and Allergan being some of the most significant – have largely avoided making political statements, they have all reiterated the importance of access to the Single Market as key to their continued presence in Ireland. US multinationals have generally tended to make Ireland their base for the EMEA (Europe Middle East and Africa) region due, not just to Single Market access, but also other important considerations such as a favourable tax regime, an English-speaking and educated workforce, and a time zone that allows communication with East Asia and the US in a single work day.²² Moreover, the sustained investments in education and increased governmental

administrative capacity have facilitated the evolution of these firms from basic manufacturing towards research and development, and higher value service areas.

The huge influence and success of FDI in Ireland, and the importance of specific EU policies in attracting them, has made it difficult for Eurosceptics to put forward an economic case against Irish membership of the EU. At the time of accession in 1973, many on the left made the argument that Ireland would become the “Alabama of the EEC” and would be stuck with low-salaried jobs, providing basic inputs to the more advanced UK, German and French economies.²³ Their argument was that Ireland was giving up economic sovereignty after only one generation of independence for the “fleshpots of Brussels”²⁴. In return, the pro-European political mainstream argued that “Ireland could not give away what it did not have”²⁵.

More recently, left-wing Eurosceptics have argued that the Single Market, and EU economic and financial policy more generally, are part of a neoliberal/austerity elite technocratic consensus that brought about the European and global economic crises. This argument was successful in propelling the left-wing parties to triumph in the 2011 and, in particular, the 2016, general elections. Before the 2011 general election, the leader of the Social Democratic Labour Party, Eamon Gilmore, maintained that it was “Labour’s way or Frankfurt’s way” with regard to the removal of private bank debt from Irish sovereign debt.²⁶ The failure of the Labour Party as a member of the Irish Government from 2011 to 2016 to achieve this goal, played a key role in the emergence of a hard Eurosceptic left in Ireland.

As the Irish economy continues to stage a dramatic recovery, left-wing Eurosceptic criticism of the Single Market has far less resonance with voters. The residual question of the legacy debt from Ireland’s banking collapse, however, does provide anti-EU actors with substantial material to undermine the position of pro-EU actors. Specifically, the accusation is made that EMU policy is both strongly biased in favour of German economic interests, and made by distant and unaccountable elites in Brussels and Frankfurt.²⁷ The failure of the 2011–16 Fine Gael and Labour coalition Government to achieve

a deal on Ireland's debt, has strengthened these criticisms. The Government implemented the terms of the bailout agreement and successfully exited the programme in 2015, but repeated criticisms by the European Commission of Irish spending plans, after eight years of reduced spending, has made EU economic policy a major issue of Eurosceptic mobilisation despite the rapidly recovering Irish economy.

IRISH FOREIGN AND SECURITY POLICY: NORTHERN IRELAND, THE ECONOMY AND NOT MUCH ELSE

As with all the other points discussed with regard to Ireland, security and foreign policy arguments in favour of membership were couched in terms of the Irish-UK relationship. Ireland's foreign policy role had previously been firmly in the sphere of its involvement in the UN, and even before that the League of Nations. NATO membership was not sought in the late 1940s, as Ireland and the UK disagreed over the border with Northern Ireland. As a result, Ireland's default security position became neutrality. Military engagement became focused on extensive participation in UN peace-keeping missions, and Irish foreign policy was limited to sporadic engagement with the UK over the worsening situation in Northern Ireland. The implicit guarantee of Irish security from external threats from NATO had the effect of reducing geopolitical security concerns in Ireland to a negligible status. Moreover, the relative success of Ireland as a neutral arbiter in various roles in the UN has led to the position of neutrality becoming *de facto* without much political or public discussion on the matter.²⁸

Those political actors that have sought to push for greater Irish involvement in external security have sought to do so through the EU. This process was started in an incipient phase with Irish involvement in the Nordic Battlegroup alongside neutral Austria, Finland, and Sweden in the late 1990s, following the Treaty of Amsterdam. Irish police officials and military advisors played a role in the EU mission to Kosovo as part of this group that took over from NATO in the early 2000s.²⁹

This subtle shift in Irish foreign policy to a more active role in European security outside of the UN became a key issue of contention for Eurosceptics. During the 2001 referendum on the Treaty of Nice, the main slogan of the anti-Nice campaign was “No to NATO: No to Nice”.³⁰ Eurosceptics put forward the argument that France and Germany were forcing Ireland to abandon its historical neutral position to become part of “a nuclear-armed EU superstate”.³¹ The leading campaigners during this time were the Peace and Neutrality Alliance (PANA), under whose umbrella were political parties such as Sinn Féin, the Green Party, and the Socialist Party, and they argued in favour of Irish neutrality and against Irish participation in any EU-related security or foreign policy role. While the defeat of the Nice Treaty was related more to a low turnout (34.8 per cent) than any widespread public objection to Irish participation in EU foreign and security policy, it did have the effect of making further Irish involvement in any such policies politically unpalatable.³² Euroscepticism in Ireland has therefore played a central role in maintaining Irish neutrality. Initiatives at EU level to increase foreign and security policy cooperation are steadfastly opposed by Eurosceptic political actors as clear evidence of the EU morphing into NATO, with the result that Ireland would be dragged into foreign conflict by the Franco-German EU axis. Indeed, this point became pertinent again in the debate over the 2008 referendum on the Lisbon Treaty, where some anti-Lisbon activists warned of a provision in the Treaty which allowed for conscription of EU male citizens into an EU army.³³

Ireland is a fascinating case with regard to the security policy dimension of European integration. Unlike other neutral European states – Austria, Finland, Sweden and Switzerland – it does not have a domestic armaments industry or compulsory military training. This has led to the effective sidelining of foreign security policy as a major issue in Irish politics. Foreign policy in Ireland is generally thought of as being questions dealing with securing Irish interests in the EU, Irish-UK relations, and the increasingly dominant focus of developing Irish economic trade beyond the EU.

With the normalisation of relations between Ireland and the UK, and the steady progress of the peace process in Northern Ireland, Irish foreign policy has been dominated by utilitarian concerns of maximising economic investment and trade. The geographic position of Ireland, bound by the Atlantic Ocean on one side, and the major military power of the UK on the other, means that security concerns and wider geopolitical matters have little or no direct impact on Ireland. Major foreign policy issues are seen almost exclusively in terms of how it will affect the economy or the Northern Ireland peace process. When specific foreign policy questions arise, such as the use of Irish airports by the US military, Eurosceptic political actors cite this as evidence of the falseness of Irish neutrality, which participation in EU integration has played a key role in dismantling.

Domestic security questions have been bound together with the Northern Ireland conflict and the associated paramilitary activity of various terrorist groups. As with the wider peace process in which, as discussed, the EU played a key role, the threat of terrorist activity was reduced dramatically from the late 1990s with the decommissioning of arms by the IRA and other terrorist organisations operating in the Republic of Ireland. While there are ongoing issues with ‘dissident’ groups who split from the IRA and reject the peace process, the domestic security situation in Ireland has greatly stabilised. Again, when the EU is considered in this area, it is understood to have played an important, though largely in the background, role in achieving this situation.

CONCLUSIONS

This brief description of Euroscepticism in Ireland has been relatively limited in its discussion of Euroscepticism and more concerned with framing the overall context of the Irish-EU relationship. Such an approach was taken as, only by understanding the very specific nature of the European debate in Ireland, can the relative failure of Euroscepticism to mobilise in Ireland be understood. The dominant

EU-related issue of the past eight years or so, has been the European economic and financial crisis. Along with Greece, Ireland has been the most affected EU Member State, in terms of collapse in economic growth, increase in unemployment, and most importantly, increase in public debt. The EU has been specifically associated with these outcomes by mainstream, ostensibly pro-European, politicians, as well as more radical Eurosceptic political actors. Despite a significant increase in the level of Eurosceptic representation in the Irish Parliament, and mass protests against EU-related policies, the Irish public and the Irish political system, remains strongly supportive of Irish EU membership *and* Irish participation in EMU.

The simplest explanation for this situation is that the longitudinal impact of EU membership on Ireland from 1972 to the present day, has been strongly positive across two critical measures: in facilitating the resolution of the conflict in Northern Ireland, and in providing the necessary financial backing to support the economic expansion of the Irish state. Irish social and political institutions and important figures in Irish politics and society have been explicit about the EU's role in these two outcomes. When Euroscepticism has sought to challenge the pro-European orthodoxy of mainstream Irish society – in the Nice and Lisbon Treaty referendum defeats – social and political actors have mobilised to reinforce this positive opinion of the EU among Irish voters.

This support for the EU took its most serious decline in the wake of policies pursued to resolve the Eurocrisis. Eurosceptics were greatly empowered by the visceral impact of 'austerity' policies as the Irish Government greatly reduced spending and increased taxes, to absorb the impact of the collapse of the Irish banking industry and its subsequent bailout. To reduce this surge of Euroscepticism, the steps for the EU institutions are clear. A way must be found to remove the private banking debt that the Irish Government was effectively forced to take over as sovereign debt by the European Commission and ECB. In successfully achieving this, the pro-European political mainstream could make the argument that the EU provided Ireland with the necessary support to rebuild the economy, with limited long-term economic

impact. Moreover, a move away from the ‘austerity’ policies enshrined in the Stability and Growth Pact, towards economic expansionist policies of investment in infrastructure and other major capital projects across the Eurozone, would undermine the arguments of Irish Eurosceptics that the EU was solely focused on neoliberal economic policies. Inherent in the pursuit of these policies is a move away from overtly technocratic policy-making, facilitated by a burgeoning democratic deficit. Through either increased power for national parliaments or the European Parliament, a mechanism for connecting voters more directly to EU policy-making needs to be found.

From this perspective, the mitigation of Eurosceptic sentiment in Ireland is largely the responsibility of actors at European level. While this does not absolve domestic pro-European political actors of any responsibility in this role, it is a realistic assessment of the factors mobilising Euroscepticism in Ireland, factors that are almost wholly in operation at European level.

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PORTUGAL: A WEAK CASE FOR EUROSCEPTICISM

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While celebrating the 30th anniversary of its EU membership, Portugal faces the European challenges ahead of 2016 with acute symbolism. With a persistently decreasing growth rate since the 2000s and the relative decline of the Union on a global scale, the model of the country's development has been put under popular criticism. The political elites are, thus, challenged to look for alternative solutions. This has been particularly noticeable since the bailout of the country (2011–2015) by the *Troika* institutions.

This analysis focuses on the meaning of Europe for a country whose citizens have, globally, kept positive attitudes towards the EU since the country's accession in 1986. The tendency has also been supported and fostered by the ruling political elite. In the aftermath of the Revolution of the Carnations (1974), as the democratic transition progressed and Portugal was re-assessing the meaning of its small peripheral geography, Europe became the next “natural” space where the country could find the way to build its economic prosperity, to secure social cohesion and to regain its political credibility in the external arena. Europe became an almost uncontested synonym of progress (social, economic, but also of cultural openness) and became so closely attached to the idea of the country's success that being pro-European also became a synonym for patriotic.

Questioning this positive background, this chapter aims at unpacking the consequences of recent trends in Portuguese attitudes and interests towards the EU. While relying on opinion polls (Eurobarometers (EB)) to track the evolution of the citizens' perceptions, a comparative analysis of the centre-right Government (2011-2015) and the current centre-left leadership is also undertaken in order to assess the evolution of the Portuguese-specific Euroscepticism. At the bottom-line, Euroscepticism is more visible in the parties of the extreme left and in civil society.

Nonetheless, its expression reflects a more contextualised critical stance towards the EU and not an anti-European militancy. So far, the negative perception seems to relate more to a state of mind, depending on economic setbacks, and not a deep questioning of the integration process.

THE MODEST POLITICAL EXPRESSION OF PORTUGUESE EUROSCEPTICISM AND A DECLINING MOMENTUM OF THE DISTRUST IN THE EU

If one looks at the acutest period of the economic crisis (2009–2014), it becomes clear that trust in the EU and in its institutions declined among Portuguese citizens, although never dramatically. By the end of 2010, the Portuguese trust in European institutions dropped by 12 points (according to EB74, autumn 2010¹), being the third biggest drop among the 28 Member States in regard to the same period in 2009 (EB72, autumn 2009²). So, although people expected a stronger commitment from the EU in dealing with the economic crisis (or precisely because of those expectations that people felt were not being fulfilled), the levels of trust in European institutions declined.

In spring 2007, long before any public perception that a crisis was imminent, the EB67³ registered that the Portuguese systematically trusted the EU institutions more than other Europeans on average. For instance, 62 per cent trusted the European Parliament against the EU's average of 56 per cent. In the EB71 of spring 2009⁴, the percentage of trust in the European Parliament had already dropped to 57 per cent (although it remained above the EU average that was by then 42 per cent). This means, that despite the economic crisis, which had already begun, Portuguese citizens still relied on the EU institutions more than other Europeans. The EB74 of autumn 2010⁵ revealed that the Portuguese support for a stronger role of the EU had gained ground (82 per cent, that is 14 points more than the EB73 in spring 2010⁶).

As for the meaning of the EU among Portuguese respondents, it is interesting to emphasise that Portuguese citizens have pointed out the single currency (e.g. 31 per cent in EB72 autumn 2009⁷; 32 per cent

in EB80 autumn 2013⁸, 35 per cent in EB82 autumn 2014⁹), freedom of movement (34 per cent, 32 per cent, 46 per cent respectively) and cultural diversity (24 per cent in EB82 autumn 2014¹⁰) as the EU's major values. In parallel, unemployment was the third major value between 2009 and 2013 (22 per cent and 33 per cent respectively). Indeed, not only the identification of the EU with unemployment increased among the Portuguese during the crisis period, it also increased with regard to two other negative representations: a waste of money (11 per cent in EB72 autumn 2009¹¹ against 21 per cent in EB80 autumn 2013¹²), and a loss of national identity (8 per cent against 12 per cent respectively).

More recently, the distrust tendency seems to be losing momentum. In the EB82 autumn 2014¹³, for instance, the EU was identified with unemployment by 24 per cent of the Portuguese population, corresponding to a drop of 9 points with regard to the same period in 2013 (though still above the EU average of 17 per cent). As for the waste of money, this was signalled by 15 per cent of the Portuguese population, 6 points less than in comparison with autumn 2013.

Portuguese citizens also have, in general terms, a rather negative perception of their social and economic condition. The following poll illustrates how the Portuguese perceive the inequalities among poorer and wealthier Member States, according to EB81 spring 2014¹⁴, 83 per cent of Germans evaluated their national situation as good, against only 4 per cent in Portugal, a gap of 79 points which had been even greater in autumn 2013 (83 points), and which increased continuously between the Standard Eurobarometer surveys of autumn 2012 (EB78¹⁵) and of autumn 2013 (EB80¹⁶). By the same token, 38 per cent of the Portuguese citizens surveyed for the EB81, considered their standard of living as unsatisfactory, against rates as low as 3 per cent in Sweden, 4 per cent in Denmark, 6 per cent in the Netherlands and Luxembourg, or 10 per cent in Austria, the UK and Finland. In parallel, and according to EB81 spring 2014¹⁷, 60 per cent of the Portuguese citizens considered that their voice did not count in the EU, against 22 per cent who felt similarly in Sweden, and against the EU average of 52 per cent.

Concerning its political expression, Euroscepticism in Portugal holds a very modest voice. There is no political party with an openly

Eurosceptic agenda. The left-wing parties (the Portuguese Communist Party – PCP and the Left Bloc – BE) are traditionally quite critical about the European project and have openly argued in favour of leaving the EU project, or more recently the Euro and the Eurozone. But such radical discourses should be analysed carefully. Quite recently, the Socialist Party, traditionally a centre party, very moderate and very pro-European, formed the Government although it was not re-elected in the 2015 legislative elections. This was only possible because, although the Social Party did not cast the majority of votes, the total of seats of all left-wing deputies in Parliament exceeded the total of seats attributed to the social democrats (PSD) and Popular Party (PP), both centre-right parties. The Socialist Party managed an extraordinary feat in the recent political history of the country: to gather the support of the left-wing parties. These have not been called to form the Government but are bound by a sort of gentleman's agreement in the Parliament that grants support to the socialist government's policies. Interestingly, during the negotiations to support a left-wing government, the PCP and the BE smoothed their anti-European speech to avoid alerting the public opinion and creating unrest in the international markets, as well as the European partners.

However, once the Socialist Party formed the Government, underlining in its pro-European discourse the important message that compromises with financial entities were to be respected, the left-wing parties felt free to go back to their traditionally anti-European speech. This anti-European speech, however, is neither interpreted as treason against nor as a contradiction with the socialist government, but as a strategy intended on the one hand to prevent the Government from losing sight of its social agenda, its compromises with the electorate, and on the other hand to force the EU to smooth its aggressive demands on Portugal's economic performance. So, the anti-European speech remains, but it is presented as a means to ameliorate the country's bargaining capacity in the EU. This kind of anti-European discourse is generally well tolerated by the public opinion who accept it as normal for left-wing parties to strive for the maintenance of their ideological integrity next to their traditional voters.

Whether as a simple political stand, or as a whole ideology based upon the meaning of the EU and of the position Portugal should (not) hold in the European project, Euroscepticism has thus very little expression in Portugal.

THE HISTORICAL INFLUENCE OF THE ECONOMIC AND FINANCIAL DIMENSIONS OF BELONGING TO THE EU

The economic prosperity that Portugal encountered after its accession to the EU, stimulated by the entry of structural funds that enabled the country to renew and expand its infrastructures, seemed to reinforce the idea of Europe as the country's uncontested path towards a brighter future. But the descendent periods of the economy were never too far away. The absence of deep structural economic reforms (as a consequence of political options implemented by centre-right and centre-left governments, largely supported by the EU institutions) made the country too sensitive to external market fluctuations. As the occasions of economic decline became more frequent and stagnation persisted.¹⁸ Eurosceptic feelings among citizens also became more common, though never up to the point of becoming predominant.

Mixed feelings of attraction and resentment are frequently revealed in the polls. High unemployment rates and low wages are seldom put in contrast with the situation in other European countries. This attraction has been often specified in the form of migration flows to European countries such as the UK, France, Luxembourg, The Netherlands or Germany.¹⁹ Resentments, in parallel, have not grown in pathological terms, meaning that despite a growing feeling of being left behind, Portugal is still a country resistant to xenophobic propaganda and anti-European discourses.

However, the way Portuguese citizens assess their relationship with the EU, also unveils the ambivalent nature that is hidden in such a relationship. Indeed, Portuguese citizens tend to be as much pro-European as they are critical of the EU; they trust the EU institutions as much as they feel cast away by the wealthier countries which, simultaneously, are perceived as the dominant voices within the European institutional system. As an illustration of this, the EB81 spring 2014²⁰ revealed that 59 per cent of the Portuguese were fully in favour of a European Economic and Monetary Union with one single currency, but simultaneously, they also accused the EU of being the main instigator of the present austerity situation and for being too bureaucratic. The lower propensity of the Portuguese to

accept “democratic” as a good description of the European Union²¹ was also significant, a result only paralleled by the Greeks. This perception in particular may be read as a direct consequence of the economic crisis – after all, 47 per cent of the Portuguese signalled unemployment as being the main challenge the EU institutions would have to face ahead.

One major explanation for the continuous Portuguese support for the EU lies in the insurmountable weight of the European funds in the Portuguese economy. It is estimated that until 2020, the country will receive around EUR 11 million per day (from a total of EUR 25 792 816 152), under the “Portugal 2020” agreement.²² This partnership agreement between Portugal and the European Commission collates the five structural and cohesion funds in the areas of social cohesion, agriculture, rural development and fishery. The issue of maintaining economic and social cohesion in the Union was one major concern through which the country assessed the 2004 enlargement. The instrument created at the time, “Agenda 2000”, was under criticism by Portuguese observers under the microscope. Lopes Porto in 1998 concluded that it did not maintain the cohesion effort in favour of the cohesion countries because a substantial part of the structural funds would be brought directly to the future members. According to his study, an overall gain of 67.5 per cent would revert to Germany, France and the UK with a loss of 0.4 per cent for Portugal.²³ The image of the Union being more profitable for wealthier Member States was already taking shape based on the distribution of gains.

However, the absence of rough Eurosceptic politics in the country does not mean an absence of Euroscepticism among civil society, which is all the more understandable if we consider that many citizens will never get to perceive the relevance of such big figures in their daily lives. As far as they are concerned, “Portugal 2020” has not yet provided them with better and more job opportunities, for instance. So, the quality of the economic conjunctures as perceived at micro-level by citizens, translates into diverse intensities of negative feelings among Portuguese citizens, while never assuming an institutional expression worth being politically equated as dangerous to the country’s membership in the EU. In other words, Eurosceptic feelings in Portugal increase in times of economic dire straits, and tend to subside as the economy enters ascending moments.

THE SIGNIFICANCE OF GREECE AS A COUNTER-EXAMPLE: A KEY ECONOMIC ARGUMENT FOR THE SUPPORT OF MEMBERSHIP

During the Portuguese bailout period (2011-2014), the comparison to the Greek situation has been instrumental both for the country's positioning towards Brussels and towards the external creditors, as well as for the Government's domestic communication about the importance of the EU project for the country and, in such context, about the necessity of accepting a set of economic and social sacrifices. In other words, in the view of the centre-right coalition Government and of several forces in civil society (most of them related to patronage lobbies, companies, financial entities), the EU project was relevant enough to justify the sacrifices asked of the people. Such sacrifices were legitimised by the need to contribute towards safeguarding the European project, but also by the shared vision among such political and economic forces that Portuguese society had prevaricated over the last twenty years, thus putting its structural development at stake.

The country, in summary, was ultimately responsible for its recession, and the only way to deserve some kind of European solidarity was to behave well, instead of opting for a contesting position as the Greeks did. This political strategy had a double effect. On the one hand, it succeeded in gathering reasonable social support, enough to allow the Government of a right-wing coalition (PSD and CDS – PP) to complete the four-year legislature (between 2011 and 2015). On the other hand, it gave space for the blossoming of Eurosceptic sentiments among civil society. After all, the EU of the wealthy countries, of the big finance corporations, of the non-elected euro-technocracy was clearly putting on the people's shoulders the sole responsibility for all the political choices made in the past, regarding agriculture, fishery, industry and so forth. Opinion polls in the bailout period revealed thus, not surprisingly, increasing percentages of a population that was now more sensitive to arguments on leaving the Euro, on renegotiating the public debt, and on being less willing to accept the impositions of

a Europe increasingly dominated by xenophobic visions and persistent stereotypes about Southern European societies.

The Greek referendum in mid-2015 was received with apparent calm in Portugal and only the more left-wing parties seemed quite enthusiastic about it, anticipating the possibility of a political change starting in Athens. The reaction of Lisbon contrasted highly with other European capitals since “business as usual” went on undisturbed by any extraordinary meetings to discuss the Grexit conundrum. The Government maintained its line that Portugal was very different from Greece, that the country was financially prepared for the shock waves and that there was thus no need to fear any dramatic contagious effects. The former President of the Republic, Cavaco Silva, also shared this view, contributing towards reasonable consensus among the country’s sovereign institutions.

