

## Recent history

In the decades following World War II all three countries prospered and developed into significant trading partners through the **European Free Trade Area (EFTA)**. The three states left this organisation when they joined the EU. Left-of-centre social democratic parties were the dominant political force in all three countries during the second half of the twentieth century. As a result all three have very comprehensive welfare systems and high levels of taxation. In recent years, however, reform has been on the agenda. The Swedish government introduced major reforms to its welfare system in the early 1990s in an attempt to reduce costs. In Austria the same period saw a major effort to privatise state-owned industries and improve economic performance, while in Finland the economy was transformed by the boom of high-tech companies.

## Current governments

All three countries have representative parliamentary democracies. Sweden is a constitutional monarchy, with King Carl XVI Gustav as Head of State. Political power rests with the Prime Minister, cabinet and parliament (*Riksdag*). MPs are elected for four years under a system of **proportional representation**. The current government is led by Prime Minister Stefan Löfven. He leads a centre-left **minority coalition** of the Social Democratic Party and the Green Party.

Austria is a federal republic and the Head of State is the President, currently Heinz Fischer. The Chancellor is the head of the government and is answerable to the Parliament, which is split into two chambers, the National Council (*Nationalrat*) and the Federal Council (*Bundesrat*). Under the Austrian system the government also receives advice from a number of civic chambers made up of representatives of labour, commerce and agriculture. During the last general election in 2013, the centre-left Social Democratic SPÖ party remained the largest despite heavy losses to far-right parties and its leader Werner Faymann became Chancellor.

The Finnish Head of State is President Sauli Niinistö. Since the reform of the Finnish constitution in 2000, most political power rests with the Prime Minister and the Parliament (*Eduskunta*). Prime Minister Juha Sipilä leads the current three-party **coalition** government with the Eurosceptic and populist Finns Party and the liberal conservative National Coalition Party.

## Sweden: key facts



❖ Capital	Stockholm
❖ Population	10 million (2014) – 1.9% of total EU population
❖ Official language	Swedish
❖ Year of EU accession	1995
❖ Currency	Swedish krona (SEK)
❖ Schengen Area member	Yes, since 2001
❖ Seats in European Parliament	20



## Finland: key facts



❖ Capital	Helsinki
❖ Population	5 million (2014) – 1.1% of total EU population
❖ Official languages	Finnish and Swedish
❖ Year of EU accession	1995
❖ Currency	Euro since 1999
❖ Schengen Area member	Yes, since 2001
❖ Seats in European Parliament	13



## Austria: key facts



❖ Capital	Vienna
❖ Population	9 million (2014) – 1.7% of total EU population
❖ Official languages	German
❖ Year of EU accession	1995
❖ Currency	Euro since 1999
❖ Schengen Area member	Yes, since 2007
❖ Seats in the European Parliament	18



### Relations with the EU

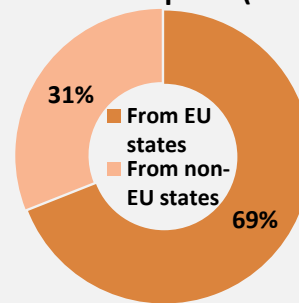
Sweden, Finland and Austria were the first new countries to join the EU after the end of the Cold War, all becoming members on 1 January 1995. All three countries remained outside the EU during the Cold War because they did not feel that membership was compatible with their *neutrality*.

Joining the EU meant that all three countries had to reassess their neutral status, because under the Maastricht Treaty (1992) it was possible that the EU would develop its own foreign and defence policy in the future. Since becoming EU member states they have been cautious but generally supportive participants in EU projects, although strong anti-EU feelings exist in all three.

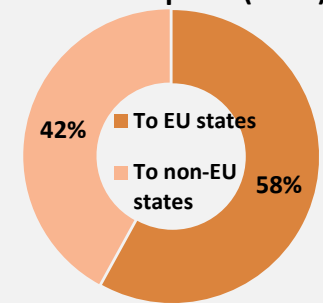
The enlargement of the EU to include Sweden, Finland and Austria also meant that the EU had to alter the way it saw itself. Before joining the EU, Sweden negotiated an opt-out from any future attempts to create a European defence force, in order to protect its neutral status. Sweden also decided not to adopt the Euro, a decision that was reaffirmed in a referendum in 2003. Such decisions have led to a recognition that the EU is developing at different speeds, with some governments pursuing integration further than others.

Yet, in other areas, these countries have provided leadership. For example, in recent years Austria has been at the forefront of attempts to draw the Balkan states under EU influence. During Sweden's Presidency of the EU in the second half of 2009, it oversaw the implementation of the Lisbon Treaty (2007).

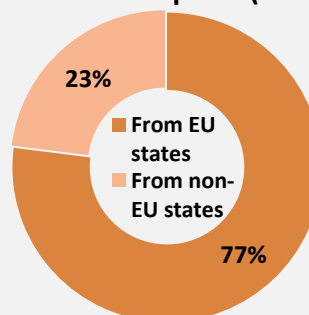
Swedish imports (2015)



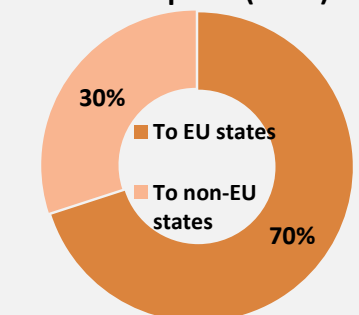
Swedish exports (2014)



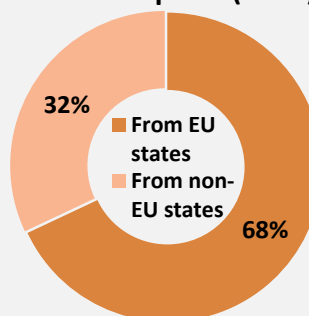
Austrian imports (2015)



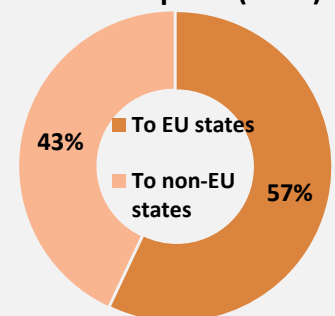
Austrian exports (2015)



Finnish imports (2015)



Finnish exports (2015)



#### Technical Terms

- ❖ **Neutrality:** the decision to support neither side in armed conflicts
- ❖ **Proportional representation:** electoral system where the overall number of votes determines the distribution of seats
- ❖ **European Free Trade Area (EFTA):** an international trading and economic organisation considered as a free trading alternative to the EU. Its current members are Norway, Switzerland, Liechtenstein and Iceland
- ❖ **Minority coalition:** a collection of parties that share government but do not form a majority in parliament

#### Links

- ❖ [www.bundeskanzleramt.at/DesktopDefault.aspx?alias=english&init](http://www.bundeskanzleramt.at/DesktopDefault.aspx?alias=english&init)
- ❖ <http://valtioneuvosto.fi/en/frontpage>
- ❖ [www.sweden.gov.se/](http://www.sweden.gov.se/)
- ❖ <http://ec.europa.eu/eurostat>
- ❖ <https://www.cia.gov/library/publications/the-world-factbook/fields/2145.html>