

International Affairs Forum Interview

December 21st 2005

By Jens F. Laurson and Dimitri Neos

IA-Forum talks with outgoing Finish Ambassador to the United States, Jukka Robert Valtasaari. Mr. Valtasaari has been the Ambassador to the United States from 1988 to 1996 and 2001 to 2006 and Finnish Secretary of State from 1996 to 2001. He was fellow at Harvard University's Center for International Affairs and has lectured on National Security and Economics in Finland and the United States.



IA-Forum: Finland has recently decided to build new nuclear reactors. They will be the first new such reactors built in Europe in quite some time. Apart from being a CO2 emission free source of energy, the gain of expertise in that field and the consequent ability of Finland to export that knowledge to other countries, especially Eastern Europe, to increase nuclear security abroad must be attractive incentives.

Ambassador Jukka Robert Valtasaari: Let's talk about the history first: we bought two reactors in the 60's from Russia and built them. They are now quite old. We then bought two from Westinghouse, giving us four reactors all together. The construction of the Russian reactors brought us a good deal of expertise. These two reactors worked for decades. Still in the 90's, they were 2 of 4 in the world that were working 90% of the time, so they were very efficient reactors. Now age is creeping in and production is less.

Now the recent history of nuclear power is obviously that we have to do something about emissions. We are a northern country, therefore cold, therefore use energy, and we have a strong paper industry that consumes energy, and we have machinery. We are, as a country, doing things very efficiently; meaning that we start at a very low level at a Kyoto comparison – it's hard for us to reduce much further within these limits. Therefore a decision had to be made for nuclear energy. You have a host of reasons for the timing of this.

IA-Forum: So it was directly related to Kyoto...

Ambassador Valtasaari: As always, there was popular discontent about nuclear energy for reasons that have little to do with this consideration, there were other considerations. And we were pondering this for quite

some time but then the moment was ripe after we accepted international standards.

IA-Forum: Do you think resistance to nuclear energy has lessened in the last few years because of the CO2 link?

Ambassador Valtasaari: It has lessened in Finland and obviously we were able to make a decision. There is something called common sense in this as well...and Finns are quite common-sensical people. But we were discussing this issue for easily half a decade – so I’m not saying we were the most efficient and quick but the circumstances changed in the last few years.

IA-Forum: Were there any discussions that investing in expertise and running modern nuclear reactors must help eventually to find ways to channel fusion energy?

Ambassador Valtasaari: Not that I know. It wasn’t part of the decision. Maybe experts discussed it but I’m not aware of it.

IA-Forum: On July 1, Finland will take on the Presidency of the EU. Among the outlines that describe what Finland is planning on doing, is that they want to focus on “value added actions” or “union-level actions that add value” and outperform “actions of an individual state”. What are these actions?

Ambassador Valtasaari: The EU Presidency is really about two things. One is the running of the shop...domestic policy so to say. And that is a big plate already as it’s an introspective period. Within the EU and after the referendum - but that’s nothing new...there have been ups and downs in the mood within the EU regularly so there’s nothing particular about it. Then there is the business that takes place anyway, standards such as trade negotiations that are mandated from the Commission. And then there is the Common Foreign and Security Policy which is a process towards a goal rather than an existing state of affairs as it always will be. The foreign policy, in essence; the value added comes from the EU and its policies. You can see that for instance in the EU negotiations - not to speak of the Balkans of course...maybe the with Ukraine where the EU was involved in carrying the message. This is a large plate from which you try to choose. What is it one might wish to do? What Finland would do?: no – but what Finland would like to do. You need a context for what is important.

And they are areas that are quite obvious. One area is definitely the environment and the future in that sense. And not even talking about the post-Kyoto agreement – I’m talking about how to attack this issue. As far as we are concerned, international commitments are good. As far

as the United States is concerned, new technology is good. Without new technology, you don't [get ahead either, so a mix is probably best]. There's another area which is quite obvious and that is 'crisis resolution' [...] in a way that NATO and the EU will work, if not in tandem, but at least in a highly coordinated fashion.

We've seen that it's much better to work together. Again, an example being the Balkans. You have a very obvious area which is the Russian Belarus elections and Finnish elections occurring in the early part of July. The focal point will obviously be the beginning of our Presidency when you have the G8 summit in St. Petersburg during the first week of July. So you have all these events going on around the same time.

And this is more of a fundamental proposition – we've set all types of goals regarding improved technology and technology production – high-speed broadband [access for everyone in Finland by 2008]. That is how to become more competitive and how to use this new technology for that purpose. And that is something that's along that proposition because from the perspective of a good relationship or alliance, we can't have a situation that will go on forever where one grows twice as fast as the other. And therefore we should focus on competitiveness. That may sound like a very Finnish suggestion because that's what we've done, and done quite well, but you have to remember that we're five million people so it's easier for us to do that than twenty-five nations or even the United States.