However, with the proximity of the 2015 legislative elections, the political elite met growing fears about the country’s political future, as the uncertain fate of the Greek could legitimise as well as delegitimise the austerity policies so far implemented. In case Greece managed to lift the austerity measures, it would be quite difficult for the centre-right Government to insist on its 2011 discourse and on the idea of austerity as a non-negotiable route for national salvation. On the contrary, if Greece exited the Eurozone, it would have strengthened the Government’s arguments to proceed with its policies. In a scenario of great political volatility, the main challenger of the 2015 legislative elections (the Socialist Party) preferred to maintain a non-compromised position, supporting neither austerity policies nor the Grexit solution, while stressing its faith in the European project and the idea of Portugal as a country that honours its compromises.

THE DEFINING ROLE OF NATO IN THE SECURITY REALM

As mentioned above, the Portuguese membership has represented a choice and a significant change to Europeanise the whole country, particularly in the sense of modernisation. In the security realm, the impact has also been

deep because it added a new relationship with a continent that was not at the core of the Portuguese projection for centuries. Geopolitically, the integration in the Union represented a clear shift and complication of the country's foreign strategy. However, EU membership has not represented a significant gain, as Portugal is a founding member of the North Atlantic Treaty Organisation (NATO). Although Portuguese foreign policy is based on three strategic pillars – Atlanticism, Europeanism and Lusophony – the European orientation is the most recent choice derived from integration in the EU. These pillars were resumed in the new foreign policy concept of April 2013.²⁴ Although the country states the equal importance of NATO and the Union for security goals, and the need to create greater synergies between the two organisations, Lisbon is committed to the United States and NATO as an “active and loyal ally”²⁵. This structural aspect of its foreign and defence policies has nonetheless been compatible with Portugal being a frontrunner in the developments of the Common Security and Defence Policy (CSDP), contributing to a culture of European common security.²⁶

Portuguese diplomats assume that the country develops “360° diplomacy”, meaning that everything is a priority from the Southern to the Eastern neighbourhood.ⁱ This stance is visible in Portuguese involvement in the discussion of current issues in Brussels, such as the crisis in Greece, in Ukraine and migration flows. For the country, the two organisations – NATO and the EU – contribute towards creating a stable environment of dissuasion for both domestic and external security. The status quo created for the Ukrainian conundrum in the relationship with Russia is illustrative of this position. This does not solve instability in the Eastern neighbourhood that poses serious security challenges, as it establishes a failure of the EU political and economic model of approximation to countries in the post-Soviet space, in particular Russia.

In this context, securitisation of Russia in the eyes of certain Member States of the Union is already putting the emphasis on strengthening

ⁱ Retrieved from the speech of a Portuguese diplomat for relations with NATO, Ministry of Foreign Affairs, Lisbon, 20 January 2016.

NATO as the guarantor of European security. Portugal, holder of strong Euro-Atlantic interests, may embark on beefing up its status in this organisation towards greater participation (“burden sharing”). This would be in line with what the American leadership advocates in its new doctrine of “leading from behind”²⁷ that expects allies to assume a greater role regionally. Contrary to the Baltic States and Poland, that have expressed their urgent views on Russian actions in Ukraine, Lisbon has favoured the need to preserve long-term relations with Moscow and has been a follower of EU’s policies towards Russia. While not perceiving any pressing military threat from the East, Portugal has enshrined the EU consensus for economic sanctions against Russia.²⁸

However, Portugal might be considered as very supportive of the above-mentioned countries in the context of NATO when taking actions such as leading the Baltic air policing mission, in late 2014. Concerning the Southern neighbourhood, the last NATO summit in Warsaw showed the geopolitical significance of Portugal (and Spain) that contributed to the agenda with the importance of maritime operations. Despite these signals, any Portuguese engagement needs to take into consideration the shrinking of its military budget, contrary to the increases in spending in Poland and the Baltics.²⁹

Concerning trans-national dynamics, the above-mentioned institutionalised frameworks are seen as insufficient to cope with threats in the short-term. Taking into consideration the country’s domestic restrictions on budget, any deepening of social imbalances and unemployment might introduce social pressure and feed insecurity. As a result, regional threats (mainly originating from the South) are also threats for Portugal that perceives large-scale migration flows and illegal migration (potentially producing crime and terrorism) as destabilising. However, the ongoing refugee crisis emerged as another example of the prevalence of pro-European attitudes in discourses and decisions. The political elite from left- to right-wing parties, along with almost all the relevant voices in civil society, were strongly in favour of welcoming refugees, not only because it was the right thing to do from a humanitarian point of view, but because it was a pro-active way of helping with the distribution of responsibilities among European

Member States. The country showed, therefore, solidarity with the refugees and with the Union, despite its economic limitations. The right-wing parties, though more moderate in their enthusiasm, were not opposed to this political attitude and joined the general position of repudiation with regard to the extreme political discourses of countries such as Hungary. António Guterres³⁰, as United Nations High Commissioner for the Refugees, expressed the main idea that had been conveyed transversely in Portugal, by underlying the European capacity to reallocate refugees, as occurred after the Hungarian crisis of 1956.

CONCLUSIONS

Portuguese pro-Europeanism is widespread in politics and society in general, and seems to remain so far undisturbed by the recent events in Europe, namely Brexit. However, in the aftermath of the referendum, the leader of the Left Bloc (BE), Catarina Martins³¹, signalled the importance of the referendum as an expression of the sovereign people, as a manifestation of democratic vitality and warned that no democratic mechanism is out of the party's equation for a better and stronger democracy. While it is not anticipated to see any twist in this party's parliamentary support to the ongoing socialist government, and while not anticipated either to see the emergence of a serious anti-European movement backed-up by political and social forces, this message may be interpreted as a clear attempt to transform the British referendum into a political weapon whose invocation is meant to ensure pressure at domestic level, as well as at European level. In contrast, President Marcelo Rebelo de Sousa recalled that he has the prerogative of referenda and expressed the dominant perception according to which "Portugal is in the EU, feels good in the EU and wants to continue in the EU"³².

Looking at the future, how will the Portuguese overly positive attitude of belonging to the EU evolve? Today, although there are negative perceptions about austerity, bureaucracy and imbalances as compared to the wealthier Member States, Portuguese mixed feelings with regard to

the EU are expressed both in the absence of anti-European movements and in the counter-balance made by a permanent sentiment of “outcasts”. Nobody is waving the flag of anti-Europeanism.ⁱⁱ

Is it going to last on the 2025 horizon? Are Portuguese populists, nationalists and xenophobic politicians going to emerge as is already happening in other countries? Besides regional pressures, the main challenge for Portugal is to find a way to assure the quality of life for its citizens, given its confirmed trend of low economic growth. Creating its own model of development with low growth would allow Portugal to endure in its resistance to Euroscepticism. This path seems to have no alternative other than being worked out in the context of its membership, independently of the debates about the decline of the Union. As many leaders recall, the challenges posed by globalisation on the nation-state require collective solutions.ⁱⁱⁱ

One recommendation for limiting anti-European sentiments in society would be to strengthen the participation of citizens from the bottom-up, starting democratisation at the local level. Most importantly, the empowerment of citizens should go hand in hand with the creation of a narrative about European affinity in order to foster a sense of community. If one considers that Euroscepticism stems, namely, from a lack of ideology about “Europe”, Portugal could play a significant role as a country that has a tradition in conveying values and that has not yet embarked on negative and exclusive nationalism.^{iv}

ⁱⁱ Lobby groups such as trade unions, patronage unions, the Catholic Church, the NGO's, while they all may be quite critical at times of EU decisions, do not argue as anti-European. They are: UGT – União Geral de Trabalhadores (closer to centre political forces, such as the Socialist Party) and CGTP-In – Confederação Geral de Trabalhadores Portugueses (closer to the Communist Party), professional orders; confederations of industry, services, and agriculture sectors.

ⁱⁱⁱ See for instance, the declaration of Martin Schultz to Portuguese media: “I believe that nothing would be better for our continent. Complement the nation-state when it reaches its limits in the face of globalisation: that is what Europe must offer”. (“Líderes da Comissão Europeia e do Parlamento Europeu, Jean-Claude Juncker e Martin Schulz, conversaram com o DN,” *Diário de Notícias*, 14 July 2016, p. 3.)

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FINLAND – PRO-EUROPEAN ARGUMENTS PREVAIL DESPITE THE RISE OF EUROSCEPTICISM

Tuomas Iso-Markku

Finnish Euroscepticism has received widespread domestic and international attention since 2011, when the nationalistic and populist Finns Party (previously known in English as the True Finns) became the first Eurosceptic party to achieve major electoral success in Finland and impinged on the country's consensual and pro-integrationist EU policy. This chapter analyses and describes how Finnish Euroscepticism – and the debate about Finland's relationship with the European Union in general – has evolved over the course of Finland's EU membership, and what kind of political, economic and security policy arguments have been used, and are being used, by both Eurosceptic and pro-European forces in Finland. Particular attention will be paid to recent developments and dynamics.

The chapter argues that the rise of the Finns Party has significantly intensified the Finnish EU debate and given more room to critical voices. However, the pro-European arguments have maintained their relevance and the level of public support for the EU has remained largely unchanged. This, together with Finland's consensual political culture, has moderated the impact of the Eurosceptic challenge on the Finnish EU policy, especially after the Finns Party joined the Government. Despite the Finns Party's recent slump in the polls, the Finnish political landscape is likely to continue to include a considerable Eurosceptic element in the future. Consequently, Eurosceptic ideas will be present in the Finnish EU debate and Finnish EU policy will remain an area of political contestation.

EUROSCEPTICISM AND THE FINNISH EU DEBATE: FROM THE MARGINS TO THE LIMELIGHT

When analysing Finnish Euroscepticism and the Finnish debate about European integration, it is helpful to distinguish between three different periods of time: 1) the Cold War era, during which Finland's involvement in and the Finnish debate about integration was limited; 2) the immediate post-Cold War years, which saw Finland apply for membership of the European Community (EC) and witnessed the membership issue turn into an important political question; and 3) the membership period (1995–), which was, until the onset of the Eurozone crisis, characterised by a broad pro-integrationist consensus that was then broken down by the emergence of the Finns Party as a significant political force.

Until the end of the Cold War, Finland's stance on European integration was largely determined by the country's general foreign and security policy orientation, the key aspects of which were maintaining friendly relations with the Soviet Union and upholding a position of neutrality in order to stay out of superpower conflicts. For the most part, participation in the integration process was deemed to run contrary to these objectives.¹ Finland's involvement in European integration was therefore long limited to special economic arrangements: an association agreement with the European Free Trade Association (EFTA) was concluded in 1961 and a free trade agreement with the European Economic Community (EEC) in 1973.² This cautious integration policy remained virtually unchallenged for most of the Cold War period. While there were some differences between the views of the Finnish parties on European integration – with the negotiations about the free trade agreement with the EEC leading to an intense domestic debate – the political climate of the time was generally not conducive to an open discussion about foreign policy matters.³

With the end of the Cold War, the external conditions changed and full membership of the EC was, for the first time, seen as a realistic option in Finland. This led to a gradual politicisation of the membership issue in the early 1990s.⁴ From very early on, it became

clear that most of Finland's economic and political elites were in favour of joining the EC/EU.⁵ However, within the electorate and some of Finland's political parties, the membership issue proved more divisive. While the centre-right National Coalition Party, the centre-left Social Democratic Party and the small Swedish People's Party were almost uniformly in favour of joining the EU, the agrarian Centre Party, the Left Alliance and the Green League were split internally over the issue. The Centre Party's situation was particularly complicated. On the one hand, the party led the Government that negotiated about Finland's membership. On the other hand, its core supporters, the Finnish farmers, were strongly against membership. In the end, the Centre Party adopted a favourable position toward the EU, but two-thirds of the party's supporters voted against membership in the national EU referendum in October 1994.⁶

The Left Alliance and the Green League refrained from taking a formal stand on the membership issue altogether. However, in the EU referendum the majority of the Left Alliance supporters voted against membership, whereas the majority of the Green League supporters voted in favour. Only two parliamentary parties, both of them minor at the time, positioned themselves clearly against joining the EU. These were the conservative Christian Union (since 2001 known as the Christian Democrats) and the populist Finnish Rural Party, the predecessor of the Finns Party.⁷ Civil society organisations in favour of and against EU membership also emerged, the most notable anti-EU actor being an organisation called An Alternative to the EU.⁸ In the Finnish EU referendum, a total of 56.9 per cent of the voters expressed their support for EU membership, 43.1 per cent voted against.

After Finland joined the EU in 1995, the divides caused by the referendum receded into the background and a broad inter-party consensus favouring a pro-integrationist course developed. The establishment of this pro-European consensus has been explained by Finland's political culture, fragmented political landscape and inclusive EU coordination system, all of which give rise to ideological moderation, constant inter-party deliberations and the formulation of broadly shared national positions.⁹ These elements were particularly

characteristic of Prime Minister Paavo Lipponen's (1995–2003) multi-party governments that were explicitly aimed towards taking Finland to the 'core' of the EU. As part of Lipponen's 'rainbow coalition', the Left Alliance and the Green League – both initially divided over EU matters – adopted a favourable stance on joining the third phase of the European Monetary Union (EMU).¹⁰ A further factor contributing to the consensual nature of Finnish EU policy has traditionally been the marginal role of EU issues in election campaigns.¹¹

Throughout Finland's early membership period, the most notable Eurosceptic forces in the country were individual politicians within those parliamentary parties whose members and voters were particularly divided on EU issues.¹² Two of the most prominent have arguably been Left Alliance's Esko Seppänen, who worked as a Member of the European Parliament between 1996 and 2009, and the former Chairman of the Centre Party, Paavo Väyrynen, who has represented his party in the Finnish Parliament, the Finnish Government and the European Parliament on several occasions. These Eurosceptics, frequently at odds with their respective party leaderships, have profited from Finland's candidate-centred electoral system, which allows for, and even promotes, a certain level of intra-party competition.¹³ Apart from individual Eurosceptics, several openly Eurosceptic parties (including Forces for Change in Finland, the Independence Party and the reincarnated Communist Party of Finland) have participated in local, national and European elections, but with the exception of the Finns Party, none of these parties has ever managed to win a seat in the Finnish Parliament.¹⁴

The lack of an established Eurosceptic party in the Finnish political landscape was for a long time something of a mystery to analysts and scholars, as public support for the EU was not as strong in Finland as in many other European countries.¹⁵ Although opinion polls show that a plurality of the electorate has constantly been in favour of Finland's EU membership, between 20 to 35 per cent of the voters have tended to view the Finnish membership negatively.¹⁶

It was the Finns Party that finally managed to capitalise on the more critical sentiments toward the EU.¹⁷ Formed in 1995, on the

remnants of the Finnish Rural Party, the Finns Party was for a long time a marginal player in Finnish politics, winning 1.0 per cent of the votes in 1999, 1.6 in 2003 and 4.1 in 2007. The party's rise in the late 2000s was initially thanks to its role as a challenger of Finland's established parties, many of which had been involved in a major campaign-funding scandal. In the European Parliament election of 2009, the Finns Party won 9.8 percent of the votes, with its Chairman, Timo Soini, receiving more votes than any other Finnish candidate. However, the Finns Party's real breakthrough came after the onset of the Eurozone crisis.¹⁸ The bailouts for distressed Eurozone economies proved very unpopular in Finland and the Finns Party emerged as the most vocal – and, due to its outsider status, most credible – critic of the Finnish Government and the EU's rescue measures.¹⁹ In the Finnish parliamentary election of April 2011, the party collected 19.1 percent of the votes, becoming Finland's third largest party. After the election, the Finns Party was included in coalition talks, but due to its uncompromising attitude toward the bailouts, it proved impossible for the party to join the Government.

Between the national parliamentary elections in 2011 and 2015, the Finns Party consolidated its position as one of Finland's main parties, even though its results in local, presidential and European elections failed to reach the heights of the 2011 election. In the 2015 national parliamentary election, the party bounced back, winning 17.7 percent of the votes and gaining the second most parliamentary seats. The result paved the way for the party to the Finnish Government, formed under the leadership of the Centre Party. While the presence of the Finns Party in the Government has had some influence on Finnish EU policy, it has also had a significant impact on the party itself. As a government party, the Finns Party faces the basic dilemma of all populist protest parties: will the party still appear as attractive to its voters after it becomes part of the political elite it has long criticised and, more importantly, has to make compromises? The first part of the legislative period has been difficult for the Finns Party, as both the negotiations about a third bailout programme for Greece and the refugee crisis have forced the party to acquiesce to decisions it initially

opposed. This has had a significant impact on the popularity of the Finns Party, with the latest polls placing the party below the 10 per cent mark.²⁰ This might compel the party to adopt more radical positions during the rest of the Government's term, as has already happened in the aftermath of the recent EU referendum in the United Kingdom.

FINLAND AND THE EU: STEADY SUPPORT, FAMILIAR ARGUMENTS AND INTRA-GOVERNMENTAL TENSIONS

At the heart of Finland's decision to apply for EU membership were economic and security policy considerations. The former were particularly important in the early phase of the membership process. During the Cold War era, Finnish industries had already built close relations with Western Europe and the downfall of the Soviet-led bloc further increased the importance of Western European markets for Finland.²¹ At the same time, EU membership was also hoped to bring economic stability. Finland experienced a heavy recession in the early 1990s, magnified by the rapid decline of exports to the Soviet Union, and this served to further increase the attractiveness of EU membership.²² Finally, even though Finland simultaneously negotiated about, and subsequently gained, membership in the European Economic Area (EEA), it was argued that only as a full member of the EU would the country be able to fully participate in shaping the single market.²³

This was closely related to a broader argument about Finland's influence in the EU and globally. While the supporters of EU membership emphasised that membership would provide Finland with additional power by giving it a seat at the table where important decisions were being made, the opponents argued that Finland, as a small country, would never have much influence within the EU – and that membership would therefore undermine Finnish independence and sovereignty.²⁴ A significant economic concern in Finland was the expected negative impact of EU membership on the country's

agricultural sector. Worried about their livelihood, the farmers were among the core opponents of Finnish EU membership.²⁵

Foreign and security policy arguments came to the foreground in a later stage of the membership debate. Initially, the opponents of EU membership were especially quick to emphasise that membership would not be compatible with Finland's neutrality policy. The supporters of membership, on the other hand, argued that rather than breaking with the past, EU membership would strengthen Finland's international position and consolidate the country's place among Western democracies, where it had always belonged.²⁶ In the course of the debate, the security policy dimension gained additional importance due to the continuing political instability in the former Soviet Union.²⁷ This played into the hands of the supporters of membership, who emphasised the positive impact of the EU on European security at large and then, more bluntly, argued that the Union would also help Finland protect itself against potential military threats and external political pressure.²⁸

After Finland joined the EU and a strong pro-European consensus emerged, there was less need to justify Finnish EU membership as such. Instead, the Finnish EU debate mainly revolved around the planned institutional reforms, Finland's share of the EU budget and individual areas of EU policy, such as the Common Agricultural Policy (CAP), the EMU, the Common Foreign and Security Policy (CFSP) and the Common Security and Defence Policy (CSDP).²⁹ Finland's most prominent Eurosceptics of the early membership period, Esko Seppänen and Paavo Väyrynen, were first and foremost concerned about the direction of the integration process, warning of a looming federalisation that would undermine Finland's sovereignty. In many respects, they thus questioned the logic of Finland's official EU policy line, which proceeded on the assumption that the community method, i.e. strong supranational institutions and an effective decision-making system, would best safeguard the interests of small Member States like Finland.³⁰ The direction of the integration process, the influence of small Member States and Finland's ability to defend its 'national interests' have been among the most important EU-related concerns

for the Finnish electorate as well³¹, even though this might simply reflect the amount of discussion on these topics.

The Eurozone crisis and the debate about Finland's financial liabilities shifted the Finnish EU debate into a higher gear. The challenge of the Finns Party initially forced all mainstream parties to justify and, to some extent, adjust their views on individual aspects of EU policy, such as the question of economic solidarity. However, the fundamental reasons for Finnish EU membership continue to be formulated in a very similar manner to that in the early and mid-1990s. For example, the EU policy paper of Prime Minister Jyrki Katainen's six-party coalition, which governed between 2011 and 2014, stated that '[f]or Finland, the European Union is the most evident political community, whose development fosters Finland's prosperity and security', providing Finland 'with a level of influence over cross-border issues way beyond anything achievable as a lone actor'.³²

Despite the rapid rise of party-political Euroscepticism in Finland, the public opinion on the EU has not changed radically since the outbreak of the Eurozone crisis. If anything, the Eurosceptic challenge initially made some voters more vocal about their support for the EU, resulting in a short-lived peak in the support for the Union.³³ However, all in all, public opinion has mostly followed similar trends as in the earlier years of membership, with one of the most important polls showing that a plurality of citizens (between 42 and 46 per cent) are in favour of the EU and that there is a relatively significant group of people (between 25 and 32 per cent) with a neutral opinion on the Union. The share of those with a negative view on the EU has, in recent years, ranged between 20 and 27 per cent, but this group is the smallest of the three.³⁴

The stable attitudes of the Finnish voters toward the EU – and the continuing pro-European course of most of Finland's mainstream parties – have compelled the Finns Party to adopt more moderate views or at least tone down its rhetoric on some EU issues.³⁵ Thus, the Finns Party has not demanded a Finnish exit from the EU or the Eurozone. Instead, the party mostly argues in favour of radically reforming and scaling back the EU, viewing the main advantages of

the Union to lie within the economic sphere (the single market) and, more recently, within the area of security policy. As far as the euro is concerned, the Finns Party's rhetoric is oblique: while not actively working towards leaving the Eurozone, the party calls Finland to prepare for a possible dissolution of the common currency.³⁶ The Finns Party is often classified as a 'soft' Eurosceptic party³⁷, even though its ambivalent rhetoric makes the nature of its Euroscepticism hard to pin down.

In order to join the Finnish Government, the Finns Party had to further tone down its Euroscepticism. In line with Finland's consensual tradition, the Government's EU policy line represents a carefully worded compromise that does not radically break with the past, recognising the importance of the EU for Finland. Thus, the EU policy section of the government programme unequivocally states that 'EU membership is a political choice that connects Finland to the Western community of values'.³⁸ However, the Finns Party's influence can be seen in the subsequent sentence, which argues that the 'EU must be reformed and its functioning improved', although 'the Government does not consider the amendment of Treaties to be an issue at this time'.³⁹ Finland is described in the programme as an 'active, pragmatic and result-oriented Member State' that seeks, 'in a constructively critical and cooperative way, to combine the national and joint European interest in Finland's EU policy'.⁴⁰ This last-mentioned objective hints at the underlying tensions – mostly between the Finns Party on the one hand and its two coalition partners on the other – that have weighed on the Government's EU policy from the start.

