FINNISH ARCTIC POLICY

An analysis of the whys and wherefores behind the Finnish foreign policy goal of strengthening the EU's role in the Arctic.

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MAY 2017
161 762 KEYSTROKES, 67.4 PAGES

MASTER'S THESIS IN EUROPEAN AND ARCTIC STUDIES
FACULTY OF SOCIAL SCIENCES

ABBRIVIATIONS

ASF	EU-Arctic Stakeholder Forum
AEPS	Arctic Environmental Protection Strategy
CAP	Common Agricultural Policy
CSFP	Common Foreign and Security Policy
EC	European Community
ECJ	European Court of Justice
EDA	European Defence Agency
EEA	European Economic Area
EEC	European Economic Community
EEAS	European External Action Service
EIB	European Investment Bank
EMS	European Monetary System
EP	European Parliament
ESIF	European Structural and Investment Funds
ESDP	European Security and Defense Policy
EU	European Union
FPA	Foreign Policy Analysis
GDP	Gross Domestic Product
HR/VP	High Representative/Vice-President
IR	International Relations
MS	Member State (of the EU)
NATO	North Atlantic Treaty Organization
NCM	Nordic Council of Ministers
NSPA	Northern Sparsely Populated Areas network
NSR	Northern Sea Route
ND	Northern Dimension
OECD	Organization for Economic Cooperation and Development
PM	Prime Minister
SEA	Single European Act

ABSTRACT

Arctic cooperation started approximately at the time when the Cold War ended. In 1987, the President of the Soviet Union, Mikhail Gorbachev, declared in Murmansk that it was time to prevent the Arctic from becoming 'an arena of war' and rather focus on creating 'a genuine zone of peace and fruitful cooperation'. Soon after, the Arctic Council was formed along with numerous other forums of Arctic cooperation. Paradoxically, Russia also played a central role in the decay of the fruitful cooperation. In the spring of 2014, Russia intervened in Ukraine − an action that was deeply condemned by Western nations and triggered common sanctions against Russia. These actions had an impact on the Arctic discourse and strategy build-up. With Russia suddenly using aggressive methods to achieve its foreign policy goals, the fears over a spill-over effect on Arctic cooperation started to rise. This thesis examines the motives behind the Finnish foreign policy decisions regarding the Arctic during 2013−2017. Specifically, the reasons regarding why Finland wishes to further involve the EU in the Arctic have been analyzed.

In the beginning of 2017, as Finland celebrates its 100 years of freedom, the government declared the need for a notably larger defense budget. According to the Government's Defense Report, the need for an additional over EUR 200 million is connected to the Russian aims of strengthening its great-power status. This thesis aims to discover the explanatory power of the classic IR theories − neoliberalism and neorealism − in regard to the Finnish foreign policy decisions in the Arctic. The data collected from government reports and Arctic strategies will be analyzed by using Carlsnaes' tripartite approach to foreign policy. The approach includes the examination of the structural, dispositional and intentional dimensions of foreign policy decisions.

Unlike some of the other Arctic Council members, Finland has been very vocal about her desires to strengthen the EU's role in the far-North. Before the Ukraine crisis, Finland portrayed the EU's role in the Arctic mainly as an important environmental actor and a business facilitator. However, during the past few years, there has been a notable emphasis on the alternation of its operational environment and the need for maintaining stability in the Arctic region. This thesis addresses the following research question: Why does Finland wish to further enhance the EU's role in the global Arctic cooperation? Findings largely support the neorealist hypothesis, as after the Ukraine crisis the Finnish government

does not seem to believe that security can be achieved solely by increasing interdependence and enhancing Arctic cooperation. However, the EU's desired role as a regulator and provider of economic growth in the Arctic region should not be belittled. Foreign policy-making is not static, and neither can its analysis be. Situational factors such as Russia's aggressions seem to play an important role in the defining of the intentional goals of Finland. Addressing and analyzing the changes behind Finnish foreign policy choices is important for a few reasons. Firstly, by presenting the case in a wider theoretical context one can deliver valuable understanding on the possible ramifications of the state's foreign policy choices. Secondly, it contributes to the theories by attempting to verify or falsify their assumptions.