At least I know that we are thinking and I've made recommendations myself. I don't know what the EU decision-making is but that won't emerge until later. With the EU, however well you prepare to carry the battle, there is the unexpected and you must therefore be flexible. You remember when the Commissioner resigned – then Turkey candidacy became the issue because the Germans preceding us did not resolve it. You have to plan for possibilities – and we have – with the exception of those two areas.

IA-Forum: Preceding you this time is Austria. You and Austria are the countries with the most to gain, apart from France, from agricultural subsidies – both in Alpine farming and Nordic farming which is not so much production but a social policy and nurturing landscape. Any thoughts on that and how that will come into play in 2009?

Ambassador Valtasaari: I really don't because the agricultural issue is a very large issue which is hard to fix. [...] When we joined the EU [it was clear] that there was going to be agriculture in Finland with areas where there would be different degrees of subsidies and different combinations of EU and national subsidies.

Now the question is what follows from the WTO agreements – I just read in the press that there will be a framework for agricultural subsidies.

How that will play out with our Presidency has to do with the budget and that's a another issue – so that's way too complicated to cover here

IA-Forum: ...I think in 2013 is the date - although that means subsidizing exports which is different than helping farmers for social reasons...

Ambassador Valtasaari: There is a technical discussion about the sort of subsidies and their overall impact that there will be agricultural [reforms] and how does will fit into the EU. [...] There are different ways of doing this but it's very dangerous to express an opinion on that in general even if I spent all my days [studying the issue].

IA-Forum: You mentioned the Constitution and the referendum ... do you think that has a chance of being resuscitated – in the near future, in it's current shape, as it was.. will it have to be retooled?

Ambassador Valtasaari: It will have to be taken up It's very hard to have a referendum and then another referendum as if you didn't believe your own people. We've set an objective and that objective was [not achieved. But most of] what the EU does goes on even without that project. [...] We've had two in Finnish history because we are strong believers in *representational* democracy. And one was the EU membership but not the EMU, for instance.

Anyway, people have spoken and when people speak they have many things in mind. Therefore the result will have to be respected. We have to start bringing new objectives in my opinion.

IA-Forum: Being a strong believer in representational, not direct, democracy and in referencing Jean Monet, who certainly meant good for the people but thought of the as a matter of the elites leading Europe to a better future, can it really be expected that complex issues such as the EU Constitution, which most politicians haven't read, much less by those who voted on it, ought to be, can be, understood by the people and voted on? I don't know if Finland voted on it...

Ambassador Valtasaari: We did not vote on it.

IA-Forum: Germany, for example, voted for it but only in the Parliament.

Ambassador Valtasaari: We would have voted for it in the Parliament. [...] That is the crux of the representative democracy that the representatives will have to pass this to the people rather than they passing judgment for the people. That's how Finland is run. Except for two occasions. One is prohibition in the early 30s and the other was the EU [membership].

IA-Forum: But a lot of people say the disconnect between the people and Brussels is exactly that which leads to the discontent and ultimately the...

Ambassador Valtasaari: I don't have any particular opinion; only that it is quite a complex matter. For example, for the British to vote the Constitution when they don't have one themselves...they may have the Magna Carta and other documents....

But that was the decision and then of course, one part of this Constitution was that it was really a collection of bills rather than a Constitution as in the American sense. It was rewriting bills, introducing a couple of institutions, introducing a more efficient decision-making mechanism such as majority voting. When you use the word "Constitution" it's a very powerful concept - in context of the United States. It's all together a very difficult issue to understand, conceive, and explain.

IA-Forum: It's a basic law...

Ambassador Valtasaari: Yes, it's a big document.

IA-Forum: And it was made fun of in US for being so big and cumbersome

Ambassador Valtasaari: Yours fits in a pocket so does the UN charter.

IA-Forum: The unique geographic and diplomatic position between Europe and Russia – that you touched on – should enable Finland to perhaps mediate between an increasingly worrisome totalitarian Russia and the EU. What do you think Finland can bring to the table?

Ambassador Valtasaari: Well, mediating is not perhaps the word. Both are fully fledged negotiating partners – Russia and the EU. Bringing about understanding, bringing about practical cooperation that works, discussing issues... that's something that we do over there.