These tensions have been particularly visible in the context of the refugee crisis, making it difficult for the Government to come up with a coherent response to the crisis, which turned into a significant political issue in Finland after the country received more than 10,000 asylum applications in the course of September 2015. On the surface, the Government, including the Finns Party, has constantly underlined the importance of finding a European-level solution to the crisis. The Government has been particularly vocal about the

importance of strengthening the EU's external borders to stem and control the inflow of people.⁴¹ At the same time, the Government has failed to take a unified stand on many of the proposals coming from the European level, most of all the subsequent plans to redistribute asylum seekers and refugees between the Member States. The first temporary redistribution scheme was already opposed by the Finns Party, which was, however, forced by its coalition partners to accept it.⁴² In September 2015, when the Council of the European Union voted on the redistribution of a total of 120,000 asylum seekers and refugees, the Finns Party increased the pressure on the other government parties. As a result, Finland abstained from the vote, attracting criticism both in Brussels and at home.⁴³ Despite its abstention, the Government made it clear that it would comply with the Council decision.

Tensions have also manifested themselves in relation to the recent EU referendum in the United Kingdom. Before the referendum, the Finns Party – whose European Parliament election manifesto of 2014 proposed the British renegotiation and referendum plan as a model for Finland⁴⁴ – toed the official government line that underlined the importance of keeping the United Kingdom in the EU. However, after the majority of the UK electorate voted against EU membership, the Finns Party has shown a willingness to capitalise on the British Eurosceptics' victory: the party's youth organisation initiated a campaign demanding a similar in/out referendum in Finland and the proposal also enjoys strong support within the Finns Party's parliamentary group.⁴⁵ The statements of the party in this context have drawn heavy criticism from both government and opposition parties, with the former reminding the Finns Party of its commitment to the Government's common EU policy line. Prime Minister Juha Sipilä has also clearly stated that the current Government has no plans to initiate an EU referendum.⁴⁶ This position seems to be strongly backed by the Finnish electorate. A survey commissioned by the newspaper *Ilta-Sanomat*, and conducted at the end of June 2016, suggested that 69 per cent of Finns are against the idea of a new EU referendum.⁴⁷

THE EU AND THE ECONOMY: A MORE CONTESTED SPHERE

As indicated, economic arguments were a central motivation for Finnish EU membership. In the early 1990s, roughly half of Finland's exports went to the EC countries and 20 per cent to the EFTA countries.⁴⁸ Although Finland's trade with Russia picked up momentum in the late 1990s and especially during the 2000s⁴⁹, the single market's role has remained pivotal. In recent years, intra-EU trade has gained additional importance for Finland, as Finnish exports to Russia have substantially decreased due to Russia's economic problems and the Russian import ban on agricultural products from the EU. In 2015, 59 per cent of all Finnish exports went to other EU countries, up from 55.3 per cent in 2013. Within the same time period, the share of intra-EU imports in Finland's total imports rose from 56.7 per cent to 62.6 per cent.⁵⁰ Measured by the total volume of trade, Germany is currently Finland's most important trading partner, having replaced Russia in 2014.⁵¹ The importance of the single market for Finland is reflected in the country's strong commitment to developing the market further, with the current Government putting particular emphasis on the areas of services, capital markets, energy and digital services and goods.

Not all the economic consequences of EU membership were expected to be positive, however. From the very beginning, the impact of the membership on the Finnish agricultural sector has been a central economic concern for Finland. As a result, agricultural policy was one of the most important and most difficult areas in Finland's membership negotiations. The Finnish Government tried, partly successfully, to ensure that Finnish farmers would be entitled to additional EU support due to Finland's harsh climatic conditions and that Finland would be eligible to pay substantial national subsidies to its farmers.⁵² Even after Finland joined the EU, agricultural policy has continued to be one of the central areas of EU policy for Finland and each reform of the CAP and the subsidies system receives considerable attention in the country. This can be explained both by the crucial importance of the EU's support in maintaining the production

volumes in Finland's agricultural sector⁵³ and by the fact that agricultural funds account for by far the largest share of the money received by Finland from the EU budget. In 2007, the support for agriculture, rural development and nature conservation represented more than 68 per cent of the total sum received by Finland, in 2013 this was approximately 60 per cent.⁵⁴

Although the level and distribution of agricultural subsidies are highly relevant issues in Finland, the bulk of the debates about the EU budget are not related to the funds Finland receives, but to the size of Finland's national contribution to the budget.⁵⁵ This mirrors Finland's position as one of the EU's net contributors. During the country's membership period, the EU funds paid to the country have exceeded its contribution to the budget only three times, in 1996, 1997 and 2000.⁵⁶ In 2013, Finland's net contribution amounted to EUR 604 million, increasing to EUR 809 million in the following year, partly due to a delay in the payment of the subsidies for rural development. In 2015, Finland's net contribution was EUR 488,3 million.⁵⁷ The Finns Party in particular has repeatedly complained about the size of Finland's contributions, arguing that Finland should negotiate a rebate for itself or demand an abolition of the rebate system.⁵⁸ The pro-European forces in Finland, by contrast, point out that Finland is among the mid-level contributors to the EU budget. Nevertheless, subsequent Finnish Governments have advocated budgetary discipline at European level. The current Government has set itself the objective of ensuring 'that Finland's net contribution is reasonable and fair'.⁵⁹

Despite the visibility of the abovementioned topics, the most significant and intense EU debates in recent years have concentrated on Finland's membership in the Eurozone and its implications. Finland's entry into the Eurozone was – and continues to be – cause for some controversy, as in Finland, unlike in Denmark and Sweden, no referendum was organised about adopting the common currency.⁶⁰ Instead, the Government took the view that Finland had accepted to join the third phase of the EMU already in its membership negotiations. Therefore, a parliamentary decision about the matter was considered to suffice.

The Eurozone crisis added a whole new dimension to the Finnish EMU debate. At the start of the Eurozone crisis, Finland acted from a position of considerable economic strength, having one of the EU's lowest debt-to-GDP ratios and being one of the very few Eurozone countries with the highest credit rating from major rating agencies. This is likely to have been one of the reasons why many Finns took a sceptical view of the rescue loans provided to the distressed Eurozone economies: there was a strong narrative that Finland had taken good care of its public finances and followed the EMU rules, whereas the crisis countries had failed to do so. Moreover, the opponents of the bailouts could also point to the 'no bailout' clause and argue that they defended the established EU law against measures that violated it.⁶¹ The EU's rescue measures and Finnish liabilities were a central topic of the campaigns ahead of the Finnish parliamentary election in 2011, which coincided with Portugal's request for a bailout, and decisively contributed to the success of the Finns Party in the election.

Apart from the Finns Party, the Social Democratic Party, the Left Alliance and the Christian Democrats also voted against the first bailouts, but the latter three parties changed their position in the context of the coalition negotiations in 2011 – the Social Democrats on the condition that Finland would participate in future bailouts only in exchange for collateral. At the same time, the Centre Party, which had initially defended the bailouts, voted against them during its time in opposition. As a result of the heated domestic debates about the rescue measures, Finland emerged as a strong proponent of fiscal consolidation and structural reforms in the crisis countries and as a strict opponent of further moves towards debt mutualisation.

Since 2012, Finland's own economy has constantly struggled. In 2014, Standard & Poor's stripped Finland of its AAA rating and, in 2015, the European Commission announced that Finland was about to breach the 60 per cent debt-to-GDP limit and that its existing and projected budget deficits exceeded the 3 per cent-of-GDP reference value of the Stability and Growth Pact.⁶² As a consequence, more attention has in recent years been paid to budget consolidation and structural reforms at home than to the Eurozone crisis, with the

government implementing tough spending cuts and advocating labour market reforms. However, Finland's own economic problems seem to have had no impact on the attitudes of the Finns towards the other crisis-ridden Eurozone countries, with a grand majority still insisting on tough conditions for the Greek loans.⁶³

Although the problems of the Finnish economy overshadowed the Eurozone crisis in the 2015 election campaigns, the topic of the bailouts continued to be relevant, especially in view of the coalition talks between the Centre Party, the Finns Party and the National Coalition Party. Before the election, the leader of the Finns Party, Timo Soini, reiterated that his party would not agree to a further bailout for Greece if in government.⁶⁴ In the end, the Government parties reached a compromise that took the Finns Party's concerns into consideration, but did not fully rule out further bailouts in the framework of the European Stability Mechanism (ESM).

When the political and financial crisis in Greece escalated and the need for another bailout materialised, Finland belonged to the most difficult negotiation partners. At the Eurozone summit on in July 2015, Finland supported the idea of a temporary exclusion of Greece from the Eurozone.⁶⁵ In the international media, it was widely speculated that Soini and his party had pressured their coalition partners to adopt a tough negotiation position by threatening to leave the government coalition.⁶⁶ However, when a broad front in favour of opening further bailout negotiations with Greece started to emerge, Finland was not willing to stand alone. Even the Finns Party had to accept the decision. In August, the party voted in favour of the third Greek bailout in the Grand Committee of the Finnish Parliament, arguing that Finland was powerless to stop the bailout alone, and it therefore made no sense for the party to initiate a government crisis because of the issue.⁶⁷ This outcome was extremely bitter for the party, sparking some internal protest and undoubtedly contributing to the poor poll ratings of the party.

As part of the debate about the Finnish liabilities in the Eurozone crisis, a broader debate about the costs and benefits of the EMU for Finland has also gained momentum.⁶⁸ Apart from the Eurozone crisis,

this debate has been fuelled by Finland's own economic problems and constant comparisons with its Western neighbour Sweden, which decided to stay outside the Eurozone and has in recent years constantly outperformed Finland economically. A common argument of the opponents of Finnish euro membership is that the euro slows Finland's recovery from its current economic troubles, as the country can no longer resort to devaluing its currency, instead having to try to gain competitiveness through painful internal adjustments. Weight to this argument has been added by being put forward, amongst others, by Nobel laureate Paul Krugman.⁶⁹ German economist Hans-Werner Sinn has also suggested Finland might profit from leaving the Eurozone.⁷⁰ Finally, the Eurozone debate also touches upon the long-running discussion in Finland about the direction of the integration process. Many of Finland's Eurosceptics see the latest developments in Eurozone governance to inevitably lead toward federalisation – or claim that federalisation and debt mutualisation are the only ways to make the Eurozone workable in the future, thus arguing that the euro represents a bad choice from the point of view of Finland.⁷¹

One of Finland's primary Eurosceptics and EMU-critics, Paavo Väyrynen, has recently tried to ride the eurocritical wave, orchestrating a citizens' initiative demanding a referendum on Finland's Eurozone membership. After collecting the required 50,000 signatures, Väyrynen's citizens' initiative was submitted to the Finnish Parliament in spring 2016, and various committees will discuss it. However, the political interest in and the future prospects of the initiative are very limited.⁷² Despite the criticism directed at the bailouts, the attitudes of the Finns toward the euro continue to be predominantly positive and Finns count the common currency among the major achievements of the EU.⁷³ Also, most economic and political elites continue to be highly supportive of the euro. Thus, even the Finns Party has so far shown no support for Väyrynen's initiative, although individual party members are known to view Väyrynen's activities favourably.

All in all, Finland, including the current Government, continues to emphasise the economic possibilities and benefits stemming from the EU and the euro. Apart from deepening the single market, the current

government stresses the competitiveness agenda of the European Commission and the EU's potential for advancing global trade relations, such as the Transatlantic Trade and Investment Partnership (TTIP).⁷⁴

THE EU AND FOREIGN AND SECURITY POLICY: MORE IMPORTANT THAN EVER?

Situated next to Europe's largest and most populous country – first the Soviet Union and now Russia –, Finland has a pronounced small-state identity.⁷⁵ Correspondingly, Finnish foreign, security and defence policies have sought to take into account and adapt to the prevailing external conditions.⁷⁶ Until the early 1990s, Finland emphasised its policy of neutrality and its 'special relationship' with the Soviet Union, both of which were seen as being incompatible with membership in the EC/EU. However, the end of the Cold War changed Finland's external environment dramatically. In this period of transformation, EU membership was presented as a logical continuation of earlier policies rather than as a radical change. To make Finnish foreign and security policy 'fit' for membership, Finland's strict neutrality policy was reduced to its core, military non-alignment.⁷⁷

Security policy arguments proved very important in the national EU referendum. With the former Soviet Union going through a period of instability and unpredictability, the EU was presented as a stabilising force in Europe. Moreover, the EU was seen to provide Finland with a political safety net and even protect it against military threats despite the lack of any security policy arrangements in the Union at that time. These security policy considerations quickly became one of the core elements of Finnish EU membership, with the official policy line emphasising the positive impact of membership on Finnish security.⁷⁸ The three pillars of Finnish security and defence policy were formulated as being military non-alliance, an independent defence and membership of the EU.⁷⁹

Although the importance of the EU in terms of security was recognised and highlighted in Finland from the very beginning,

Finland's adaptation to the CFSP and, later, the CSDP was not without its challenges and controversies. While Finland committed itself fully to the CFSP already in its membership negotiations, its status as a non-aligned state made it wary of any trends potentially pointing to mutual defence. At the same time, Finland wanted to demonstrate that non-alignment did not hinder it from actively participating in the development of the EU's foreign and security policy dimension.⁸⁰ Thus, Finland and Sweden were behind the initiative to include the so-called Petersberg tasks, ranging from humanitarian and rescue tasks to peace-making, in the Amsterdam Treaty, thereby contributing to the establishment of the EU's military crisis management capacity. However, the initiative also served as a way for the two non-aligned countries to avert a planned integration of the Western European Union (WEU) with its defence components into the European Union, an idea both of them considered unwelcome.⁸¹

In the context of the EU's Intergovernmental Conference in 2003–2004, Finland, together with the other neutral and non-aligned EU Member States, demanded a less binding formulation for the EU's mutual defence clause that was to be included in the Constitutional Treaty, stating that binding security guarantees would be incompatible with their security policies. However, their proposal was not accepted and the final text of the Constitutional Treaty included the mutual defence clause. Despite Finland's initial hesitation, the Government of the time took a positive view of the security and defence policy elements included in the Constitutional Treaty.⁸² All in all, Finland's main parties have viewed the development of the CFSP/CSDP very favourably.⁸³ Criticism has mostly been limited to individual aspects of the policy. One of the very few political figures to have consistently criticised the EU's security and defence policy dimension is the well-known Eurosceptic Esko Seppänen.

Over its membership period, Finland has grown more and more supportive of the EU's security and defence policy. At the same time, non-alignment has become a less central part of the Finnish security and defence policy, recently mainly referring to Finland's non-membership in any military alliance and, above all, NATO. Indeed,

the political leadership has pointed out that Finland is ‘politically aligned’ with the EU.⁸⁴ With the coming into force of the Lisbon Treaty, the EU’s mutual defence clause, which Finland initially wanted to see taking a less binding form, has rapidly evolved into a central element of Finnish security and defence policy.⁸⁵ Correspondingly, the debate concerning the clause has, since the mid-2000s, mainly revolved around how binding the clause is. The Finns Party, for example, has in the past emphasised that the EU does not offer binding military guarantees.⁸⁶

Unsurprisingly, the conflict in Ukraine and the recent tensions in the Baltic Sea region and Europe more broadly have further underlined the importance of the EU in security and defence policy terms. Even the Finns Party, currently holding the positions of Foreign Minister and Defence Minister, has committed itself to the CFSP/CSDP. In line with Finland’s long-standing policy line, the programme of the current government underlines the EU’s role as a ‘security community’. The government programme also states that Finland ‘supports the strengthening of the EU’s Common Security and Defence Policy’. Moreover, the programme mentions the need for ‘common means to combat terrorism, international crime and hybrid threats’.⁸⁷ The Government’s recent foreign and security policy white paper uses even stronger language, stating that ‘[t]he European Union must continue to further develop its common preparedness and arrangements for closer defence cooperation’.⁸⁸

Despite a broad consensus on the importance of the EU in foreign and security policy terms, individual political figures in Finland have criticised the EU’s handling of foreign affairs – especially in the context of the Ukraine crisis and the relations with Russia more broadly. Paavo Väyrynen, in particular, has been vocal in his criticism of the EU’s Russia policy and the EU sanctions. Before joining the Government, Timo Soini also criticised the EU’s role, arguing that the Ukraine crisis is an example of how Finland, as a member of the EU, gets drawn into conflicts.⁸⁹ However, as Foreign Minister, Soini has considerably changed his tone, following the Government’s common policy line, which condemns Russia’s actions in Ukraine, considers the sanctions as a necessity and complies with the EU’s common

positions on Russia while simultaneously emphasising the importance of bilateral relations between Finland and Russia.

Although the criticism of the EU's foreign and security policy role has been limited to individual politicians, even within the pro-European circles there has been some disillusionment with the EU's slow progress in the security and defence realm.⁹⁰ The EU's unused battle groups are one example that is frequently being put forward in Finnish EU discussions. Recent years have seen Finland intensify its defence cooperation with Sweden, strengthen its relations with NATO and advocate Nordic security and defence cooperation. This does not necessarily diminish the significance of the EU for Finland, but it does signal that Finland does not consider the EU alone to be sufficient for furthering its security and defence policy goals. These developments notwithstanding, the EU remains 'the central frame of reference in Finland's foreign and security policy', as the Government's new foreign and security policy white paper clearly states.⁹¹

CONCLUSIONS

Since the onset of the Eurozone crisis, Finland has witnessed the rapid rise of the Eurosceptic Finns Party. As a result, the country's longstanding pro-integrationist consensus came to an end. The Eurosceptic challenge has also had an impact on the tone of Finnish EU debates. However, despite the establishment of a Eurosceptic force in Finland's political landscape, the basic rationale behind Finnish EU membership and the overall attitude of the Finnish electorate toward the EU have remained unchanged. Participating in Finland's current Government coalition, even the Finns Party has recently subscribed to a largely pro-European government programme, even though its commitment has wavered on several occasions.

Despite the Finns Party's dramatic slump in the polls, it is likely that the Finnish political landscape will include a considerable Eurosceptic force in the future. Opinion polls have constantly indicated that between 20 and 30 per cent of Finns have a negative

view of the Finnish EU membership and the fact that the Finns Party has twice gained almost 20 per cent of the votes in a national election further testifies to the potential of political Euroscepticism, even though Euroscepticism might not be the only reason to vote for the Finns Party. The existence of a prominent Eurosceptic party – regardless of its size – will ensure that critical arguments and ideas will be present in, and will influence, the Finnish EU debate also in the future. However, as long as the plurality/majority of the voters and most political parties view the EU and Finland's membership therein positively, the overall impact of Euroscepticism on Finnish politics and policy will remain circumscribed, as has so far been the case.

Against this background, the most effective way to limit the spread of Eurosceptic sentiments and political Euroscepticism in Finland will not be to specifically target and counter the Eurosceptics and their narratives. Instead, it seems more important to actively work towards maintaining the existing level of support for the EU. This support cannot be taken for granted. According to surveys, a significant share of Finns is of the opinion that things are going in the wrong direction in the EU, even though many remain considerably optimistic about the future of the Union.⁹² This shows that more is expected of the EU. At present, economic and security policy arguments still hold relevance for Finland, but citizens also expect the EU to deliver on these key issues – especially as Finns continue to feel that the EU is well equipped to do so. Last year, the refugee crisis added a further issue to the list, prompting Finns to identify 'migration' as the main concern for the EU.⁹³

Of course, the challenges currently facing the EU in different policy areas and different regions are very complicated and the expectations should not be raised too high. At the same time, the citizens are right to expect the EU – both the institutions and the Member States – to find, or at least actively seek, responses to these challenges. Finally, considering the Finnish voters' longstanding concern about the role and influence of the small Member States, ensuring that the EU's institutional order continues to be based on strong common rules and norms that apply to all member states equally might strengthen the citizens' trust in the Union.

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THE CASE OF LATVIA: POPULAR EUROSCEPTICISM IN *IMPASSE*

Aldis Austers

In Latvia, Europeanism signifies the country's integration into the Western political, economic and security structures and, consequently, should be equated with the Euro-Atlantic orientation. After the re-establishment of independence in 1991, the programme of Latvia's "return to Europe" involved membership of the OSCE (1991), the Council of Europe (1995), the WTO (1995), the EU (2004), NATO (2004) and most recently, as of summer 2016, of OECD. In the public perception the Euro-Atlantic direction mostly serves the purpose of securing the Latvian nationhood and equal standing in global politics, while Europeanisation has a more specific connotation and is linked to the political and economic modernisation of state and society *à la* Western Europe.

After twelve years of EU membership, in 2016, Latvia has become a fully-fledged member of the inner core of the EU – the Schengen border free travel zone and the Eurozone. Furthermore, during the first half of 2015, Latvia held its first presidency of the Council of the EU. This marks a great achievement for a nation, of which little was known in Western Europe until 1991, and which, after many years of existence under Soviet totalitarian rule, had to undergo sweeping economic and political reforms.

Before its entry into the EU, Latvia was the poorest of the aspirant countries and, until 2007, Latgale, the south-eastern region of Latvia, was the EU's most deprived region. It would have been very logical for the Latvian people to be supportive of EU membership in great numbers, because of the security and economic opportunities provided by the EU. The popular endorsement of EU membership,

although improving slightly, has been stubbornly low however, to the bafflement of public relations' specialists before, and subsequent to, the accession referendum in 2003.

This article aims to explain the reasons behind the Latvian lukewarm attitude towards the EU. The argument is that the path of the nation's historical development, the experience of Soviet totalitarianism, the ethnic division of today's society, as well as concerns over the ability to survive in the conditions of open global economic competition, are determining the people's outlook on participation in the EU and other Western organisations. In many aspects Euroscepticism in Latvia is similar to that seen in other EU Member States; however, Latvia also demonstrates some idiosyncratic features.

INSTITUTIONALISATION OF EUROSCEPTICISM: MISSION NEXT TO IMPOSSIBLE

In the 1990s, the construction of the nation state was ongoing. At that time a major task for the Latvian political elite was to "bring together the idea of European integration with the concept of an independent nation state centred on the ethnic identity"¹. Back then, a paradoxical (or schizophrenic) state of affairs emerged: despite the Eurosceptical inclination of the electorate, the political parties endorsing European integration were winning the elections. According to the scholars of political science, it was the discursive practice deployed by the political elite which provided a solution to this conundrum. Namely, by using communication tools, the political elite persuaded people to think of an independent nationhood, democratisation and the "return to Europe" as inseparably linked ideas.² The elite declared the preservation of national identity as the main policy goal and presented European integration as a necessary solution to the problem.³ It was underlined intermittently that Latvia's historical development has had close relations with Western Europe and had the right to reclaim its regarded status in Europe.

Today, there is still no major social movement or political party dedicated to Euroscepticism in Latvia. However, this does not mean that Latvia has no Eurosceptics. The people's wariness of the EU still finds reflection in the public communication. What is more, the political forces exert varying attachments to the ideals of European integration and individual politicians have not hesitated to express criticism towards the EU. Most of the Eurosceptic commotion takes moderate forms though, as only a few marginal advocates adhere to the anti-systemic or radical Euroscepticism in Latvia.

The lack of the institutionalisation of Euroscepticism in Latvia, despite the relatively high level of scepticism, can be attributed, to a great extent, to the fact that the EU has persistently enjoyed a much higher legitimacy than the Latvian national bodies. Thus, in May 2015, the polls showed that more than half of Latvians trusted the EU, while only 24 per cent trusted the Latvian government and 21 per cent – the Latvian parliament.⁴ In truth, the rate of trust in the EU has considerably fluctuated over time, even within the confines of one year; nevertheless, there always has been significantly more confidence in the EU than in the domestic authorities. This indicates that the Latvian people, in contrary to Eurosceptics in Western societies, do not resent political establishments as such. The perceived weakness and poor quality are the major causes of distrust in domestic institutions in Latvia, hence, in people's perception there is no alternative to the EU, and this makes any domestic anti-European movement next to impossible in Latvia.

The radical Euroscepticism in Latvia evolves around a few personalities and none of them has ever held an elected post. The most notable radicals are Juris Paiders, a columnist in daily newspaper "*Neatkarīgā Avīze*" [Independent Newspaper], and Normunds Grostiņš, the leader of "*Rīcības partija*" [Party for Action]. This party was established shortly before the 2003 referendum. Initially, it formed an alliance with the radical left Socialist Party of Latvia (a reincarnation of the former Communist Party of Latvia). However, since 2011, the party has moved to the right wing and is now part of the pan-European radical right "European Alliance for Freedom"

(other members include the “Austrian Freedom Party” and the “National Front of France”) and is linked to the “Europe of Nations and Freedom”, a political group in the European Parliament. The radical Eurosceptics of Latvia contend that the Western culture in general, and the EU in particular, is alien to Latvia, that it is hypocritical and perverse in nature, and as such is a major threat to the Latvian existence.

For the sake of clarity, it has to be indicated that the programme of the aforementioned Socialist Party of Latvia also promotes Latvia’s departure from both the EU and NATO, on the grounds that it compromises Latvia’s neutrality. At the same time, the socialists insist that Latvia should be a modern state whose legislation should take over the best European practice. Thus, in contrast with the radicals, the socialists are not hostile to the Western culture as such. Besides, the socialists are part of the political alliance “Harmony Centre”, which holds the majority of seats at Riga Council and is formally pro-Europe. The former chairman of the Socialist Party, Alfrēds Rubiks, was a member of the European Parliament in the convocation of 2009–2014, and during his tenure was a member of “European United Left/Nordic Green Left” – a political group committed to European integration, but opposed to the current political institutions of the EU.

While radical Euroscepticism is a no-go in Latvia’s political milieu, the governing political forces exhibit a wide variety of attachment to the European integration ideals. The most pro-European position is held by the party “*Vienotība*” [Unity]. It is an alliance of liberal and moderate right-wing conservative political forces, and has had the most consistent and open approach to EU issues since 2003. However, even Unity has had some “issues” with the EU: it has repeatedly insisted on the necessity to correct the existing discrimination of Latvia and its citizens in the EU, thus implying the inferior status of Latvia in the EU. Also, the opposition centre-left party “*Latvijas Reģionu apvienība*” [Regional Alliance of Latvia] has a pro-European stance; however, the party’s influence is limited by its small representation in the parliament.

The members of Unity, with brief pauses, have been in position since 2002. Today, Unity is part of the coalition government together with the more conservative and nationalist “*Zaļo un zemnieku savienība*” [Party of Greens and Farmers] and “*Nacionālā apvienība*” [National Alliance] – the two bigwigs of the right-wing. The two support Latvia’s membership in the EU and other key European organisations, however, their preferred mode of integration is a loose union of nation states. To their mind, Latvia has been too lenient towards the EU and, therefore, should demonstrate greater self-esteem and independence in decision-making on domestic issues.

Also, the largest opposition force, the social democratic party “*Saskaņa*” [Harmony] has a pro-European stance, however, the path of the party’s development, its focus on the Russian-speaking population of Latvia and its close links to Russia’s governing party, “United Russia” suggest that the true interests of the party lie in a different direction. The same can be said about the opposition party “*No sirds Latvijai*” [To Latvia from the Heart] – on the one hand, the party stands for Latvia’s membership in the EU, on the other hand, it opposes the influx of “foreign ideologies” and resents the “moral decline” of consumer society.⁵

The spectrum of the stance of major political parties in Latvia on the EU is depicted in Table 1 (this chapter). As already noted, notwithstanding the absence of Euroscepticism in the parties’ programmes, the expressions of individual political leaders have at times been rather aggressive towards the Western organisations. Thus, Aivars Lembergs, the influential chairman of the party “*Latvijai un Ventspīlī*” [For Latvia and Ventspils], which has an alliance with the governing Party of Greens and Farmers, has openly criticised the presence of NATO foreign troops on Latvian territory. Likewise, the popular politician from Harmony, Jānis Ādamsons, has also resented the presence of NATO troops as this could lead to the occupation of Latvia to his mind. Another example includes Edgars Tavors, the chairman of the board of the Latvian Green Party (an affiliate to the Party of Greens and Farmers), who recently congratulated the British people for their courage to move away from the “liberal-global course of destruction” represented by the EU.

Table 1. The ideological and European policy orientation of political parties in Latvia

	Seats in the Parliament	Ideological position	Stance on Europe
<i>Position</i>			
Party of Greens and Farmers	21	Conservative	Moderate Eurosceptical
Unity	23	Centre-right	Pro-European
National Alliance	17	Nationalistic	Moderate Eurosceptical
<i>Opposition</i>			
Harmony	24	Left	Moderate Eurosceptical
Regional Alliance of Latvia	8	Centre-left	Pro-European
To Latvia from the Heart	7	Centre-left	Moderate Eurosceptical

PSYCHOLOGICAL ARGUMENTS: TO BE OR NOT TO BE EUROPEANS?

In October 2003, a nation-wide referendum was held in Latvia about the country's proposed membership of the EU and 67 per cent of referendum participants voted in favour of Latvia's accession to the EU.⁶ Notwithstanding the positive outcome, the endorsement of the membership was not as impressive in Latvia as in other aspirant countries also holding a referendum on their accession to the EU. Latvia's 67 per cent in favour of the accession was rather low compared to neighbouring Lithuania's 89.9 per cent and Slovakia's 92.5 per cent support for the EU. The opinion polls prior to the referendum returned an even gloomier picture of people's attitudes in respect of Latvia's accession to the EU. A survey from August 2003 showed that only 54 per cent of the Latvian population were in favour of the accession, while 31.8 per cent were against the membership and 14 per cent had no opinion.⁷

By comparing pre-referendum surveys to the referendum outcome, one can see that those with a negative attitude were at the same proportion both in the survey and the referendum – around 32 per cent. Apparently,

those without an opinion before the referendum (14 per cent) turned up and voted for the accession. Presumably, the improved referendum outcome was achieved under the influence of the pre-referendum campaign – all governmental institutions and national media were united in support for the accession to the EU.

Today, the latest public opinion survey (as of June 2016)⁸ shows that 38.8 per cent of Latvia's population find the country's EU membership to be a positive thing, while 17.1 per cent are unhappy about it, 40 per cent have a neutral (neither good nor bad) opinion, and a further 4.2 per cent have no opinion at all. The stability of the number of neutral opinion holders is striking in fact – since 2004, it has fluctuated around 40 per cent. At the same time, the positive perception of the membership has shifted, as it seems, under the influence of major events having relations with the EU. Thus, during the economic recession of 2009–2011, the support for the EU membership plummeted considerably, reaching the lowest point in March 2009 (20 per cent).ⁱ Since then, the public opinion has turned more favourably towards the EU and a few years later, in February 2015, during Latvia's presidency of the EU Council, the support reached its historical maximum – 42 per cent of respondents.

The public opinion polls reveal considerable fragmentation in people's attitudes towards the EU depending on their gender, age, education, occupation, level of income, place of residence, ethnic background and status of Latvia's citizenship. The most positive attitude towards the EU is among men (40 per cent), young people 18–24 years old (62 per cent), people with a tertiary education (54 per cent), those employed in the public sector (44 per cent) and with medium and high incomes (45 and 46 per cent respectively). Regionally, the EU enjoys the highest support in Vidzeme (43 per cent), Zemgale and Latgale

ⁱ This plunge happened despite the EU's vital role in Latvia's international bail-out effort. Out of earmarked emergency assistance of EUR 7.5 billion, the EU provided the largest chunk – 3.1 billion, while the rest was delivered by the IMF and bilateral donors. For more on the bail-out's causes, terms and consequences, see: Aldis Austers, "Latvia's Controversial "Success Story"," In Karlis Bukovskis (ed.) *The Politics of Economic Sustainability: Baltic and Visegrad Responses to the European Economic Crisis*, LIIA, 2014, p. 9–37.

(40 per cent in each). At the same time, most Eurosceptics are retired people (23 per cent consider the EU membership a bad thing), people with a basic education (26 per cent), the unemployed (21 per cent), people with low incomes (26 per cent), Russian speakers (21 per cent), those without Latvia's citizenship (29 per cent) and those living in the capital and other big cities (19 and 17 per cent respectively).⁹

In comparison to other EU Member States, e.g. the United Kingdom,¹⁰ the Eurosceptics in Latvia have a similar demographic "signature". That is, the older the person, the lower his or her earnings, and the lower the level of education the more Eurosceptical the person is. Apparently, these categories of people tend to be more opposed to globalisation and they also hold less liberal attitudes. For them, it is difficult to associate well-being with economic openness and political lenience. They also feel most disturbed by the "loss-of-control" over their personal life to the "invisible" forces of globalisation, which the EU is in their opinion. A mixture of anxiety, fear, resentment and nostalgia govern their minds.

At the same time, several features put Latvia at odds with general trends in the EU. The first concerns the ethnic division of Latvia's population between native Latvians (62.1 per cent) and others, mostly Russian-speaking people (37.2 per cent), and the low level of support for the EU among the latter.¹¹ The other issue is related to the relatively high level of Euroscepticism among the inhabitants of Latvia's cities. In fact, these two issues are connected and can be explained by a high concentration of non-Latvians in the largest Latvia's cities.

The post-referendum opinion poll showed that 57 per cent of ethnic Latvian citizens and only 18 per cent of non-Latvian citizens voted in support of Latvia's accession to the EU.¹² It is interesting to note that, before 2002, the Russian-speaking population had a much more favourable attitude towards the EU. Research conducted by the Baltic Institute of Social Sciences showed that, in 1998, up to 64 per cent of the Latvian Russians were supportive of Latvia's accession to the EU, exceeding the level of support among native Latvians (58 per cent). However, subsequently the support by the Latvian Russians started to decline and, by 2004, plummeted to a low 20 per cent. This fact is

explained by the growing frustration of the Latvian Russians with the EU on the issues of protecting minority rights in Latvia, and, in particular, on account of the absence of any objections from the EU institutions on the language reform in education in Latvia, in 2002.¹³

The situation is further complicated by Russia's propaganda which, in the "best" Soviet traditions, depicts the West as an inhumane and cynical society, consumed with self-enrichment and indulgence, while Russia (the Soviet Union) is illustrated as the absolute opposite – warm-hearted, pragmatic and caring. People who have lived in the USSR and been exposed to the Soviet "brain-wash", including native Latvians, are susceptible to this black-and-white portrayal of differences between the West and Russian people. In particular, those Russian-speakers, who arrived in Latvia during the Soviet times either as part of the Soviet nomenclature, military personnel or simply labour force, feel more alienated from Europe as, to them, European integration represents the anti-thesis to Latvia's closer cooperation with Russia that they would prefer.

Today, the public opinion surveys show that 30 per cent of the Latvian citizens of Russian origin are satisfied with Latvia's EU membership, while 21 per cent are dissatisfied with it.¹⁴ At the same time, the permanent inhabitants of Latvia without Latvian citizenship (the former citizens of the USSR who have permanent residence in Latvia and have not applied for Latvian citizenship) have more negative feelings about the EU: the survey indicates that only 23 per cent of those respondents without Latvian citizenship endorse Latvia's EU membership, whereas 29 per cent resent it. This group of inhabitants is the most Eurosceptical in Latvia, however, the good news is that the number of these non-citizens has halved since 2000 because of naturalisation and emigration, and reached 11.7 per cent of Latvia's population in 2015.¹⁵

Although the ethnic factor explains a good part of Latvia's "excessive" Euroscepticism, the relatively high level of denial of the EU membership among the native Latvians points at existing strong undercurrents of alternative opinions. Before turning to these undercurrents, one should note that in Latvia the amount of people

who support the EU membership has consistently and stubbornly been inferior by several percentage points to the number of people who see the EU in a positive light, who trust the EU institutions and who see the gains from the EU membership outweighing the losses (see Table 2 of this chapter). This suggests that, despite the EU's positive standing, the membership of the EU is perceived as inconsistent with popular values in Latvia. Notwithstanding a growing attachment to the EU (according to the Eurobarometer, in 2004, only 44 per cent of Latvians felt attached to the EU, while in 2015, the attachment feeling had increased to 64 per cent of respondents), many still feel alienated from Europe and refuse to accept it as part of their identity.¹⁶ For them, Europe was and still is "they".

During the cynical, brutal and economically backward Soviet rule, Latvians had retained vivid and, at times, romanticised, memories about the pre-war affluent nationhood. Many people agreed to elite's official stance that the accession to the EU meant more security guarantees to Latvia, fresh impetus to its economic development and, from the point of view of Latvia's historical experience, the country's long-deserved return to the circle of developed and liberal European nations as an equal partner, from which Latvia was forcefully separated, in 1940. However, although it seemed very natural to strive for the country's return to the family of European nations, a large part of the population still did not find it easy to connect the ideals of European integration with independent nationhood. Many deplored the idea of losing some of Latvia's sovereignty and joining "yet another Union".

Another issue of concern has been the equal treatment of Latvia in the EU. Because of discrimination during the earlier historical epochs, the issues involving equality have received morbid attention in Latvia. For example, there have been long debates on the size of agricultural payments, which seemed to be discriminating the Latvian farmers. Also, the size of market quotas and the so-called "national envelopes" of EU funding have been attracting great interest in Latvia. A public survey in May 2015 indicated that 47 per cent believed that Latvia has little influence over the EU's decisions, while 26 per cent thought that Latvia had no influence at all. The Latvian Presidency of the Council

of Ministers during the first half of 2015 assured some of the earned respect among the other European countries and equal treatment. Thus, the same survey showed that around 50 per cent of the respondents agreed that the presidency strengthened the reputation of Latvia in the EU, and 39 per cent felt that the presidency provided an opportunity to attract the attention of the Union to the issues pertinent to Latvia.¹⁷

Latvians have not had a glorious history, therefore, it is their cultural identity, and, in particular, the Latvian language, which forms the “backbone” of the Latvian nation and statehood. One of the most hotly debated issues before the accession to the EU was about the chances of survival of the Latvian language. Despite the official status given to the Member State’s national languages, many had fears that the ensuing opening of the market would result in an invasion of foreign cultures and languages, leading to neglect and even the destruction of the Latvian idiosyncrasy. Today, the concerns over language have subsided; however, the issue of relocation of refugees from the conflict regions in North Africa to Latvia is perceived as another source of danger to Latvia’s cultural integrity and has provoked “a refugee crisis without refugees”.ⁱⁱ

The public surveys show that people working for the public sector tend to be more Euro-optimistic and less Eurosceptical (44 against 10 per cent¹⁸) in Latvia. In a sense, this is very logical, because officials are more competent in the EU issues and have access to a vast network of peer officials in other EU Member States. Today, especially after the presidency of the EU Council, almost every public institution has some kind of relationship with the EU. For this reason, the officials of these institutions may act as potent diffusers of European norms and values

ⁱⁱ Out of 160 000 people earmarked for relocation under the EU relocation scheme of September 2015, Latvia has agreed to lodge 776. By 18 July 2016, Latvia has relocated 53 asylum seekers. Under popular pressure the Latvian government has introduced a scrupulous selection procedure and put up high qualification criteria for the asylum-seekers to be admitted. These criteria are intended to help to select those who would be willing and able to integrate into Latvian society. However, these criteria have provoked criticism from the European Commission for being too strict and contravening international human rights.

to the domestic society. However, personal contacts of people working with the EU issues point to a slightly different picture, which could be described as administrative Euroscepticism. Public officials involved in EU decision-making find the machinery embarrassingly complicated and, at moments, also unfoundedly bureaucratic and time-consuming. At the same time, for those in charge of implementation of EU rules, the pressure coming from the European Commission on some occasions seems unwarranted and picky.

Last, but by no means least important, to some extent Euroscepticism in Latvia has exogenous roots. First, the growing populism in other EU Member States provides the local Eurosceptics with fresh ideas and also serves as a point of reference for the presumed correctness of their anti-European claims. Second, the calamities haunting the EU, like the financial crisis, refugee crisis, quarrels about fiscal discipline and solidarity, weaken the local popular support for the EU membership. Most recently the decision by the United Kingdom to leave the EU will not add to the positive image of the EU. The good news is that the number of people who view the EU in a negative light remained constant between 2004 and 2015 – around 16-17 per cent. At the same time, in 2015, only 32 per cent saw the EU in a positive light, compared to 39 per cent in 2004, and 49 per cent had a neutral outlook on the EU.

ECONOMIC ARGUMENTS: A ROCKY ROAD TO PROSPERITY

The effect of Europeanisation – domestic transformations caused by adopting the EU laws and regulatory practices – is most visible in transforming relations between the state and society, between the political process and social problems, and between the administrative regulation and the development of the market economy.¹⁹ Although Latvia has not reached the level of quality of public governance of most developed Western countries, for example, Scandinavia, the state has become more attentive to people's wishes than it was in the 1990s.

The political process has become more transparent and reflective of people's needs, notwithstanding the continuously prevailing "ethnic" logic of the mobilisation of the electorate as opposed to the "distributive" logic prevalent in the Western welfare economies.

When Latvia liberated itself from the crumbling Soviet Union in 1991, only the most prophetic people dared to contemplate Latvia's accession to the EU. Western affluence seemed like an unreachable El-Dorado for people exhausted by regular queuing for basic groceries and consumer goods. However, the immediate opening to foreign trade revealed the scale of the backwardness of local production capacities and, combined with the lack of business contacts in the West, and foreign language illiteracy (except Russian which was the *lingua franca* in the Soviet Union), brought about a syndrome of fatal economic and political inferiority. The expression of this frustration can still be felt in people's communication as they tend to accentuate the negative developments and, instead of focusing on improving things, prefer to concentrate on criticising others and are very slow at positively appraising the success of other compatriots.

The result of privatisation in the 1990s was an economy dominated by small and medium-sized enterprises with fragmented production capacities, including agricultural land. People were considerably concerned over losing their newly gained assets after the accession to the EU. The concerns over the fate of small and medium-sized farmers were particularly sound and persistent, because the land is not treated simply as an economic asset in Latvia: for Latvians, land ownership carries strong emotional meaning and a feeling of belonging.²⁰

The development gap is gradually diminishing and business people are becoming more and more familiar with the European and global business environment. By 2015, Latvia managed to reach the *per capita* income level equal to 59 per cent of the EU-15 at purchasing power standard (from 41 per cent in 2004). The trade volume with the EU Member States has almost tripled since 2004 (this is as a result both of trade expansion and the enlargement of the EU). It is relevant to note that the membership of the EU has, in

a sense, helped to normalise and expand Latvia's economic relations with its immediate neighbours – Estonia and Lithuania. Today, the two have become the most important trade and investment partners to Latvia.

Moreover, between 2004 and 2015, the EU contributed more than EUR 5 billion to Latvia's rural and economic development. Despite occasional disputes, Latvia has been quite successful at absorbing the earmarked EU funding. Today, almost every significant public infrastructure project involves EU funding, be it the reconstruction of roads and bridges, construction of the national library and buildings of cultural significance, renovation of administrative and educational buildings etc. The EU also stands to contribute to the various large connectedness projects – building electricity gridlines between Scandinavia and the Baltic States, liquefied gas delivery terminals at sea, and a high-speed train connection between Warsaw and the capitals of the three Baltic States.

However, this development has come at a cost. Starting from 2005, until 2008, Latvia experienced an economic boom with a double digit rate of inflation. The boom was followed by a deep slump and Latvia's international bail-out. The great recession of 2008-2010 erased a great part of Latvia's post-accession economic fortune and forced many people to look for work outside of Latvia. Notwithstanding the EU's crucial role in Latvia's bail-out, in people's perceptions, the EU and other international donors were to blame for the harsh terms of this bailout and imposed fiscal discipline, causing social distress. What is more, people lost faith in the EU as a guarantor of stable economic development in Latvia. Before the accession, Latvia had to undergo colossal reforms, demanding resolution and painstaking effort from the people. However, after the accession reforms had to be continued, and even had to be speeded up during the recession. After having endured reforms for such a long time, some people have lost faith in their purpose and, when the rewards are so slow to emerge, people felt unable to gain satisfaction about their hard work.

Today, people's opinions are still divided on the issue of losses and gains of the EU. In February 2014, 35 per cent of survey respondents

saw Latvia in balance benefiting from the EU's membership, while another 35 per cent – considered the losses to be overtaking the gains. When asked more specifically about the benefits and losses of the EU membership, people indicated the most prominent gains as being the freedom of travel to other EU Member States (52 per cent), the access to EU funding for national development (39 per cent) and the opportunities to work in other EU states (35 per cent). The most frequently named losses from the EU's membership include the excessive outflow of people from Latvia (56 per cent), the loss of the national currency (50 per cent) and a rise in prices (19 per cent). What is more, in the same survey, 27 per cent of respondents specified that they had used the opportunity to travel to other EU Member States and eight per cent to work abroad, however, strikingly, 60 per cent of respondents specified that they had not yet exploited the opportunities given by the EU's membership. From these responses one can see that, ironically, people perceive free movement of labour both as a gain and as loss. Besides, the responses indicate that, for the majority of the population, the EU, after ten years of membership, still represented a promise rather than a real advantage and that people had been slow at profiting from the EU. Lastly, as free trade with the EU was seen as a gain only by 24 per cent of respondents, giving a more prominent place to personal gains, like travel and work abroad, Latvian people have a sceptical opinion about Latvia's economic capacity to successfully integrate into the EU market.²¹

It has to be remembered that during the pre-referendum campaign, the issue of the impact of the EU's membership on economic development was widely addressed. The optimists pointed to new opportunities stemming from access to the EU internal market and to sizable EU assistance going to farmers and different developmental purposes. Adjustment to European requirements was perceived as a template for modernisation of the economy and to a business setting comparable to the best Western standards. On the other hand, pessimists insisted that Latvia would not be able to withstand the competition against the more developed and mature European economies, that the accession would lead to the destruction of

traditional Latvian industries and Latvia would become a dumping ground for hazardous waste. Besides, the costs of transposing EU's environmental, sanitary and social requirements were perceived as disproportionate and weakening productive investment capabilities and Latvia's competitiveness.