What happened when Finland joined the EU almost eleven years ago is that the EU got an eastern border as well – that happened to be then the Finnish border. So you introduced the concept towards Moscow [that having] a border with the EU is an opportunity rather than an obstacle. The border was a well guarded border at that time. Also with the EU – it's not an obligation but definitely an opportunity to cooperate across the board. That will bring about a foundation for relations in the long run. This border is much longer now so it's not our monopoly anymore. We created the Northern Dimension Policy, [it] being that we have the same border as Russia. From one side of that border to the other, the

income gap was about six, seven times that of the Mexican-American border. So the income difference had an inherent insecurity. So you had an instable border. But what do you do with that type of border? You open up cooperation across the border...small things, big things. The waste water treatment plant for St. Petersburg is one that was EU funded that we started. So we started practical cooperation....it's about integration – when you have sufficient common interest, you can quarrel about all sorts of things without them being too difficult. That was, and that remains, our policy. But let the EU and Russia negotiate the recent issues and other issues about themselves.

IA-Forum: Any particular worries about the increased role of the state in Russia these days?

Ambassador Valtasaari: Well, that's a very large proposition in the sense that democracy, in the way we perceive democracy, is an objective rather than a reality with Russia. Privatization of industry is a reality rather than an objective. Big chunks of their industries are privatized as you know. Privatization of industry brings about larger groups that have an interest in the rule of society and this is the way capitalism was started in most places.

The other issue is that Russia remains a very large area with areas with their own standards and of rule of law within the area and there I'm not passing judgment on the balance that Putin has to strike but it's between the demands of security and openness of democracy. We've all had this discussion about what should be done in the interest of the immediate stability...

But the reality is that as the Russian economy develops, it provides surpluses – they pay salaries, they pay pensions; [as long as they are on that] path, we can have a discussion about what is the role of NGOs, what is the details of new legislation...

I don't know, I'd rather not discuss it.

IA-Forum: Innovation policy, which I assume is the centerpiece to Finland keeping its social welfare state and at the same time remain competitive in an increasingly global marketplace...

Ambassador Valtasaari: That policy has succeeded quite well in the last ten years. We've had this all along. When Mr. Edison invented the light bulb, we had electricity in a factory within a year and streets were lit by electric lights within two years. Usually the lag time between invention to daily use is about *fifteen* years. So Finnish people have been orientated towards these solutions always. The way of thinking of the Finns is quite solution oriented. We therefore have engineers. Twenty-eight percent of all MAs are in science and technology. This is now the topic of even op-eds here – the lack of science and engineering.

But the net result is, whatever the method, we represent about one percent of the world's innovation and the United States about forty-five to fifty percent. And the US is fifty times our size. We are doing some things similarly while using somewhat different methods. It is a very important factor in our well-being and probably in yours as well. The US is such a large country it's hard to pinpoint [to the key for the success,] but for us it's easy to pinpoint. The productivity increase in the telecommunications sector was never less than twenty percent a year and it was averaging even more. This is a huge number and towards the end of the decade, the national average was seven percent which is a fantastic number. [Technology allowed us in the 90s to prepare for future success of a] state of competitive and environmental sustainability and education.

IA-Forum: I can't imagine that these increases could happen if the Finnish economy and Finnish social system could have been achieved unless the system was very flexible. The German economic system in the 60s, 70s, 80s was very good but the second the economy as a whole started to change from industries to telecommunication, the inflexibility that had helped it suddenly dragged it down which they are still working on. How can (or did) Finland escape that?

Ambassador Valtasaari: The telecommunications sector as such operates on its own, with little government interference. There was government support early on, for instance when the link networks were built. The first [mobile communication] standards were Scandinavian in the 80s. So the government was very involved in the infrastructure investments and Nokia at least didn't have to invest those.

Now, you're right in that it's flexibility that what counts in that sector. Definitely. Think of Nokia losing five percent of the global market because they didn't have a flappable phone. This happened last year – they were down from thirty-six to thirty-one [percent of the world market share]. And the point is that they did have it and decided not to put it out because their theory is that no one uses the phone with one hand. *...didn't someone ride the subways in Tokyo? It's the size of the screen and the television capabilities – that's what counts.* Yes, [they came around eventually], but the decision was made that way [originally] and then we [had to] change it – and in three months, we had three such models out. So the whole strategy of these big companies is extreme flexibility. You don't know what happens but you have to be able to change things very quickly because you make your own decisions – not all the time but everybody makes their own decisions. [And this applies to] the labor market also; we had quite a flexible labor market. We have a collective bargaining system that is far more flexible than it used to be.

IA-Forum: how was that flexibility achieved?

Ambassador Valtasaari: It's a product of a small country, a homogeneous country, where people understand to reason. The reasoning is if you are going to protect your domestic production, it's as if Southern Ohio were protecting its domestic production. It's way too small to produce [everything on its own] and that's a gradual process and it's had its ups and downs. There have been strikes and the last and more notorious of which was the papermaker's strike. But paper production had become a totally global industry and therefore strikes don't produce anything. And there was little solidarity and compassion for the workers, because they were already paid very well.