Interestingly, in 2014, 42 per cent of people felt that the arguments of pre-referendum discussions on the liquidation of local enterprises and the rising living costs unmatched by the growth in remuneration have materialised. In popular imagination, the liquidation of Latvia's sugar plants, in 2006, represents the most pronounced case of "other EU countries promoting their businesses on the account of Latvia's". Another pertinent issue is emigration and the demographic decline. Due to post-accession emigration to other EU Member States, Latvia has lost around 200 000, or 10 per cent, of Latvia's pre-accession population, mostly of a young age, and the shortage of labour and growing costs of the social protection system are indeed worrying. On the other hand, the intensification of people-to-people contacts across borders has acted as a powerful transformer of Latvia's society. Today, the knowledge of English is widespread; almost every Latvian family has a relative or friend living abroad, calling into being a European-wide network of Latvian people. Besides, labour remittances represent a considerable source of money comparable to the EU's official funding – between 2004 and 2015 Latvia has received EUR 4.5 billion in the form of these remittances (see Table 2 of this chapter).

The most unwarranted pre-referendum anxieties linked to the accession to the EU have turned out to be the speculations about rising crime, Latvia becoming a European dump-site and imposition of limits to the democratic rights of decision-making, according to a DNB opinion poll.²² In fact, there have been occasional complaints about the overregulation and overly bureaucratic approach from Brussels, in particular in relation to the distribution of EU funding or application of specific health requirements; however, on most occasions the cause of the problem has been the excessive vigour of local bureaucrats, and not the European regulation in itself. Since 2004, Latvia has received sizable direct investments from the other EU Member States, however, around

2/3 of these investment have landed either in the banking or retail sectors, and only a small fraction has gone into manufacturing. It has to be conceded that the Latvian society has had considerable resistance to environmentally-dirty foreign investment projects. The most notable examples include the cancellation of a pulp-mill project in 2002, and resistance to the development of pig farms on Latvian territory.

The business community in Latvia has always been supportive of the EU membership, although the economic calamities in the Eurozone and the economic sanctions applied by the EU against Russia and Belarus are nerve-racking for the lives of the Latvian entrepreneurs and are not adding to Euro-optimism. Despite integration into the EU's internal market, Russia and other countries of the former USSR are still lucrative markets for Latvia's finished food products. Political tensions with Russia also inhibit Latvia from fully benefiting from its strategic geopolitical location between the East and West. Along with the economic sanctions and counter-sanctions by Russia, the most pertinent issues in relation to the EU, from the business perspective, involve the worries over possible harmonisation of taxes at European level that would put an end to low tax rates in Latvia, new and costly environmental regulations and the persistent economic weakness of the EU economy.

In January 2014, Latvia switched to the euro as a local currency. The accession to the Eurozone was crafted as a reassurance for markets about the restored financial stability in Latvia. Euro adoption was supposed to lead to the improved credit rating of Latvia, more foreign investment and new development perspectives. At this moment in time, the high economic hopes from the euro have not materialised, as inflows of foreign investments have been mediocre and economic growth has been slight since 2014. Also, the reception of the euro by the public has been lukewarm. Despite the comfort delivered from using the world's second most popular currency, only 22 per cent of people supported the changeover to euros, while 52 per cent opposed it, in March 2014. The disquiet about the rising prices, loss of independence and national identity have been the determining factors of popular opposition to the euro.²³

SECURITY ARGUMENTS: STUCK BETWEEN A ROCK AND A HARD PLACE

Latvian statehood is a result of the confrontation between two colossal powers – Russia and Germany. This confrontation has given Latvia independence, but has also resulted in massive human loss, e.g. the hostilities of the Second World War and ensuing repressions have led to the annihilation of a third of Latvia's pre-war population. Besides, any attempt to side with one or the other of the two powers has ultimately resulted in even more suffering. Thus, the awareness of the unreliability of great powers has become a part of the Latvian "genetic" code.

At the same time, Latvians have also taken a lesson from the tragic ending of its first independence, namely, that Latvia alone cannot stand against a self-assertive Russia and that the best guarantor of security is participation in a regional defence body, such as NATO, and also the EU. As a result, a rather schizophrenic stance has developed: the rational logic suggests that the EU is the best guarantor of economic prosperity and independence, on the other hand, there is a deep ingrained suspicion of the true intentions of the big powers, be it Germany, Russia or the European Commission. Many in Latvia are afraid that ultimately the interests of Russia, Germany and other large powers will prevail over Latvia's interests. Therefore, the idea of federalisation of the EU and the loss of sovereignty makes many feel uncomfortable in Latvia. Their preferred option is the union of nation states.

The creation of a divide with Russia, and the form of life represented by it, shapes the core of the national identity of Latvia. Latvia's integration into the Western bodies has been vital to ensure that this divide is secured, at least until Russia renounces its threatening behaviour and intrusions in the domestic affairs of Latvia. The recent (as of 1 July 2016) accession to the OECD, in fact, accomplishes Latvia's political Westernisation programme.

The aggression of Russia first against Georgia (in 2008) and furthermore against Ukraine (since 2014) has given a great doze

of shivers in Latvia. The obscurity of Russia's aims and further intentions has reinforced the existential anxieties of Latvia's people. Consequently, the surge in support for Latvia's EU membership in public opinion polls since 2014 has to be seen also in the light of ongoing conflict in Ukraine. A recent decision by the heads of NATO Member States (of 8th and 9th July 2016) to strengthening the alliance's military presence in Poland, Estonia, Latvia, and Lithuania on a rotational basis, clearly marks the stake the Western powers place on the independence of Latvia and the other Baltic States and provides some relief to popular worries over Latvia's sovereignty.

It is important to note that, despite the sometimes harsh tone adopted by a number of local political figures towards the EU and NATO, the criticism of these organisations remains an empty rhetoric. It is not only because of people's extremely low trust in domestic political parties (in May 2015, only five per cent showed confidence in the political parties in Latvia²⁴), but essentially because without the EU and NATO the political leaders cannot solve the conundrum of Latvia's perennial security problem. At the moment, there is no viable alternative to the pro-European course of Latvia.

CONCLUSIONS

The support for EU membership is different according to people's perceptions of the EU as such, their trust in the EU and their ability to associate themselves with Europe. In addition, noticeable events like the great recession of 2008-2010, the conflicts in the Eastern Europe, and the presidency in the EU Council have had a marked influence on people's opinion of the EU.

For a number of historical, psychological and economic reasons, the level of Euroscepticism is considerable in Latvia. However, this Euroscepticism is not radical, and mostly concerns people's entrenched anxiety (suspiciousness) of foreign powers. Overcoming the ongoing alienation from the EU, in particular among the

Russian-speaking population in Latvia, would certainly reduce people's opposition to the EU.

At the same time, the lack of legitimacy of domestic authorities compared to the EU, as well as the perennial security challenges, makes an alternative course to the European orientation of the country close to impossible. For this reason, in Latvia the institutionalisation of Euroscepticism has not advanced and will not have a chance to do so in the near future.

The economic and political benefits of EU membership are obvious. However, these benefits have accrued at a price of deep and, at times, discomfiting social changes (e.g. an ageing society in Latvia, growing inequality etc.). The number of "losers" from the European integration is too high, and more effort needs to be directed at the development of compensatory or inclusionary schemes.

Much of Latvia's non-assuring economic performance is home-made and results from institutional bottlenecks. However, the peripheral status of Latvia's economy *vis-à-vis* Germany, and other core economies of the Union, merits reinforced attention. Increased funding for cross-border business development could alleviate this problem.

In public communication, the governmental institutions in Latvia need to recast the image of the EU and other Western organisations by showing them as protectors against, and not instigators of, "out-of-control" globalisation. At European level, the weakening of the central European institutions reduces the capacity of action at a time of crisis. When a new problem arises, everyone turns their face towards the EU; however, the lack of empowerment incapacitates the action at EU level, causing popular frustration, also in Latvia. At the same time, while the upholding of the European Commission's powers as a watch-dog of the accurate and uniform application of the EU law is paramount, the unwarranted bureaucracy and pettifoggery must be kept on tight reins.

Table 2. Some stylised data on Latvia's social-economic development and people's attitudes towards the EU

	Total	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population (mln.)*		2,263	2,239	2,218	2,200	2,177	2,142	2,098	2,060	2,034	2,013	1,994	1,978
Latvia's GDP (mln. euro)*	-	11,662	13,711	17,235	22,640	24,318	18,731	17,772	20,144	21,983	22,805	23,581	24,378
Total government expenditure (mln. euro)*	-	4,061	4,706	6,239	7,709	9,080	8,188	7,961	7,884	8,173	8,440	8,838	9,064
EU funds received (mln. euro)**	5,098	112	172	188	406	346	440	350	437	660	568	756	662
Labour remittances received (mln. euro)**	4,493	128	253	323	338	335	345	380	413	471	472	558	477
Trade volume with the EU (mln. euro)**	-	7,147	9,636	12,319	15,677	15,689	11,115	13,287	17,007	19,176	19,833	20,088	20,249
GDP per capita (% of EU-15, pps)*	-	41	45	49	53	54	47	47	51	55	57	59	59
Inequality (S80/20 ratio)*	-	-	6.7	7.8	6.4	7.3	7.4	6.8	6.5	6.5	6.3	6.5	6.5
Popular image of the EU (% of positive/negative replies)***	-	39/16	34/21	44/14	36/12	29/16	27/17	28/18	21/18	28/17	29/14	38/11	32/17
Benefits from the EU membership (% of positive/negative replies)***	-	50/36	50/37	62/28	57/32	48/43	37/55	45/50	46/47	-	-	-	-
Support for the EU membership (% of positive/negative replies)****	-	31/21	27/28	33/20	26/22	24/23	23/35	28/25	27/25	25/24	28/20	40/14	37/16

Sources: (*) Eurostat data sets [demo_gind], [prc_ppp_ind], [gov_10a_main] and [lit_dit1]; (**) the payment of balance statistics from the Bank of Latvia; (***) Eurobarometer Interactive; (****) SKDS public opinion polls.

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POPULISM, NATIONALISM AND EUROSCEPTICISM. THE BULGARIAN CASE

Antoinette Primatarova

Compared to the EU28 average, Euroscepticism continues to be a marginal phenomenon in Bulgaria, both as party-based and mass Euroscepticism. Affiliation with the three big political families in the EU is an important anchor for the general pro-European line of parties in Bulgaria. The EU facilitated the democratic and economic transition in Bulgaria. The transition itself is considered to be flawed, but EU membership as its greatest achievement remains relatively uncontested. Populism and nationalism have been on the rise in the last 15 years, but in most cases they are not associated with Euroscepticism. However, any developments in the EU towards consolidation of a centre and a periphery, e.g. with regard to the Schengen zone or the Eurozone, have the potential to create the feeling of exclusion and, thus, a more negative image of the EU in Bulgaria.

POLITICAL REPRESENTATION OF BULGARIAN EUROSCEPTICISM IN THE EUROPEAN PARLIAMENT AND IN THE NATIONAL PARLIAMENT

The European elections in 2014 were discussed EU-wide, in terms of forecasts and factual results, as a barometer registering a rising level of Euroscepticism. A survey by the European Council on Foreign Relations, on the eve of the elections, did not register such a trend for Bulgaria. The fertile ground for future Euroscepticism was seen only in some populist attacks on foreign investors, “suggesting a shift to

economic nationalism”¹. Strategic-tactical factorsⁱ did, however, play a certain role towards framing the European elections as an opportunity to confirm or challenge Bulgaria’s EU membership.

Since 2005, almost the only party to be associated with Euroscepticism in Bulgaria, “Ataka”, tried aggressively to frame the 2014 European elections as a clash between Euro-Atlantic values and Orthodox Christian values. In its TV clip (banned by the Central Electoral Committee shortly after its release) Ataka presented the world as divided between the alleged Euro-Atlantic values (paedophilia, gay marriages, incest, NATO, interventionism) and Orthodox Christian values (tradition, family, religion). In the context of support for Orthodox Christian values and the Russian invasion in Crimea, the party leader Volen Siderov even chose to open his campaign in Moscow.

The manipulative distorting propaganda by Ataka in the context of historically anchored pro-Russian sympathies, (at odds with EU sanctions against Russia) made some analysts fear that the elections could indirectly turn into a contest between the model of the EU-type liberal democracy and the Russian-type illiberal democracy. This provoked the polling agency, Alpha Research, to test people’s attitudes, in April 2014, in an imagined vote on EU membership, as opposed to membership in the fledgling (actually non-existing) Eurasian Union. The result sounded quite alarming: 22 per cent opted for membership of the Eurasian Union against 40 per cent for EU membership, 28 per cent remained neutral and 10 per cent abstained from voting.² In a low turnout, with passive pro-European minded peopleⁱⁱ this could easily translate into a disproportionately high vote for Eurosceptic players.

On the eve of the elections President Rosen Plevneliev appealed to voters³ in general, and to young people in particular, to vote

ⁱ Distinction ideological reasons / strategic-tactical factors as suggested by: Taggart, Paul and Aleks Szczerbiak, *Theorising Party-Based Euroscepticism: Problems of Definition, Measurement and Causality*, Sussex European Institute, 2003, <https://www.sussex.ac.uk/webteam/gateway/file.php?name=epern-working-paper-12.pdf&site=266>

ⁱⁱ As everywhere in the EU, turnout in European elections is generally lower than in national elections – 35.84 per cent in 2014; 37.49 per cent in 2009 and 28.60 per cent in 2007.

for pro-European parties, explicitly referring to Euroscepticism, anti-European rhetoric and apathy as “a great threat not only to European integration, but also to democracy at national level”, and encouraging voters to vote in response to populism and nationalism, in attempts to use the European Union as “a convenient excuse for national failures”. Regardless of the strong anchoring of the campaign in domestic politics, on 30 May 2014 the President declared the results as a “NO” to Euroscepticism and anti-European rhetoric and a firm “YES” to European integration. Of the 17 MEPs elected in Bulgaria, 15 were elected on the ballot of parties that are members of the big political families – seven of the EPP, four of the S&D, and four of the ALDE group.

However, it has to be taken into account that the pro-European political groups in the European Parliament are not homogeneous. If Kopecky and Mudde’s typology, with its distinction between Euroenthusiasts, Europragmatists, Eurosceptics and Eurorejects,⁴ was applied, it would be difficult to claim that they all neatly fit into the Euroenthusiasts category. In 2003, Taggart and Szczerbiak hinted at difficulties in applying Kopecky and Mudde’s typology to parties in candidate countries: *“In the candidate states (...) it is difficult to identify a party’s stance on either European integration through the EU in principle or on the EU’s current trajectory because most of them do not articulate them, or simply have not even considered them.”*ⁱⁱⁱ

Bulgaria has been an EU Member State for almost ten years now, but this article chooses not to try and apply Kopecky and Mudde’s typology to Bulgarian parties, not only because this observation continues to be true even for new Member States, but also because of the major changes that have occurred in the European Union. After all the crises since the rejection of the Constitutional Treaty in 2005, and the increasing importance of intergovernmental cooperation in the EU, it is much more difficult to agree on the “current trajectory” of the EU as one with the finality of federalism and defined only on the basis of values. Donald Tusk’s statement: *“(...) persistent in our commitment to fundamental principles, we must be guided in our*

ⁱⁱⁱ Cf. footnote ii.

*political projects by common sense and a good sense of timing. It is us who today are responsible for confronting reality with all kinds of utopias. A utopia of Europe without nation states, a utopia of Europe without conflicting interests and ambitions, a utopia of Europe imposing its own values on the external world. A utopia of a Euro-Asian unity,”*⁵ strongly implies that with its neglect of different interests, ambitions and the call for an EU of results, the Kopecky and Mudde typology is no longer a proper basis for understanding positions within the EU, and risks making the “Euroenthusiasts” an empty box and putting any kind of justified criticism in the category of Euroscepticism or Eurorejectionism.

Seen through the lens of the affiliation of Bulgarian parties with EPP, PES and ALDE, all governments since Bulgaria’s accession to the EU in 2007, can be considered as pro-European since they have been built with the mandate of parties affiliated with one or two of these three big political families.

The painful transition and the perception that the Bulgarian political elite is corrupt turned out to provide fertile ground for the emergence of populist and nationalist anti-systemic players of a different colour already in the late 1990s.⁶ Since 2001, general elections in Bulgaria have been marked by a succession of new political players promoted by the Europe-wide populist movement. As outsiders to the political establishment, they benefited from creating an image to side with ordinary people against the incumbent political elites but, in most cases, this image started to wear off as soon as they made it into Parliament or even into the government. The soft populists among them were easily and eagerly integrated into the pro-European mainstream. Into this category falls former King of Bulgaria, Simeon Saxecoburggotski, the new political star in 2001, replaced in 2009, by his former bodyguard, Boyko Borissov. Back in 2001, Simeon Saxecoburggotski won a landslide victory with his “National Movement Simeon the Second” (NDSV) (120 out of 240 seats) on the wave of soft populism, but without stirring either nationalism or Euroscepticism. On the contrary, his government continued and concluded the EU accession negotiations and his party joined the ALDE political family.

In the 2009 general elections, “GERB”, the party emerging from Boyko Borissov’s movement “Citizens for the European development of Bulgaria” narrowly missed the majority (117 out of 240 seats) and was eagerly admitted to join the EPP. In a political landscape that increasingly necessitates coalition-building, in recent years, political engineering has produced in Bulgaria rather small anti-systemic players with a vague ideology but strong economic interests in political brokering. In most cases the leaders of these anti-systemic players have gained publicity through their involvement in popular TV shows.

Just a month after the signing of Bulgaria’s Accession Treaty in May 2005, the June 2005 general elections catapulted into the National Assembly the first hard populist party associated with Euroscepticism in Bulgaria (21 out of 240 seats in the Bulgarian Parliament). A proponent of anti-globalism and anti-capitalism, Ataka is a typical protest party – xenophobic, homophobic, anti-Turkish, anti-Semitic, anti-NATO and Eurosceptic, without making Euroscepticism its priority. It did win seats in all elections after Bulgaria’s accession to the EU – in 2009, in 2013, and in 2014, but according to public opinion polls it would probably be voted out of Parliament if elections were held today.

In 2009, a strong competitor for Ataka emerged, “Order, Law and Justice”, a populist party (its main policy being to combat corrupt political elites) which tried to follow in the footsteps of Polish party “Right and Justice” and to acquire international legitimacy through contacts in the British Conservative party. “Order, Law and Freedom” neatly fits into the category of parties subscribing to Euroscepticism due to its strategic-tactical party competition factors rather than for ideological-programmatic reasons. The dubious corporate links of “Order, Law and Justice” resulted both in its dissolution within the Bulgarian Parliament and its failure to win any seats in any further European or national elections.

The elections in early 2013 did not introduce any new anti-systemic or Eurosceptic parties into Parliament beyond Ataka, but informally the minority socialist government in 2013–2014 was dependent upon

its support. This strongly discredited the Socialists and also produced a case that illustrates the difficulty of defining the borderline between pro-European and Eurosceptic positioning and the potential danger of Eurosceptic spill-over effects. During this mandate, Bulgarian MPs across the whole political spectrum (except for the Movement for Rights and Freedom that used the case to self-proclaim itself as the only truly pro-European Bulgarian party), played into the hands of Ataka. In October 2013, Ataka proposed a motion in Parliament to extend by an additional seven years the moratorium on the purchase of agricultural land by foreign investors. According to the Accession Treaty, under the provisions for free movement of capital, Bulgaria was granted a seven year transitional period because of concerns that land prices much lower than EU prices would lead to a surge in foreign demand, and thus put domestic farmers in a disadvantaged position. Regardless of warnings by the Prime Minister and experts, Ataka, the Socialists and GERB constituted an *ad hoc* populist coalition in Parliament: 171 MPs voted “for” extending the moratorium, 12 abstained and 38 voted “against”.^{iv} This case is also typical for a trend in the positioning of virtually all small anti-systemic populist players in Bulgaria, namely to target criticism towards certain provisions in Bulgaria’s Accession Treaty, not towards the EU and its institutions, but to the Bulgarian politicians that negotiated the conditions for Bulgaria’s EU accession. Beyond the land ownership regulation, issues contested by different players over the course of several years have included the early closure of Units 1–4 of the Nuclear Power Plant Kozloduy, levels of payments for agricultural producers, the rates of excise duties for alcohol produced by small breweries and Bulgaria’s monitoring under the Cooperation and Verification of Progress Mechanism (CVM).^v

^{iv} This populist vote was turned down by the Constitutional Court but certain restrictive measures were adopted by Parliament and there is still an ongoing infringement procedure against Bulgaria.

^v The CVM was introduced in December 2006 in order to comfort Member States’ concerns about the functioning of the Bulgarian judiciary with regard to the combat of corruption and organised crime, and to assist Bulgaria in the tackling of the problems.

The incumbent Bulgarian Parliament, the result of the early elections in 2014, is the most diverse one since the start of the democratic transition in 1989. Out of the 8 political groups, excluding Ataka, there are three more with no European affiliation (which does not automatically make them anti-EU but prone to different shades of Euroscepticism), all three relying upon a different mix of nationalism and populism, but none of them putting Bulgaria's membership in the EU into question. The second Borissov government, a coalition with a European anchor in the EPP, has no stable majority in Parliament. This necessitates a permanent horse-trading and complicated strategic-tactical moves both by the parties in government and by their eventual supporters, a situation that makes EU-related ideological-programmatic identification of the small players extremely difficult. Their different positioning is related to attitudes towards NATO rather than to the EU.

BULGARIANS – PESSIMISTIC ABOUT THEIR OWN COUNTRY BUT RELATIVELY OPTIMISTIC ABOUT THE EU

The fact that Euroscepticism remains a marginal phenomenon in Bulgaria at the level of political parties is intrinsically linked to the fact that, contrary to many other EU Member States, public opinion continues to be relatively positive towards the EU and serves as a brake to Euroscepticism at the party level. Paradoxically, 25 years after the collapse of Communism and almost ten years of EU membership, Bulgarians tend to regard the transition as flawed, but continue to be among the most pro-European nations since they regard accession to the EU as the transition's only positive achievement.

The media discourse in Bulgaria, as elsewhere in the EU, promotes an image of a European Union that since 2005 is in a permanent state of crisis – the institutional crisis after the French and Dutch referenda on the Constitutional Treaty in 2005, the financial crisis triggered by the 2008 Lehman Brothers' collapse, the Eurozone crisis

with its ups and downs and the Grexit speculations, the refugee crisis and the Brexit crisis. Inevitably, this has had an impact on public opinion in Bulgaria. Trust in the EU is on the decline but still higher than the EU28 average. 44 per cent of Bulgarians trust the EU against 35 per cent that distrust it (compared to 32 per cent trust and 55 per cent lack of trust for the EU28 average).⁷

In case of an eventual referendum on remaining in or leaving the EU, 82 per cent of Bulgarians would vote “Remain” and 18 per cent “Leave” according to a poll conducted in 14 countries (Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Romania, Spain, Sweden, UK) by Gallup International, in December 2015 (the EU14 average for “Remain” being 68 per cent and for “Leave” 32 per cent).⁸ After the Brexit referendum the same question did provoke more uncertainty – 75 per cent of Bulgarians would vote “Remain” and 25 per cent “Leave”, a result that proves that attitudes towards the EU are determined not only by national circumstances but very much also by international developments and discourse.

A national poll, conducted in 2014 with the aim of exploring the state of society after 25 years of democratic development, displayed relatively high levels of appreciation of pre-1989 life in general, and low levels of appreciation of the post-1989 social and economic life.⁹ Only 9 per cent of Bulgarians consider the current situation of the country’s economy to be ‘good’ in contrast with 88 per cent who consider it to be ‘bad’.¹⁰ However, in general, Bulgarians consider both the situation of the European economy (68 per cent) and the quality of life in the EU (78 per cent) as “good” – obviously, excluding Bulgaria from this assessment, and in so doing contrasting starkly with the much lower EU28 average. To put it differently, for Bulgarians, the EU continues to be a beacon outside the country, rather than the reality in the country, and they continue to believe that in general the EU is delivering, just not (yet) in Bulgaria. They tend to be pessimistic about their own country but relatively optimistic about the EU. 57 per cent of Bulgarians believe that the EU is going in the right direction (versus only 10 per cent who consider it to be going in the wrong direction).¹¹

The gap between the negative assessment of many aspects of life in Bulgaria and the relatively positive assessment of many aspects of life in the EU, is very important in order to understand the overly positive image of the EU in Bulgaria and thus the comparatively low level of Euroscepticism. Shortly after Bulgaria joined, in 2007, the EU's image was considered as positive by 59 per cent, neutral by 28 per cent and negative by 9 per cent.¹² Eight years later the EU invokes a positive image for 48 per cent; neutral for 34 per cent and negative for 17 per cent.

There are two issues that could provoke an increase of Euroscepticism in Bulgaria in the future – eventual restrictions to the free movement of people and the ongoing refugee crisis.

Bulgaria joined the EU in 2007 with a seven-year transitional period for the free movement of people. Several Member States used the full seven-year period, thus free movement became fully effective for Bulgarians as of 1 January 1 2014. In 2013, both in Germany and in the UK there was a lot of negative media reporting on the alleged social benefits' "tourism" from Bulgaria (and Romania). While perceived as a threat by other Member States, Bulgarians felt offended by these hostile attitudes. Free movement of people continues to be the top benefit associated with EU membership for Bulgarians. As in other Eastern European countries, Bulgaria is concerned about British demands to restrict the free movement of people in the negotiations after the Brexit referendum. Any concessions to the UK on the free movement of Bulgarians or measures to restrict free movement of people within the EU have the potential to foster public Euroscepticism.

Additionally, during a modest wave of illegal migration (well below 10,000 on a yearly basis) via the Turkish-Bulgarian border in 2012–2013, 49 per cent of Bulgarians considered refugees a threat. In 2015, at the peak of the crisis, this number increased to 63 per cent regardless of the fact that Bulgaria remained unaffected compared to the countries along the Balkan route. In the context of high negative attitudes towards illegal migration and refugees, an eventual increase of migration to Bulgaria via the Turkish border could inevitably result in public frustration that could easily be instrumentalised, not only by openly nationalistic and xenophobic parties, but also by the parties generally considered pro-European.

BLAME IT ON THE NATIONAL ECONOMY

Euroscepticism in many EU Member States is on the rise because of the frustration with economic difficulties. In the globalised world even countries with good economic indicators have to face new challenges. This paper does not have the ambition to analyse the state of the Bulgarian economy. It makes limited reference to some data in order to explain why Bulgarians tend to blame their economic problems on the national government rather than on the EU.

Bulgaria continues to be the poorest EU Member State but, in contrast to the 24 per cent of the EU average GDP per capita in 1997, in 2014 the country reached 47 per cent of the EU average.

After initial difficulties in the administration and absorption of EU funds, in the final stage of the 2007–2014 budget Bulgaria succeeded in achieving the rate of 4,45 per cent of its GDP in terms of its operating budgetary balance (compared to just 1,13 per cent in 2007) and ranks among the countries that have benefitted most from the EU budget.¹³ A lot of infrastructural improvements with high visibility have been financed in the framework of the different operational programmes.

Bulgaria is not yet part of the Eurozone but has, under its Accession Treaty, the commitment to join once ready. In 2009, the first Borissov government was ambitious about joining the Eurozone within the subsequent four years. Because of this priority it regarded joining the European Fiscal Compact of 2012 as an opportunity to facilitate the process, but was attacked by the opposition parties with populist allegations that this would imply high financial contributions by Bulgaria, even as a non-member of the Eurozone. Political debates in the country demonstrated that if Bulgaria had been in the Eurozone at the time of the Euro crisis, any financial commitments to bailing out countries much richer than Bulgaria itself (Greece being just an example), would imply political suicide for the parties to adopt such decisions. To rebut populist allegations Borissov had to clarify that even if they joined the Eurozone, Bulgaria could be expected to demonstrate solidarity only with countries poorer than itself. Whereas, the first Borissov government (2009–2013) started arguing in the

wake of the European Fiscal Compact that Bulgaria, in virtually full alignment with the Maastricht criteria, was postponing its timetable for joining the Eurozone in order to give other Member States time to comply with the Stability and Growth Pact, the incumbent second Borissov government is explicitly stating its objective to join the Eurozone as late as possible. This also seems to be the preferred option of ordinary Bulgarians (30 per cent) with many undecided and only 18 per cent in favour of joining the Eurozone as soon as possible. Bulgarians seem to be relatively unfazed by the Eurozone crisis, with 53 per cent believing that the impact of the Euro in countries that have already introduced it was positive and 55 per cent in favour of introducing the Euro in Bulgaria.¹⁴ The overall positive attitudes towards the future adoption of the Euro imply that for Bulgaria, a consolidation of the Eurozone that would exclude it from joining would be the real problem, rather than eventual difficulties in the process of its introduction.

After a self-inflicted deep financial crisis in the mid-1990s, in 1997, Bulgaria had to introduce a currency board and measures that greatly resembled the ‘austerity policy’, frustrating societies in Greece, Spain and Portugal. As a result of these measures, Bulgaria has a very stable financial situation that very few Bulgarians would like to jeopardise. The high social price for the measures under the currency board was paid by Bulgarians two decades ago, and was at that point blamed on the IMF and the World Bank, rather than on the EU.

BULGARIA – A PLACE WHERE WESTERN, RUSSIAN AND TURKISH INTERESTS ALL MEET

From the very start of the democratic transition, membership in the EU was an issue of broad political consensus. In the wake of the collapse of Communism and the dissolution of the Soviet Union, left-wing parties avoided framing it as a question of geopolitical reorientation. NATO membership however continued, and continues, to be a sensitive geopolitical issue for them because of their traditional

pro-Soviet and pro-Russian sentiments. Before the presidential elections in 1996 and the general elections in 1997 (both won by the Union of Democratic Forces), it remained uncertain whether Bulgaria would ever apply for NATO membership.^{vi}

Bulgaria's natural geopolitical interest is stability in its immediate neighbourhood – the Black Sea region and the Western Balkans. Different governments have supported, on different occasions, EU and NATO decisions intended to promote stability, but controversial both at party level and in society, because of being perceived as going against close historical, religious or cultural ties with Russia, Serbia or both,^{vii} or being at odds with important identity issues, e.g. support for Turkey in its relations with the EU. Classifying the opponents of controversial geopolitical decisions as Eurosceptic rather than nationalistic would, however, mean overstressing the concept itself.

In the last ten years, nationalism has been on the rise in Bulgaria, and the nationalist card has been played on several occasions by both the small anti-systemic players and the big parties, but contrary to nationalism, in some EU Member States, the Bulgarian card can hardly be regarded as an instance of Euroscepticism. The backdrops for Bulgarian nationalism are rather the circumstances of the country's independence from the Ottoman Empire as a result of the Russo-Turkish war 1877–78 and the Berlin Treaty of 1878.^{viii} Pro-Russian and anti-Turkish sentiments,^{ix} as well as aspirations for reunification with the region of Macedonia, have been used (and abused) in the

^{vi} Centre-right parties in Bulgaria tend to consider EU and NATO membership as both sides of one and the same coin, whereas left-wing parties continue to be rather NATO-sceptic. However, pro-Russian sentiments and anti-Americanism in Bulgaria are issues that go beyond the scope of the present topic of Euroscepticism.

^{vii} In the context of the Kosovo crisis in 1999, Bulgaria and NATO concluded an Agreement on Transit through the Airspace of Bulgaria of NATO Aircraft within Operation Allied Force and, in 2008, Bulgaria became the 18th EU Member State, which recognised Pristina's, an act that has been negatively perceived both in Belgrade and Moscow.

^{viii} The Berlin Treaty of 1878 revised the San Stefano Treaty of the same year and prevented the creation of a Greater Bulgaria that would include the region of Macedonia.

^{ix} Gratitude for Russia as the liberator and hate for Turks as the suppressor for five centuries.

construction of the post-1878 Bulgarian identity. Thus, Bulgarian nationalism deals with Russia, Turkey, and the Republic of Macedonia and relates to the EU's policy towards these countries rather than to demands for re-nationalisation of certain EU policies. In the domestic strategic positioning, differences between the parties on these foreign policy issues can however be used for presenting certain positions as going against the general EU trajectory.

In 2014, the governing Bulgarian Socialist Party while in parliament did join the EU's criticism of the annexation of Crimea and the subsequent sanctions against Russia. A perception that the party's weak results in the 2014 early elections were at least partly due to going against the left-wing voters' strongly pro-Russian sentiments, resulted in the repositioning of the oppositional Socialists and the advocating of a softer approach towards Russia.

Beyond the sanctions issue, in summer 2016, the assertive and aggressive Russian policy towards Ukraine, a major security issue for the whole Black Sea region, turned into a controversial issue between Bulgarian parties because of the different views on ways to involve NATO. The Socialists and smaller left-wing parties in Bulgaria are much less concerned about Bulgaria's overdependence on energy from Russia and the promotion of further Russian energy projects in Bulgaria. They are presented by centre-right opponents in Bulgaria as promoters of Russia's aspirations to use Bulgaria as its Trojan horse in the EU.^x But both the incumbent second Borissov government and the first Borissov government (2009–2013) have been shifting positions on energy issues and giving rise to allegations of inconsistency on their general line towards Russia – cooperation, but under the terms of full compliance with EU competition and energy legislation. So, whereas in 2012–2013 Borissov's first government did not give in to Russian pressure to conclude the South Stream deal, as a result of which Russia did cancel the project, Borissov's second government has been reluctant to join the Visegrad 4 and the Baltic

^x A statement made by Russian Ambassador to the EU Vladimir Chizhov prior to Bulgaria's EU membership in 2006, in an interview for the daily Dnevnik.

States in their protest against the construction of Nord Stream 2, obviously because of the pragmatic approach that a blessing by the Commission for Nord Stream 2 could be a new window of opportunity for South Stream.

At present, a dramatic increase of migrants via the Turkish-Bulgarian border (in the context of the ongoing refugee crisis and the recent July 2016 *coup d'état* attempt and its suppression), is considered to be the biggest security challenge for Bulgaria. Being an external border of the EU, Bulgaria could easily end up in the situation of Greece or Italy. During the early discussions on the quota system Bulgaria argued that, in case of emergency, it should be included in the system for relocating refugees from Bulgaria to other Member States. Contrary to the Visegrad 4 countries, the incumbent Bulgarian government did not oppose the relocation quota system, but in the domestic context it has been presented overwhelmingly as dysfunctional.^{xi} Anti-Muslim concerns have been voiced both by the government, the opposition and media with arguments that an increase of the historically present Muslim population would distort the ethnic balance in the country, possibly facilitate radical Islam and thus open up the ground for terrorism. In the process of the EU-Turkey negotiations on the handling of the refugee crisis, Bulgaria was insistent that Turkey should commit to improved guarding of the border towards Schengen-member Greece, but also of EU's external borders in general, thus implying the land and maritime borders with Bulgaria. But there have been strong nationalist voices of criticism towards the EU-Turkey deal and the prospects for visa liberalisation and bringing membership negotiations back on track. Already in 2010, both VMRO and Ataka were pushing for a referendum on an eventual Turkish EU membership (VMRO presented to the Parliament 320 000 signatures in support of their demand).

Integrating the Western Balkans into the EU is a high geopolitical priority for Bulgaria, since it would not only facilitate deeper

^{xi} There were in the early stage of the system only two refugees that agreed to being transferred to Bulgaria, one of them reported by the Prime Minister himself to have left almost immediately.

integration of the region but would also close the door on meddling by Russia and Turkey. With regard to the Republic of Macedonia, in 2012 Bulgaria created the impression that it was joining Greece in blocking the start of membership negotiations, and making it conditional upon the signing of a bilateral agreement that should resolve issues of interpretation of the past. Beyond using EU relations with further Western Balkan countries for resolving outstanding bilateral issues, (e.g. the rights of the Bulgarian minority in Serbia) Bulgarian nationalists cannot be expected to oppose further EU enlargement, as is the case with many other nationalist parties in the EU.

CONCLUSIONS

Euroscepticism continues to be a rather marginal problem in Bulgaria but Bulgarians also continue to live with the sense of being at the margins of the EU: still the poorest country, with institutions that people do not trust, outside the Schengen zone, outside the Eurozone, at a crossroads where Western, Russian and Turkish interest all meet. The increasing instability in Bulgaria's neighbourhood could easily destabilise Bulgaria itself. Some of the possible solutions to the many challenges the EU faces today, toy with ideas of consolidating a core without considering the consequences for the countries remaining in the periphery. For Bulgaria, this would imply consolidating its periphery status and crushing its hopes of continuing its catching up process. If, by 2025, Bulgaria is not part of the Eurozone and of the Schengen zone, this frustration could easily be manipulated and instrumentalised by populists and nationalists, and result in a serious backlash.

ENDNOTES

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HOW EUROSCEPTIC IS CROATIA?

Visnja Samardzija

Croatia is the youngest EU Member State having joined the European Union on July 1st, 2013 in its seventh enlargement round, after almost a decade of negotiations. It was the first country that entered the EU in the framework of the Stabilisation and Association Process and the first Western Balkan, post-conflict country that achieved EU membership. According to its population and size (4.2 million inhabitants and a territory of 56 594 km²), the country is considered to be a small state, similar to Ireland, Finland or even Latvia (Eurostat, see Table 1 in “Conclusions on the Small European Hardliners”).

Euroscepticism is discussed in the paper from the point of view of citizens and political elites, during the accession process and in the first years of EU membership. In the paper, the term Euroscepticism is understood as a combination of a lack of trust in the European Union and a lack of trust for the EU membership.¹ Soft and hard types of Euroscepticism are taken into consideration (according to the categorisation of Taggart and Szczerbiak²). Soft Euroscepticism is present in a country where there is no principled objection to European integration or EU membership, but there are concerns on some EU policy areas, or a sense that ‘national interests’ might be endangered with the EU’s trajectory. Hard Euroscepticism means a principled opposition to the EU, particularly in those political parties aiming to withdraw their country from the EU, or opposing EU integration or further developments.³ The soft type could also be expressed as Eurorealism that includes the desire for more sovereignty for nation-states, while the hard type might relate to disagreement with the federalisation of the EU.⁴

In spite of a long EU accession process and the difficult timing of entering the EU in the period of economic crisis, Croatia could not be

considered as a Eurosceptic country. The general attitude during the past years could instead be called Eurorealistic. This is particularly the case with public opinion. Different factors and developments have led to fluctuations of support for the EU among Croatian citizens, but the EU membership was never seriously brought into question. However, after the first years of EU membership there was no great enthusiasm from the citizens regarding its impacts on their everyday life. The majority of Croatian political parties support the EU orientation, but there are a few Eurosceptic parties which have a minor influence. In certain periods, the rise of Euroscepticism was recorded, but mostly among political parties and groups of individuals of marginal influence.

One of the strongest driving forces in the country for the EU accession was the political impact, namely a contribution to the stability and security of Croatia and the unstable Western Balkan region. During the accession process, the EU facilitated a triple transition, from a Communist one-party system to a democratic multi-party system, transition from the state-run to a market economy and transition from war to peace. But citizens expected a higher standard of living, benefits from the freedom to work and travel to the EU, as well as from the internal market and greater potential for economic development.

POLITICAL EXPRESSIONS OF EUROSCEPTICISM IN CROATIA

Two strong parties with long traditions dominate among the main political parties in Croatia, namely the Croatian Democratic Union (HDZ) and the Social Democratic Party (SDP). The other parties which are relevant at national level are the Croatian Peasant Party (HSS), Croatian People's Party (HNS), Croatian Labourists – Labour Party (HL-SR), Croatian Party of Rights (HSP), Croatian Party of Rights Dr Ante Starčević (HSP-AS) and the Croatian Party of Pensioners (HSU). There are also some relatively new parties, such as, the Bridge of Independent Lists (MOST), the Sustainable Development of Croatia (ORAH) and the Living Wall (Human Shield). The Istrian

Democratic Assembly (IDS) and Croatian Democratic Alliance of Slavonia and Baranja (HDSSB) are parties of regional relevance.

The majority of Croatian political parties (particularly those which took part in previous coalitions) support overall orientation towards the EU integration. The exceptions are the Croatian Party of Rights (HSP) and Croatian Party of Rights Dr Ante Starčević (HSP-AS), which share Eurosceptic views. This could be understood from the Chapel Hill survey⁵ (carried out in 2014),ⁱ which indicates that the left-wing and centrally-oriented parties show stronger support for EU integration than those which are rooted from the right-wing. The Chapel Hill index (Table 1 of this chapter) shows that the leadership of HSP and HSP-AS express the lowest support for European integration (EU position), do not recognise stronger benefits from EU membership (EU benefits), have mostly neutral positions regarding the EU Internal Market, as well as regarding foreign and security policy, and are not in favour of EU authority over Member States' economic and budgetary policies (in the latter aspect, the Croatian Democratic Alliance of Slavonia and Baranja, HDSSB and Croatian Labourists, HL-SR are also closer to the Eurosceptic positions) and support the nationalist conceptions of society. In their overall approach towards the EU, the mentioned parties share both elements of soft and hard Euroscepticism. The reason for this is the fact that the parties oppose the EU because it may be against 'national interests' and on some occasions aim to withdraw the country from the EU. Namely, HSP-AS is a right-oriented political party whose former leader, Ruža Tomašić, won a seat in the European Parliament and joined the European Conservatives and Reformists Group, a Eurosceptic alliance of the EP. Ruža Tomašić presents herself as being a "Euro-realist" or "Euro-critic", rather than Eurosceptic. However, she voted against Croatia's EU accession referendum in 2012, but still believes that the main benefit Croatia gained from EU membership is the reign of peace.

ⁱ The Chapel Hill expert surveys estimate party positioning on European integration, ideology and policy issues for national parties in a variety of European countries, including Croatia. The first survey was conducted in 1999, with subsequent waves in 2002, 2006, 2010, and 2014.

Table 1: Chapel Hill index for Croatian parties (2014)

Pol. Party	EU Position	EU Salience	EU Dissent	EU Benefits	EU EP	EU Internal Market	EU Foreign	EU Turkey	EU Budgets	LR Gen	Galtan	Nationalism
HDZ	6.22	7.66	1.55	1.55	5.83	6.12	6.12	3.8	4.37	7.33	8.25	8.11
SDP	6.55	8.77	1.22	1	6.16	6.25	6.25	5.4	5	3.55	2.25	2.22
HSS	5	6.22	1.66	1.71	4.5	4.16	5.2	3.75	3.42	7.11	8.75	8.22
HSLS	6.33	6.66	1	1.11	6	6	5.8	5	4.62	5.33	3.25	4.55
HNS	7	9.33	1.11	1	6	6.75	6.5	5.6	5.37	4	1.75	1.44
IDS	6.77	8.66	0.71	1.11	6	6.375	6.14	5.25	4.75	3.33	1.87	1.11
HDSSB	4.75	6.22	1.16	1.66	3.33	neutral	4.4	3.5	2.57	8.44	8.62	8.55
HSP	2.85	5	1.75	2.85	2.66	3.33	3	2.75	1.85	9.25	9.37	9.55
HL-SR	5.55	6.11	1.75	1.77	5	3.75	4.28	5	2.75	2	2.12	2.66
HSP-AS	3.62	7	4	2.5	4.4	3.57	3.57	3	2.16	9	9.25	9.33
ORaH	6.11	8.11	1	1.22	6.16	4.75	4.42	5.75	4	2.44	1	0.77

Legend:

EU Position: overall orientation of the party leadership towards European integration in 2014 (1 = Strongly opposed, 7 = Strongly in favour)

EU Salience: relative salience of European integration in the party's public stance in 2014 (0 = European Integration is of no importance, 10 = European Integration is of great importance)

EU Dissent: degree of dissent on European integration in 2014. (0 = Party was completely united, 10 = Party was extremely divided.)

EU Benefit: position of the party leadership in 2014 on whether the COUNTRY has benefited from being a member of the EU. (1 = Benefited, 2 = Neither benefited nor lost, 3 = Not benefited)

EU EP: position of the party leadership in 2014 on the powers of the European Parliament. (1 = Strongly opposed, 7 = Strongly in favour)

EU Internal Market: position of the party leadership in 2014 on the free movement of goods, services, capital and labour. (1 = Strongly opposed, 7 = Strongly in favour)

EU Foreign: position of the party leadership in 2014 on EU foreign and security policy. (1 = Strongly opposed, 7 = Strongly in favour)

EU Turkey: position of the party leadership in 2014 on EU enlargement to Turkey. (1 = Strongly opposed, 7 = Strongly in favour)

EU Budgets: position of the party leadership in 2014 on EU authority over Member States' economic and budgetary policies. (1 = Strongly Opposed, 7 = Strongly in favour)

LR GEN: position of the party in 2014 in terms of its overall ideological stance. (0 = Extreme left, 5 = Centre, 10 = Extreme right)

Galtan: position of the party in 2014 in terms of their views on democratic freedoms and rights. (0 =Libertarian/Postmaterialist, 5 = centre, 10 =Traditional/Authoritarian)

Nationalism: position towards nationalism. (0 = Strongly promotes cosmopolitan rather than nationalist conceptions of society, 10 =Strongly promotes nationalist rather than cosmopolitan conceptions of society)

Source: <http://chesdata.eu/>

There are also some other conservative, right-oriented parties (which are not encompassed by the Chapel Hill Survey⁶) with Eurosceptic views and anti-European rhetoric. One example is the Croatian Pure Party of Rights (HČSP), with right, nationalist and socially-conservative orientation which pledged for the suspension of EU legislation and restoration of sovereignty to national parliament. The Autochthonous Croatian Party of Rights (A-HSP) presents itself as a Eurosceptic party and does not realise any benefits in the EU membership. However, all these right-wing parties have a minor influence on the Croatian political life and exist on its periphery. According to Croatian author, Anđelko Milardović, several smaller left-oriented parties such as the Croatian Labourists and the Green Party also share some Eurosceptic sentiments.⁷

The political scene in Croatia was quite turbulent in the time of preparing this chapter, due to the fact that the country was facing the new, early elections after only six months' functioning of the government. Namely, the last parliamentary elections, held on 8th November 2015, did not end successfully. The elections failed to produce the outright winner as no party was able to secure a majority in Croatian Parliament, requiring 76 seats. The Patriotic Coalition, led by the Croatian Democratic Union (HDZ) won 59 seats while the coalition, Croatia is Growing, led by the Social Democratic Party (SDP), took 56 seats⁸. In third place was the new reform-oriented party, Bridge of Independent Lists (MOST) which won 19 seats and thus became a deciding factor in the formation of the new government. All the mentioned parties supported the EU and its policies and announced deep reforms (particularly MOST). After a post-electoral bipartite cooperation agreement between the HDZ and MOST, the minority government was formed, headed by a non-partisan Prime Minister (22nd January, 2016). However, the government, burdened with internal disputes and a lack of communication, was not functional at all. This led to the deepest governmental crisis in Croatia's recent history and the government fell while the Parliament was dissolved (June 2016). The new elections will be held on 11th September, 2016ⁱⁱ.