IA-Forum: Do you think Finland will be able to share some of that wisdom during your EU Presidency with the Central European countries?

Ambassador Valtasaari: It's very hard to tell.

We had a rule of law project in China since 1994. We were not telling China what they should do. We just told them what works, at least for us. And in the end can see if that would work for them, too. And we could go on with this, with the government, primarily because we are small don't threaten anyone but also because didn't know better what they should do. Now that's a historical thing with Finland that because of our geography we should try to figure out what our interest is rather than what others should do with their interests. There were times when it was just a survival business for us, now it's just a good policy.

IA-Forum: Military and crisis management: one of the goals during the presidency. Development of military capabilities...within in the EU outside NATO...

Ambassador Valtasaari: We have been, and will be, straight forward - we are not members of NATO. We have very close cooperation with a good number of countries irrespective of NATO membership. The reality is that defense budgets don't grow and the pressure is increasing. Therefore you have figure out what to do. What is the technology - we, in Finland, obviously because of IT technology, [can bring] transportable command and control systems and these sort of things [to the table], which is what we do and where we are [good at].

The other thing is that Europe needs closer cooperation; a pooling of resources because resources don't grow. And the challenges are increasingly outside Europe. So more mobility, more flexibility will have come with that. That concerns Finland's defense, then comes coordination with NATO and the EU. We have our own force-strength goals and then there is "Helsinki 99" for example, where the EU decided on a 'headline goal' of a up to 60,000 men for the European

Rapid Reaction Force. NATO has its own rapid reaction force. And many countries have earmarked for both. So they are in essence, relying on the same capabilities. NATO's technological capabilities are way ahead – meaning the United States in essence. But when the issue is increasingly 'nation building, take Afghanistan and the Balkans for example, it's an extremely common-sensical proposition to work for coordination and then the rest is institutional policies. [...]

IA-Forum: NATO really can't do a lot without the involvement of the United States in part because logistics and transportation capabilities are lacking. Is Finland in favor of something along the lines of a WEU that can, although not preferably, work outside of NATO?

Ambassador Valtasaari: No. For us, it's cooperation. And that is common sense. But when we talk about improving the coordination of EU capabilities, we're talking about the reality that they need to be EU decisions as well. The EU is a forum, it has objectives. But it's not one or the other, it's both.

IA-Forum: But they both should be capable in their own right

Ambassador Valtasaari: Yes. Then more joint this and joint that. You have started – for example, Secretary Rice's started dinners, joint dinners. A good while ago in this country there was a discussion that if Europeans don't develop their own capabilities, why don't we go home? That's not quite relevant after what happened the last two, three years. There was discussion in some European countries – power politics is always part of foreign policy, and in some more than others – to balance the power of the United States. That talk is now mostly gone. The basis is there to cooperate.

IA-Forum: Some cynics say that NATO's involvement in Kosovo was in large part to keep American involve in European affairs.

Ambassador Valtasaari: Well, NATO in general has that problem [of legitimacy after the Soviet Union was gone. But] it's hard to see [Europe and the United States] without NATO. The fundamental economic interest, the biggest mutual industrial compound... all that that will carry this [relationship] across the Atlantic. These connection are increasingly important. [And they seek each other out more than they did previously]. They need institutions and they need places to work together. This is very self-evident. In foreign policy is very self-evident and it's easier to pursue.

IA-Forum: As your last day as US ambassador approaches, any memories of your days in Washington that you will remember fondly?

Ambassador Valtasaari: I will remember Washington it's general fondly. It's nice. A very pleasant place to work. It's hard work, however, because this is the capital of world politics. This is the only place where the Finnish embassy has a total global agenda. You can't fall asleep here.

If you take my two terms here – I started one month before Gorbachev gave his famous speech to the UN when he declared the withdrawal of targets in central Europe. And you remember what happened in 1989 and 1991. It was breathtaking – especially for a country that pursued a policy of neutrality between the two great powers. One power went away very quickly. Our fundamental foreign policy had to be changed. Whatever was left of a neutral policy was basically that you had reasonability and credibility. The agenda became big when you think of Central Europe being redefined when the Soviet Union went away.

Then you take the 90's which was sort of a complete reversal of it. Sort of a pot boiling all the time. And then of course – September 11. This was a profoundly shaken place and for a good reason. It was really visible. In October, I took my daughter to take a flight from Reagan airport and there were two passengers at two o'clock in the afternoon. Washington was always very busy. Suddenly, people stopped and were thinking.

The debate on the hill, meanwhile, proves that we're back to normal. They are debating in a parliamentary again. But that wasn't so. There's a development here. So in that sense, I will have occupied this post for eleven years all in all and there has not been one dull moment. That's professionally rewarding.

IA-Forum: Thank you, your Excellency.

Comments? Please send them to editor@ia-forum.org