ⁱⁱ This book was submitted for printing on 9 September 2016.

As opposed to the mentioned examples of existing Eurosceptic views among the parties, the past positive experience from Croatian parliamentary practice should be mentioned. This was the initiative to build a national consensus of all parliamentary parties on the country's membership of the EU before the start of negotiations, by the adoption of a joint statement, called the *Alliance for Europe*.⁹ The EU integration was confirmed to be a joint task between the government and the Parliament. Thus, the common goal was to streamline the activities of all parliamentary parties towards achieving the high priority objectives of the country. The consensus of all the parliamentary parties was reached and maintained throughout the process of EU accession. Furthermore, the National Committee for Monitoring the Negotiations was established as the special parliamentary body, chaired by the opposition. It encompassed representatives of all parliamentary parties, social partners, Office of the President and academia with the aim of supervising the negotiations' process. It compensated to a certain extent the fact that the Parliament itself did not have the obligations of regular debating and giving opinions on each negotiating position (which some authors called "*the symptom of a weak parliament*"¹⁰).ⁱⁱⁱ

PUBLIC OPINION – PSYCHOLOGICAL AND HISTORICAL ARGUMENTS FOR EUROSCEPTICISM

Pre-accession and post-accession developments reflect waves of support for the EU among Croatian citizens, but the EU membership was never brought into question. As opposed to strong public support in Croatia for the integration process in early 2000 (when most of the national public opinion polls showed that around 70 per cent of population^{iv} had a positive attitude towards integration), the surveys

ⁱⁱⁱ The author is grateful to Andro Nogolica for his assistance.

^{iv} In 2000, the Ministry for European Integration started with carrying out regular public opinion surveys on a six-month basis to examine the level of support, expectations and knowledge on EU integration issues.

that followed indicated a significant decrease in public support. Namely, in 2004, the support for the EU fell to 51 per cent of the population while as many as 39 per cent of citizens were opposed. The main concerns of citizens were related to the impact of EU membership on the national economy and on everyday life, the rights and obligations stemming from Croatia's EU membership and the impact on the country's sovereignty.

One of the lowest levels of support (29 per cent) for the EU was in spring 2007 (Eurobarometer 67¹¹), which was well below the level of other candidates in their accession process. Some Eurosceptic authors explained this as an indication that Croats did not want entry into the European Union¹², although it was not the widely shared view of the public. One of the arguments explaining this was the fact that trust in the EU institutions was low in Croatia (32 per cent), but it was still higher than the trust in national institutions. Namely, the government and national parliament were both trusted by a lower proportion of only 20 per cent of citizens.¹³

A lack of transparency during the negotiations with the EU laid the ground for some Eurosceptic views. Namely, in spite of the fact that Croatia had prepared a relatively good communication strategy for the EU accession, negotiations were not transparent enough. They strongly relied on public administration and did not involve all interested stakeholders in the in-depth debates to the extent that was necessary.¹⁴ The issues of transparency and inclusiveness were underlined by different civil society associations in Croatia, such as GONG^v. Among others, one reason for this was the fact that the space for negotiations was greatly limited by the nature of the accession process and its methodology, so the outreach of the political and administrative elite to the citizens turned out to be the weakest aspect of the accession process and, consequently, Croatia's accession ended up as an elitist project.¹⁵ One of the consequences was a substantial decrease in the support for EU membership. The other reasons that contributed to the decreasing

^v GONG is a civil society organization founded in 1997 to encourage citizens to actively participate in the political processes.

public support could be found in the long duration of the process (because Croatia entered the EU with a delay, in comparison with the enlargement wave of 2004/2007), and the fact that the process of EU integration became more demanding after the 2004 enlargement, in terms of conditionality, as well as the bilateral problems that Croatia was facing with Slovenia during accession negotiations.

The results of the referendum for entering the EU showed that 66.27 per cent of citizens voted for, 33.13 per cent voted against, while the turnout was only 43.50 per cent.¹⁶ This reflected a realistic approach, without high expectations and enthusiasm. These results, together with the record low turnout of just 20 per cent of citizens for the European Parliament elections, held in April 2013, confirmed that communicating the EU issues with Croatian citizens remained one of the important tasks for Croatia in its first years of membership.

After one year of EU membership, in 2014, Croatian citizens had mixed feelings, since the achievements were overshadowed by the economic problems and slow reforms of the government. There was no great enthusiasm by citizens regarding its impacts on their everyday life. This is to a certain extent understandable because EU membership is a project lasting for generations and not all of its benefits are immediately obvious in the short-term. The most visible changes were made during the accession process during which Croatia became a better society with improved institutions. While the political elites emphasised the progress made in different areas during the first year of membership, citizens had expected a higher standard of living. The benefits from the freedom to work and travel to the EU, the participation on the internal market and the right to study abroad did not meet their expectations. Croatian citizens shared a more realistic attitude towards the EU in the time of accession, being aware that the crisis was not the best timing for joining the EU.¹⁷

However, in 2015, the Eurobarometer showed that mostly positive perceptions outweighed the neutral attitude towards the EU membership in Croatia. Two years after entering the EU, Croatia seemed to have a more positive perception of the EU as compared to the EU28 average. Some 48 per cent citizens as compared to 41 per cent

of the EU28 had a positive image of the EU (Standard Eurobarometer 83, Spring 2015¹⁸). However, Croatian citizens still do not feel like real Europeans and, in colloquial terms, they still talk about “*them*” in Brussels and “*us*” in Croatia. They still feel quite detached from the EU core and understand membership as a way of receiving certain benefits (primarily through the EU funds) rather than considering the EU membership in a more holistic way, and understanding the commitment to contribute to the betterment of the EU project, through commitment to strengthening the EU policies.¹⁹

Table 2: Public opinion on the EU and national matters in Croatia and the corresponding EU28 average

Positive opinion on the ...	Country	
	Croatia	EU28
Overall image of the EU ²	47%	41%
European Parliament (trust) ²	53%	43%
European Commission (trust) ²	49%	40%
National Parliament (trust) ²	19%	31%
National Government (trust) ²	21%	31%
Representation of national interests in the EU ²	44%	43%
EU reforms ¹	61%	56%
Situation of the European economy ¹	59%	38%
Direction the EU is headed ¹	40%	23%
Support for the ...		
European Monetary Union (EMU) ¹	56%	56%
Common foreign policy ²	74%	66%
Common defence and security policy ²	81%	74%
Creation of EU army ²	68%	55%
Common energy policy ²	78%	72%
EU-USA free trade and investment agreement (TTIP) ²	63%	56%
Enlargement of the EU ²	61%	39%

¹ Source: Standard Eurobarometer 84, Autumn 2015

² Source: Standard Eurobarometer 83, Spring 2015

The political impact of the EU accession was from the very beginning seen as a contribution to the stability and security not only for Croatia, but also for the unstable neighbouring region of

the Western Balkans. This was one of the most important values to be achieved in the whole area, not only in the country itself. Political impacts for the country resulted from the EU acting as a “*soft power*”, facilitating a triple transition, namely transition from a Communist one-party system to a democratic multi-party system, transition from the state-run to a market economy and transition from war to peace. In practice, the EU transformative effect was driven by the newly-introduced negotiating Chapter 23 – Judiciary and Fundamental Rights, which laid the groundwork for comprehensive reforms in the area of rule of law, judiciary and particularly the fight against corruption. Another driver for political transformations was Chapter 24 – Justice, Freedom and Security, and its implementation in practice.

Croatian analysts did not expect stronger negative impacts of Brexit on the Croatian economy. The largest influence was expected to be felt by countries with highly developed trade and financial relations, while Croatia could suffer more from a general decline in the EU’s economy. According to the expectations of the RBA analyst, Croatia would probably be spared from major negative effects of Brexit. Potential negative implications could result from a general weakening of the European economy, threatening the fledgling recovery in Croatia. A stronger effect might be felt in the higher costs of loans, with a negative effect on public debt and fiscal consolidation. The level of British and Croatian economic ties has remained modest in the last 10 years.^{vi}

However, the fact is that Brexit could strengthen Eurosceptic views in other EU Member States, prompting a redefinition of their membership status. There were some similar proposals in Croatia as well, but with a marginal impact on national debates. Namely,

^{vi} In 2015 the share of Croatian export to UK was 1.8% of total exports, while the share of imports was 0.5%. Croatia has also had a very stifled inflow of direct British investments, under a 100 million Euro annually between 1993 and 2014, while the investment was higher in 2015 (505 million Euro). Positive trends have been recorded in tourism (the number of tourists doubled in last five years and amounted 3.9% of total number of tourists in 2015). Source: Nobile, Igor, “How Would Brexit Affect Croatia?”, *Total Croatia News*, 20 June 2016, <http://www.total-croatia-news.com/item/12561-how-would-brexit-affect-croatia>

soon after Brexit, two parties proposed a referendum to be held for Croatia exiting the EU, but it did not have a stronger impact on general public opinion. HSP invited in its proclamation all Croatian state institutions, the national Academy of Science and the church to support their initiative for disassociation of Croatia from the EU, citing the reason that national resources are being exploited by the EU²⁰. The Human Shield or Living Wall also proposed on their official websites a referendum for leaving the EU, qualifying the entry to the Union as a fraud by national politicians²¹. However, those proposals were not much debated in public, nor did they have any real effect.

Croatia is one of the countries on the Balkan route which faced strong impacts of the refugee crisis. Between September 2015 and March 2016 (when the Western Balkan route was closed), a total of 658,068 migrants and refugees entered the country on their way to Western Europe, but an insignificant number of migrants applied for asylum. This was a strong burden for the government in terms of organisation, transport and accommodation. The refugee crisis coincided with preparations for the parliamentary elections, which were held in November 2015, and the immigration issue dominated the political agenda in different ways. Croatia was ready to contribute to the orderly and humane transit of migrants across its territory, but would not allow itself to become a hotspot for refugees. The government tried to show that Croatia had both the responsibility and capacity to assist refugees. Many Croatian citizens, with recent experiences of being refugees themselves, have supported the tolerant approach of the government. However, the opposition strongly criticised the government for not being able to find agreement with neighbouring countries, such as Slovenia, Hungary and Serbia. On the other hand, serious security concerns created by a large influx of migrants were raised by President Grabar Kitarović.²² So, the main discourse at the beginning of the crisis was not Eurosceptic but rather “pre-electoral”. Croatian media responded positively to the refugees and migrants in Croatia. However, after the terrorist attacks in Paris (November 2015) and the sex attacks in Cologne on New Year’s Eve, some media began raising security questions related to the migration crisis.

ECONOMIC ARGUMENTS FOR AND AGAINST MEMBERSHIP

As estimated in the early stages of the EU accession, the expected economic implications of Croatia's EU membership were positive, bearing in mind the benefits of the internal market and institutional reforms in Croatia triggered by the EU membership. The GDP per capita in Croatia was expected to rise by about 1.1 per cent as a result of accession to the internal market, while it was envisaged that the income levels in Croatia could increase even more. In particular, tentative estimates suggested that GDP per capita in Croatia could even rise by an additional 8 per cent.²³

However, with the progress of negotiations, the external environment changed significantly. It became clear that Croatia's accession was to a great extent different from the previous two rounds of enlargement because the country entered the EU in the period of the Eurozone crisis, which was not favourable for the newcomers. It was evident that the country could not expect the same economic synergic effects that might boost the national economy, as was the case in the 2004 enlargement. On the contrary, the economic future of Croatia strongly depended on its own efforts to successfully continue the structural reforms and fiscal consolidation, revival of economic growth and strengthening competitiveness.

In 2009, Croatia was also strongly hit by the economic and financial crisis and passed through prolonged recession. Between 2008 and 2014, the GDP dropped by more than 12 per cent in real terms, while unemployment increased from less than 9 per cent to more than 17 per cent. Apart from the influence of this external factor, the weakness of the accession process was the fact that legal harmonisation and institution-building were not adequately linked with the structural reforms in the country (which are still incomplete), while some of the economic reforms were postponed, or not implemented in depth. In 2015, Croatia finally came out of the six years' recession and the GDP turned into a positive trend, even surpassing expectations – 1.8 per cent in 2015.

The stabilisation and reduction of the public debt (estimated for 2015 at 86.7 per cent, see Table 1 in “Conclusions on the Small European Hardliners”) is the most serious problem for Croatia. Fiscal consolidation and implementation of structural reforms are crucial for the country. Since its formal participation in the European Semester (July 2013), Croatia is still under the corrective arm of the Stability and Growth Pact (the Excessive Deficit Procedure) and is experiencing excessive macroeconomic imbalances.²⁴ It is important to mention that the citizens of Croatia are convinced about the necessity for reforms and the majority consider that measures aimed at reducing the public deficit and debt cannot be delayed. According to the results of the 2015 Eurobarometer survey, the proportion of citizens which considers those reforms urgent in Croatia is significantly higher than the EU average (which is 73 per cent). With 85 per cent of respondents agreeing that measures cannot be delayed, Croatia is among the countries which have the strongest support for the mentioned reforms.²⁵

Croatia’s payments into the EU budget are lower than the EU spending in the country. In 2014, the total EU spending in Croatia was EUR 0.584 billion, while Croatia’s contribution to the budget was EUR 0.387 billion. The total spending as a percentage of the Croatian Gross National Income (GNI) was 1.40 per cent, while the Croatian contribution to the EU budget as a percentage of its GNI was 0.93.²⁶

The EU funds are, in the citizens’ perception, seen as one of the key financial gains of the EU membership. Indeed, the funding available in the framework of European Structural and Investment Funds (ESIF) should play a key role in the implementation of the stated reforms in Croatia. After Croatia became an EU Member State, the funds allocated in the ESIF framework doubled, and the 2014–2020 programming period has nine times more total funding earmarked.^{vii}

^{vii} More specifically, for the 2014–2020 period Croatia has a financial envelope of 972 million euros allocated (for the 2007–2013 period), while a total of 10.7 billion euros are allocated for the 2014–2020 period. See: “Country Report Croatia 2016 Including an In-Depth Review on the prevention and correction of macroeconomic imbalances. SWD(2016) 80 final,” *European Commission*, Brussels, 3 March 2016, p. 74.

However, Croatia needs to invest significant additional effort in increasing its capacity to use the available funding. The current rate of financial absorption is up to 46 per cent of allocated funding for 2007–2013, which is below the EU average of 76.7 per cent.²⁷ The main reasons for this could be partly found in changed conditions for administering EU funding, but also in an inadequate number of well-prepared projects. Administrative burdens must be decreased and better operational systems for funding management ensured. This could be achieved by strengthening the business and administrative environment, improving strategic planning and coordination and by solving structural issues, in other words more diligently implementing the necessary structural reforms.

Another often mentioned benefit of EU membership is the potential FDI inflow. A stronger positive impact on FDI inflow is still expected and is urgently needed in Croatia. However, in the first years of membership Croatia was not as successful in attracting as much FDI as was expected. Although the FDI inflow recorded growth after joining the EU (from 1.6 per cent of GDP in 2013 it increased to 6.9 per cent in 2014, according to Eurostat), it did not surpass the pre-crisis level.

Market gains started to be visible through initial recovery of overall exports and a slow increase of trade to the EU market. The EU internal market has a significant part in it (66 per cent in 2015, according to the Croatian Bureau of Statistics²⁸), which helped Croatia to replace the traditionally strong Central European Free Trade Agreement (CEFTA) export market. Namely, with the entry to EU membership, Croatia had to adopt the EU trade regime and, consequently, to withdraw from the CEFTA 2006. It was the market with duty-free access for Croatia where some 20 per cent of exports were directed. The markets in neighbouring Serbia, Bosnia and Herzegovina were traditionally very important. There was a fear that a changed position towards CEFTA might endanger the exports of some Croatian products, but the consequences were not as negative as expected. The general assessment is that the private sector should have been better prepared for the loss of the preferential position on this market and, secondly,

that competitiveness became a serious issue for Croatia in the new trade regime with the CEFTA market.

However, the economic benefits of EU membership are still not clearly visible for ordinary citizens. The strongest economic benefit of EU membership is the fact that the single market became one of the drivers of the Croatian economy and has changed the trend from a negative to a positive one. After six years of recession, Croatia finally entered a period of sustainable recovery. But, as explained earlier, positive changes did not happen overnight.

SECURITY AND FOREIGN POLICY DISCOURSE

The most important overall benefit of Croatia's accession to the EU is the security asset, which is important both for the whole region of the Western Balkans as well as for the Union. Croatia is a part of the unstable geographical area, being on the crossroads of Central Europe, the Western Balkans and the Mediterranean. The EU has played an important role in the Western Balkan region, aiming to stabilise and democratise the countries and facilitate good neighbourly relations. Croatia is the first example (and the only one at the moment) of a successful competition of the negotiations within the Stabilisation and Association process. The country has carried out a series of deep-reaching reforms that strengthened democracy and addressed most of the security problems, which are still permeating this region to different degrees.

Croatia's membership of the EU is an important achievement for the region, as it is the first regional, post-conflict country, representative of the region that entered the Union. This is a strong stabilisation asset for the region, although its political and economic implications are not less important. In the period of recession marked by rising Euroscepticism or even pessimism, the EU membership of the first representative from the region symbolically means encouragement for the others. The region now has a new direct border with the EU that opens doors for new forms of cross-border

cooperation through the EU-funded projects. As an EU member and due to security reasons, Croatia is not willing to leave the regional problems in the remaining Western Balkan states unsolved, as it is the country's direct neighbourhood.

Stability and prosperity of the region remain important goals for Croatia which is naturally, historically and culturally part of the region and therefore strongly supports continued enlargement. With this in mind, Croatia intends to play an important "*bridging*" role towards the remaining countries of the Stabilisation and Association Process. One dimension of this role would be continued involvement in regional cooperation to which the country is strongly committed. The last Government Programme of Croatia for the mandate 2011–2015^{viii} and the strategic plan of the Ministry of Foreign and European Affairs^{ix} position the policy towards neighbours as one of the country's foreign policy priorities.

Croatia continues to be the proponent for the continuation of EU enlargement with the position that the enlargement needs to continue, complemented with the new innovative tools. In this context, an important task for the Union is to deal with the challenges of the region's enlargement after Croatia's accession. Slowdown of the enlargement would bring more frustration and new populism and nationalism in the region might be expected, together with a slowdown of reforms. A fresh geostrategic vision for the region from the EU's side is urgently needed, with more content added to the enlargement process.

As a country that shares a large part of the European Union's external border towards the Western Balkans, Croatia is in an extremely challenging position as the newest EU member. This means the obligation of supervising 2.374,9 km of land border and 948 km of

^{viii}The Programme of Republic of Croatia Government for the mandate 2011–2015 (December 2011, p. 43) underlines that "the advantages of the EU membership will not be complete until the remaining countries of the region do not join the EU. In this respect Croatia will pawn for regional stability, good neighbourly relations and the European future of all countries of South-Eastern Europe.

^{ix} Strategic plan of the Ministry of Foreign and European Affairs of the Republic of Croatia for the period 2013–2015.

maritime borders, and the next most important goal of the country is to join the Schengen zone within the next few years.

The Croatian public seems to be in favour of a common foreign policy, reportedly even more so than the EU28 average. According to polls in spring 2015, 74 per cent of the Croatian public supports a common foreign policy (66 per cent in EU28), while only 17 per cent are against it. The public opinion shows an increasing trend of support for the common defence and security policy of the EU among Croatian citizens. The support of 81 per cent is higher than the EU28 average of 74 per cent.²⁹ Furthermore, the support for the creation of an EU army is rising throughout the EU and Croatia is among the EU Member States with the largest support for its creation (with 68 per cent of citizens approving it, while in the EU28 the proportion of those approving it is 55 per cent).

CONCLUSIONS

The EU membership is a long-term project and requires continued transformation of political and economic systems, as well as society. Continuity in implementing reforms after the EU accession is crucial for acting as an active, credible Member State of benefit to its own citizens. It is a long-term process regarding the visibility of the impacts. Not all benefits are evident in the short-term but in-depth changes can already be noticed in the transformed society and institutions as well as in the restitution of positive economic trends.

Croatia could have been more successful in utilising the advantages of EU membership to speed up reforms and to stimulate stronger growth, investment and employment during its first year in the Union. The EU continues to provide a big opportunity for the country and drawing on the positive economic impacts remains the challenge for the coming years. This can only be achieved by strengthening its own efforts and with a strong political will to implement the remaining reforms. It is important to bear in mind that the EU membership is an anchor, but not a driver of the Member State's economic development.

The economic progress depends on Croatia's own efficiency to carry on reforms.

In the forthcoming years of EU membership, Croatia should try to influence areas in the EU policy which are of particular interest for the country, by entering into *ad hoc* coalitions with other EU like-minded Member States. Being a small state, Croatia should try to cooperate with similar countries with the aim of contributing to the EU foreign and other relevant policies. This could be another advantage in its future role in the Western Balkans as practically all the countries of the region could be considered as small ones, with similar problems that Croatia was facing during the accession process. Furthermore, there are the opinions that the EU membership gives Croatia an opportunity to explore the potential of transforming itself from a small state to a *small power* in foreign and security policy issues towards the Western Balkans.³⁰

In order to limit anti-European sentiments, it is important to demonstrate that Croatia's citizens have benefitted from the EU project, and that there are qualitative changes in their lives thanks to the efficient implementation of their own reforms. The economic benefits of EU membership are still not clearly visible for ordinary citizens and they do not feel like real Europeans. Strengthening dialogue with citizens is therefore of key importance in the coming years.

To conclude, from the point of view of the EU Member State, successful EU membership is one of the preconditions for limiting Eurosceptic views. It is highly dependent on the clear identification of the long-term priorities of the country, political will for implementation of reforms, the professional level of national administration and continuous communications with citizens. Furthermore, when speaking about the small states, there is a need to overcome the gap at European level between small countries and their larger counterparts. This is the area which requires strong joint efforts in the coming years.

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CONCLUSIONS ON THE SMALL EUROPEAN HARDLINERS

Ilvija Bruge, Karlis Bukovskis

In recent years, the EU has experienced growing populism and Euroscepticism due, among other things, to an economic crisis, refugee crisis, instability in the neighbouring regions and Brexit. The Eurosceptic and populist forces often dominate the public domain and generate the perception that the EU project is doomed to fail. This book's authors explored how this trend is reflected in reality, by looking at the political, economic, historical and psychological factors of Euroscepticism. The small Member States were chosen as they are often neglected in discussions involving the EU heavyweights, such as France, the United Kingdom, Spain and Italy. As noted in the introduction, the 1981 enlargement round was excluded from the book due to the specific challenges and problems that Greece currently faces. As such, it is a natural outlier and deserves a large share of attention, but in a different publication, as this one aims to look at the more obscure cases of (or, indeed, lack of) Euroscepticism in small EU Member States. For this book, without claiming general application of any conclusions, analysis of Euroscepticism is provided for seven small EU members, namely Luxembourg (EU founder, 1957); Ireland (1973); Portugal (1986); Finland (1995); Latvia (2004); Bulgaria (2007) and Croatia (2013).

Luxembourg is well known to be one of the least Eurosceptic countries in the EU, and the whole spectrum of its political parties supports staying in the EU. The growing nationalism, amidst the economic and refugee crisis in many of the European countries, does not resonate with Luxembourg's population. Furthermore, Luxembourgish political identity is closely tied to EU membership and the EU itself. In fact, 52% per cent of Luxembourg's population has a fully positive view towards the EU and 30 per cent see it in neutral terms.

There are, of course, some trends that highlight suspicion towards the European integration, which is mainly related to the Luxembourgish attempts to maintain its national identity. Despite the country's extremely inclusive and multinational nature and high dependence on a foreign workforce, in the 2015 referendum about the voting rights for foreigners, an overwhelming majority voted against such rights, for fear of losing the national sovereignty. This is somewhat curious as an important part of Luxembourg's political identity is as one of the main advocates and, indeed, founder of the EU. Another trend that simultaneously demonstrates criticism of and dedication towards the EU project is the public attitude towards the economic crisis in Europe. Even in Luxembourg, the austerity measures in Greece and elsewhere were seen as serving the interests of the banking sector. Admittedly, the two enlargements in 2004 and 2007 also reduced the general excitement about the EU project.

Nevertheless, the idea that EU membership is necessary for the survival of Luxembourg is very pertinent in the country's political discourse. The experience of the two World Wars proved to Luxembourg that, like many other countries, its existence is in peril if it remains neutral. Hence, there is wide consensus that the country should be as deeply integrated in the international institutions as possible – economically, politically and militarily. This, in conjunction with the European project as a part of Luxembourgish identity and the country's role as a hub for the EU institutions altogether, does not permit the development of strong Eurosceptic sentiments.

Ireland, like Portugal, is considered to be one of the most pro-EU countries in Europe. Even in 2015 it was found that 54 per cent of the society has a positive image of the EU, despite the economic problems that the country underwent during the crisis of the late 2000s, which were similarly grave to those experienced in Southern European countries. This trend can be explained with the country's particular history and process of the EU integration.

Over a course of two decades in the EU, Ireland became one of the richest Western European countries – the second richest in the EU after only Luxembourg. Furthermore, the EU played an immense role

in settling the conflict in Northern Ireland and providing the financial tools and expertise to ensure the irreversibility of the peace process in the region. These gains from the EU are widely accepted not only by the political elite, but also by the Irish public. Hence, Euroscepticism “has failed to emerge in a hard and sustained manner in Ireland, mainly because the Ireland that existed before EU membership is not appealing to voters or political actors”¹.

Nevertheless, there are some small Eurosceptism tendencies in Ireland, which, similarly to Luxembourg, emerged in the light of the economic crisis. There is a feeling that the austerity measures that society was forced to undergo were for the benefit of the banking sector and German economy. At the same time, the migration within the EU and refugee crisis – the other two main causes for Euroscepticism, have left barely any negative imprint on Ireland’s EU sentiments. Ireland is one of the largest recipients of EU migrants, but has not witnessed many large ethnically based conflicts with the arrivals. With regard to the migration crisis, Ireland is not a top destination for refugees both due to its geography and lack of non-European communities. Hence, the two populist themes for Euroscepticism are not applicable in Ireland. On the contrary – the potential damage that Brexit could leave on Ireland’s economy and conflict solution in Northern Ireland – furthers the positive attitude towards the EU integration project. It once again reveals that the security guarantees for small Member States are one of the driving forces for integration within larger supra-national entities.

For *Portugal*, as for Ireland, the EU membership, first and foremost, is a symbol of development in social and economic terms. “[The EU] became so closely attached to the idea of the country’s success that being pro-European also became a synonym for patriotic.”² The lack of popular support for a Eurosceptic agenda also manifests in the political spectrum, and is restricted to the country’s limited ability to influence the EU issues. The main explanation for this is related to economic development that was brought about by the country’s accession to the EU, and access to the EU financial assistance. Security arguments in Portugal did not play a similarly crucial role as in other small EU Member States, due to its different historical experiences, and partly due to the fact that it was

already a member of NATO. However, it was still an important factor, as it engaged the country in closer relations with the European continent.

During the deep financial crisis in the late 2000s, the trust in the EU and its institutions decreased because of the general feeling that the EU should have done more for the sake of the people. However, this decrease was only slight and never translated into deep-rooted Euroscepticism. During the crisis, the EU institutions suffered a small decline in public support from the Portuguese public; however, it always remained above the EU average. In fact, paradoxically, already by the end of 2010, this distrust had gone and more than 80% of the population supported greater engagement of the EU institutions in resolving the crisis. Although the economic crisis in Portugal brought about the sense it was lagging behind, the Portuguese have not been receptive towards nationalist and anti-European populism. Furthermore, both the Government and a large share of civil society accepted the austerity measures as necessary for the survival of the EU project. Indeed, the Portuguese dedication to the EU project was also reflected in the Government's and society's response to the refugee crisis and strongly welcoming stance towards accepting refugees.

Finland is yet a different case of a small EU Member State. It does not have the same high rate of a positive stance towards the EU membership as the three aforementioned countries. However, it also lacks a strong Eurosceptic force. Finland can actually be seen as one of the strongly Eurorealistic countries when it comes to the EU membership. The decision to join the EU came from strictly pragmatic economic and security concerns, closely tied with the geopolitical developments of the era. After the collapse of the Soviet Union, Finland lost an important trading partner and faced economic recession, hence it was willing to further integrate with the Western European markets and enjoy the stability provided by the EU.

In saying that Finland is the most Eurorealistic among the aforementioned countries is not to say that economic and security arguments did not play a decisive role in Luxembourg, Ireland or Portugal. This does, however, imply that Finland set its course towards EU integration at the moment of geopolitical change, where both its

economy and security were under serious threat, unless integrated in a supranational entity. The lack of perception of the EU as a normative, value based project in Finland is also reflected by moderate public support (at the average of 40-45 per cent) for the EU project. Even during the accession process, the opponents of the EU membership argued that Finland would not be able to influence the decision-making in the EU.

There is space for Euroscepticism in Finland, as it gained ground in 2011, when the nationalist and Eurosceptic Finns' Party gained almost 20 per cent of public support. The party's victory challenged the traditional pro-EU course of the country. The refugee crisis, the economic challenges and the country's limited political influence on the EU processes, along with the growing populism elsewhere in Europe, are some of the causes of the Finns' Party. However, the stable, albeit underwhelming, public support for the EU project, as well as the strong pro-EU stance of the mainstream political parties, has forced the Finns' Party to tone down its Eurosceptic stance. Additionally, "Finland has grown more and more supportive of the EU security and defence policy"³ due to the conflict in Ukraine and tensions in the Baltic Sea Region, leading the public and the political elite to renewed understanding of the importance of the European integration beyond just economic terms.

For *Latvia*, the European integration essentially meant the country's "return" to Western political, economic, social and security structures, and as such is not separable from integration in other Euro-Atlantic structures. Despite the fact that the general public has been quite critical towards the EU project since before the accession, the political elite has always maintained that European integration is essential for the survival and democratisation of the state. Hence, despite the general Euroscepticism, there are no major social or political forces that would define themselves as Eurosceptic. To some extent, this is related to equating independence and democratisation with the EU, while simultaneously it is a result of comparatively higher trust in the EU institutions than in the national ones. This is a common trend in many post-Communist republics where, due to the low quality and weakness of national political institutions, the EU is seen as the only alternative. There is a certain paradox that the poorest and most vulnerable societal groups

have the most negative attitude towards the EU membership, which is somewhat related to a lower education level, an inability to access the most obvious benefits of EU membership (free movement, Schengen zone, access to the EU labour market etc.) and less liberal attitudes that stem from these factors. However, one cannot neglect also the fact that the economic crisis and the austerity measures hit the most vulnerable the hardest.

In response to current challenges faced by the EU, despite being part of it for over a decade, Latvians still have not embodied the European identity and often see the EU and Brussels as “them” rather than “us”. This was most evident during Latvia’s bail-out when austerity measures were seen as being enforced by the EU. Simultaneously, the Greece bail-out and refugee crisis were perceived as not really being Latvia’s responsibility. In addition to growing populism these factors contributed to general scepticism towards the Union. Despite the relatively low support for EU membership (38.8 per cent as at June 2016), “any domestic anti-European movement is next to impossible in Latvia”⁴. Essentially, this is a form of Eurorealism – despite the general distrust and dislike of the EU as an alien entity, it is accepted as the only possible way to preserve the country’s physical and political independence, control its political elite and promote economic development.

For *Bulgarians*, similarly to Latvians, the EU “continues to be a beacon outside the country rather than the reality in the country, and they continue to believe that, in general, the EU is delivering, just not (yet) in Bulgaria”⁵. As mentioned above, the trends in the small post-Communist EU members are somewhat similar – there is disappointment in the speed of economic development brought about by the EU, while the trust in national institutions is so low that alternatives are not considered. Nevertheless, Euroscepticism in Bulgaria remains marginal, as the EU membership is still considered as one of the country’s main achievements.

The EU, in addition to NATO, is seen as a guarantor of Bulgarian security, especially after the Russian aggression in Ukraine, which caused instability in the whole Black Sea region, and the *coup d’etat* in Turkey. Similarly, from a Bulgarian perspective, the solution for the

refugee crisis has to be sought within the EU, as the country is well aware of its geographic location on the EU's external border, and, hence did not oppose the refugee relocation quota system. Further EU integration of the Western Balkan region is also one of the issues that Bulgaria hopes will be settled, further ensuring the region's stability.

Hence, the growing Bulgarian nationalism is more of a bilateral issue rather than a threat to the EU integration project, as it largely targets refugees and Turkey. Bulgaria's greater worry regarding the EU, is that it would remain excluded from the core of the EU and treated as second class Europeans, which in turn would lead to delays in the necessary political and economic reforms and integration into the Eurozone and Schengen. These are the main factors that could provide a tool for the Bulgarian nationalists and populists to manipulate the population and boost the anti-European sentiments in the society.

Croatia is one of the small EU Member States that can be labelled as very Eurorealistic, especially in its public attitudes. Despite various factors that have influenced the considerably low support for the EU, the actual membership has never been contested.⁶ One potential reason for this duality is that, although public trust in the EU institutions has remained within a margin of 30 per cent and has never experienced much higher support, the distrust in national institutions has always been even lower, just like in Latvia and Bulgaria. Additionally, one of Croatia's underlying reasons to join the EU was to ensure stability and security of the country and the surrounding region.

Like other post-Communist countries, which aspired to join the EU, Croatia had to undergo a hard, and often painful, reform process. Croatians, like citizens elsewhere, expected faster economic growth, higher living standards and larger benefits from the free market and free movement. Another typical trend for the last three enlargement rounds is the fact that Croatians still do not consider themselves fully European and see the EU in terms of "them" and "us", contributing to the feeling of detachment from the EU's decision-making. To an extent, Croatians "understand membership as a way of receiving certain benefits (primarily through the EU funds) rather than considering the EU membership in a more holistic way, and understanding the commitment to contribute to

the betterment of the EU project, through commitment to strengthening the EU policies.⁷

This book highlights several aspects that have the potential to impact on attitudes towards the EU in each of the analysed countries, namely, political situation and rhetoric, economic development and security matters. In each of the cases, the combination is slightly different, with a hint of Eurorealism in each of them. The small Member States that joined the EU during the first enlargement rounds prior to the 1990s, are quite Euro-optimistic, despite the severe economic problems that were experienced by both Ireland and Portugal. In contrast, the small Member States, which joined after the 1990s, starting from Finland, continuing with Latvia, Bulgaria and ending with Croatia, are much more pessimistic about the European project. In none of the latter, however, has Euroscepticism translated into a real policy, and is also unlikely to happen.

Moreover, the lack of Euroscepticism is not directly related to economic development levels (see also Table 1 of this chapter). But the possibility for populists to use the initial disappointment in the EU for their purposes is viable. Countries with the least GDP per capita of the selected case analyses, are more susceptible to Euroscepticism if the promises and expectations are not fulfilled. Societies' support for the European project is stronger if it can be tied to actual economic improvements brought about after joining the EU. If no visible improvements take place, or reforms are lengthy and scandalous, society can start to feel anxious and start looking for alternatives. Susceptibility to Euroscepticism also increases after the initial "romantic" EU membership years are over. The learning curve of painful lessons of uneasy and cynical EU policy-making can lead to disillusionment with the European project and provide fruitful ground for oversimplified criticisms and populist promises.

Nevertheless, Eurorealism, namely the understanding of the necessity to be part of a larger supranational entity, is present in all the analysed countries. In Luxembourg, it stems from historical experiences of failed neutrality, economic dependence on the EU's market and last, but not least, political identity as one of the founders and bureaucratic centres of Europe. In Portugal and Ireland joining the EU meant ensuring the

countries' economic development. Additionally, the EU integration project, in the eyes of the Irish, led to settlement of the conflict in Northern Ireland and, in the eyes of the Portuguese, it led to closer engagement with the European continent on hard security matters. Finland is one of the most Eurorealistic countries and the EU project has never enjoyed very high support in society. However, after the collapse of the Soviet Union and economic downslide in Finland, it was clear that the EU membership is a necessity. Finland is also the only one of the analysed countries where Euroscepticism has manifested itself in considerable political representation – the nationalist Finns' Party has received around 20 per cent of vote in the past two elections. This is a worrying trend in the context of other challenges faced by the EU.

For Latvia, the EU membership and Euro-Atlantic integration was a project of "returning to Europe". The EU integration for the general public was conveyed as crucial for the maintenance of the country's political independence and military security and for its economic development. For Bulgarian and Croatian membership, the strive for economic development factors and regional insecurity played a decisive role, although, like in Latvia, support for EU membership in the population was never high. For these three countries and, to some extent, Portugal, a paradoxical aspect in safeguarding the EU project is the inherent mistrust in national institutions. Namely, support for the EU institutions is low, but not as low as that for the national institutions.

There are certain aspects that are seen as leading towards Euroscepticism. However, the negative perception of the austerity measures that followed the economic crisis in the late 2000s is the only factor that has contributed to Euroscepticism in all of the analysed states. Most of the countries were heavily impacted by the economic collapse, and most of them accepted the austerity measures as unavoidable. However, these measures contributed to the general distrust in the EU and to the belief that the EU, first and foremost, helped the banking business rather than its populations. The refugee crisis, although contributing to Euroscepticism in such countries as Latvia, Croatia and perhaps Finland, has not been a considerable factor in Luxembourg, Ireland and Portugal, which have been active supporters of a common

EU response to the refugee crisis. Meanwhile, for Bulgaria a common EU solution of the crisis is the only potential option.

The enlargement process is often considered as the trigger for much of the Euroscepticism. It has also, to some extent, added towards Euroscepticism in Luxembourg and Finland, and in Ireland, which is one of the main destinations for immigration within the EU, it has not resulted in the rise of nationalism or Euroscepticism. In relation to the enlargement process – it has left some negative impact in the newer Member States, but only in such sense that the countries' expectations were not met. Latvia, Bulgaria and Croatia joined the EU envisioning immediate growth in their living standards and access to all the benefits of the EU, including membership of Schengen and the Eurozone, but instead met a lot of painful reforms, limited economic growth and financial crisis.

Interestingly, two crises – Brexit and the conflict in Ukraine – have left more positive than negative impacts on all the Euroscepticism trends in the analysed countries. All these countries and their societies seem to understand that these two issues can only be solved within the EU – be it Ireland's relations with the UK, Latvian, Finnish and Bulgarian concerns about Russia's expansionism, or the example that the UK is demonstrating with its lack of an “alternative” plan after Brexit.

Finally, Euroscepticism feeds on weak public communication. With politicians unable to explain the policies and country's logic in supporting the stance, including critical ones, society does not acquire a full understanding, and sees the EU as imposing. Regular scapegoating of the EU and using the EU for defence of unpopular policies results in overall negative narratives about the EU. Even a critical Eurorealist stance on the EU policies allows society to see the EU as a political process, rather than an imposer of restrictions and regulations on the small countries. Communication with society on the decisions made, with clear and simple indication of the gains, increases the feeling of ownership of the EU project.

The authors of the book are explicit regarding the recommendations on limiting Euroscepticism. Each of the observed countries have their specifics in addressing the potential popularity of Eurosceptic views, but some general conclusions can also be made. First, to increase support for

the European project and its vitality in people's lives, practical, and down to earth policies and novelties must be communicated. People need to be able to feel the presence of the European integration and the liberties it provides on an everyday basis. Freedom of travel (Schengen area membership), a single currency, equal traffic regulations, easily accessible infrastructures and interstate connections, unified banking services and fees etc. facilitate professional and personal exchanges which, in turn, provides a more personal attachment to the EU project. Mobility within the EU, including for tourism purposes, are among the most efficient sources of support.

Other recommendations by the authors of this book include the fact that it is necessary for the European Union institutions not to ignore the political sensibilities of smaller Member States. The strength of the European Union for decades has been its respect and promotion of diversity, tolerance for historical, ethnical, cultural or even political peculiarities of its Member States, especially the small ones. These are the small countries that are generally worried about the loss of their identity, preservation of their unique trends and achievements. These national sentiments must be taken into account whenever unified EU policies are being developed. Here, it is largely the responsibility of the European Commission to be supportive not imposing. The Commission's task is to understand the political momentum and its options. The EU is a union of nation states with deeply rooted traditions that can, and should, always be distinguished from simple political positioning. And decisions should be made accordingly.

Finally, the convergence process is complicated. Some societies are more determined and capable of changes, some are less so. Patience is needed for some, while others race ahead. Fears of two-speed Europe that would be based on GDP per-capita, a *de facto* second grade Europe make a strong argument that the Eurosceptics can, and will, use. National pride versus asymmetric integration that the EU membership requires makes for a dangerous juxta-positioning in countries that are slower in reforms. A two-speed Europe should exist only in terms of levels of political and institutional integration and not economic or social development levels. Tolerance and a clear perspective for those who are catching up puts

Table 1: Selected basic indicators for the EU Member Countries covered by the project (data for 2015)

Country (membership in the Eurozone)	Population (on 1 st Janu- ary 2015)	Real GDP growth rates (% change on pre- vious year)	GDP per capita (PPS, EU28= 100)	General govern- ment gross debt (% of GDP)	Total unem- ploy- ment rate (% of the labour force)	Received financ- ing from the EU budget against 1 euro contribu- tion in 2014 ¹	Projected payments into the EU budget in MFF 2014– 2020 (in EUR millions, estima- tions)	Projected support from the EU budget in MFF 2014–2020 (in EUR millions, estima- tions)	Tend to trust in the Eu- ropean Union ² (% of popula- tion, Spring 2016)	Tend not to trust in the Euro- pean Union (% of popu- lation, Spring 2016)
EU28 average	508 450 856	2.0	100	85.2	9.4	1	1 087 197	1 025 429	33	55
Bulgaria	7 202 198	3.0	46	26.7	9.2	4.90	3342.0	15576	49	33
Croatia	4 225 316	1.6	58	86.7	16.3	1.36	3233.9	12607	45	45
Finland (€)	5 471 753	0.5	108	63.1	9.4	0.56	14437.5	7549	48	40
Ireland (€)	4 628 949	7.8	145	93.8	9.4	0.95	12937.3	11936	44	38
Latvia (€)	1 986 096	2.7	64	36.4	9.9	3.93	2114.9	7324	44	39
Luxembourg (€)	562 958	4.8	271	21.4	6.4	6.96	2410.8	401	43	40
Portugal (€)	10 374 822	1.5	77	129.0	12.6	2.83	13023.9	30248	43	47

Table compiled by Visnja Samardzija, Karlis Bukovskis and Ilija Bruge; General sources: Eurostat, European Commission.

¹ "ES un ES budžets," Finašu Ministrija, 2016, http://www.fm.gov.lv/files/esunesbudzets/Neto_balance-2014.pdf; http://www.fm.gov.lv/lv/sadalas/es_un_es_budzets/

² "Public Opinion", European Commission, 2016, <http://ec.europa.eu/COMMFrontOffice/PublicOpinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/surveyId/2130>

the responsibility in the hands of national governments, enterprises and societies. But, the role and influence of the European Structural and Investment Funds is fundamental for capitalisation of economies and implementation of lasting changes. Funds are important in order to counter-argument Euroscepticism in the poorer countries.

Therefore, it can clearly be seen that a struggle for the hearts of the European people against Euroscepticism is a complex undertaking. Euroscepticism, both in large and small countries, can stem from disappointment, fatigue and resentment of the Europeanisation process. It can be disappointment in the character of the EU decision-making process or insufficient speed of infrastructural and socio-economic upgrades. It can be fatigue caused by complex, unclear and incomprehensible European institutional and political settings that do not provide clear outcomes and benefits. And it can be resentment towards aggressive and insensitive supranational policies or a lack of reforms in fellow Member States. Each one individually, and all of these reasons combined, causes political and psychological alienation from the common values, projects and perspectives of the EU integration, and this is what the Euroscepticism in all European Union countries is based upon. Patience, sensitivity and tolerance are thus fundamental to deal with this era of Euroscepticism and conservative sovereignty.

ENDNOTES

¹ FitzGibbon, John, "Euroscepticism in Ireland: The Difficulty of Competing with Historic EU-Related Successes," *Euroscepticism in Small EU Members States*, LIIA, 2016.

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⁷ Ibid.

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