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1 INTRODUCTION

In April 2016, the European Commission (EC) and Federica Mogherini, High Representative of the EU for Foreign Affairs and Security Policy and Vice-President of the EC, adopted and released a new integrated policy proposal to direct the EU's actions in the Arctic (European Commission 2016a). The EU's growing interest in the far-North arises at a time when changes are taking place in global temperatures and extreme weather conditions are becoming more recurrent (European Commission 2008a). Climate change establishes itself notably faster in the polar regions of the Arctic than in the lower circles of latitude surrounding the more densely populated regions of the globe (Cf. Støre 2010). It has been said that the Arctic, on average, warms up twice as fast as other areas of the globe (Bentzen & Hall 2017: 2). The melting of the polar icecap brings both possibilities and challenges along with it. The thawing ice facilitates the utilization, or in some cases the exploitation, of the natural resources due to the changes in accessibility (Cf. De Mestral 2012). According to the former Foreign Minister of Norway Støre (2010), the Arctic resources such as gas and oil which have previously been beyond reach are now becoming available. In addition to the looming resources, new shipping routes are possibly offering new opportunities in the fields of international trade and tourism. However, these opportunities have raised security related questions concerning the future of the Arctic − a region known for its low-tension status after the Cold War.

The Arctic, including its people, environment, and position in international relations is under a change. The Nordic member states of the EU (Finland, Sweden and Denmark) as well as the non-EU countries bordering the Arctic Ocean, i.e. Norway, Canada, the US, Iceland and Russia, have developed their own individual Arctic strategies. Moreover, countries like Germany, Italy, France, the Netherlands, Spain, the UK and Poland have "sought and secured observer status in the Arctic Council" (Jokela 2015: 7). Aside from the separate states, there are also other actors shaping the Arctic's future − the Arctic Council (AC) and the United Nations being perhaps the most important ones. However, the Arctic cooperation has only existed for about 30 years. Finland acted as an important pioneer in the formation of modern Arctic cooperation. The Arctic states commenced their collaboration at the governmental level in the beginning of the 1990's through what is known as the *Rovaniemi process*, initiated by Finland (Ministry for Foreign Affairs of Finland 2017; Koivurova 2016). The cooperation, named after a city situated above the Arctic Circle in Finland, focused initially on environmental protection (Koivurova 2016). However, the

formation of the cooperation might not have been possible without the blessing from the USSR leader Gorbachev (Heikkilä & Laukkanen 2013: 62). In October 1987, he gave a speech in Murmansk in which he introduced the idea of substituting the military race with international cooperation (ibid.). Finland seized the moment (ibid.), and started to develop the forum that later evolved into the official AC (Koivurova 2016). Until the present day, defense and security issues have been left out of the Council's agenda − it is in fact noted in the founding Ottawa Declaration, that the Council "explicitly excludes military security" from its work (Arctic Council 2016).

The rotating presidency of the AC was passed on from the US to Finland in spring 2017, enabling Finland to shape the international Arctic discourse. Finland has already highlighted what its priorities are for the chairmanship period, including themes such as environmental protection, education, meteorology, and improving connectivity within and to the Arctic regions (Ministry for Foreign Affairs of Finland 2017). In January 2017, the Finnish PM Juha Sipilä (Center Party) gave a speech regarding the upcoming Arctic Presidency at the yearly Arctic Frontiers event in Tromsø, highlighting the fact that Finland wants to further engage and enhance the EU's actorness in the Arctic (Finnish Government 2017). The wish to create a stronger role for the EU in the Arctic will be put into action only a month after the start of the Finnish Presidency in PM Sipilä's home city in the form of the EU's Arctic Stakeholder Forum (ASF). This thesis analyzes why Finland wishes to increase the EU's role in the Arctic[1]. The problem formulation is as follows: Why does Finland wish to further enhance the EU's role[2] in the global Arctic cooperation? The case study regarding the Finnish foreign policy-making in the Arctic will be analyzed through the theoretical frameworks of neorealism and neoliberalism. This will be done by using Carlsnaes' tripartite approach to foreign policy to find out which theory has more explanatory power. Addressing the case now is both relevant and interesting due to the assumed changes in the Arctic security environment. By analyzing the case from wider theoretical perspectives, one can both contribute to the theories used, as well as provide valuable understanding of the case and the expected ramifications of the foreign policy choices. In the next section, an overview of the entire thesis will be provided, after which the data used will be introduced.

[1] The author's interest towards the case developed during an internship placement at the East and North Finland's EU Office in Brussels. During the internship, the author attended meetings with representatives from the EEAS and the EC, where the EU's role in the Arctic was discussed.

[2] By the term *role*, the author means the EU's overall actorness in the Arctic, thus its level of participation in the relevant governing bodies' work in the region, and its ability to influence the overall development of the Arctic.

2 METHODOLOGY

This chapter explains to the reader the ways in which the author aims to answer the problem formulation introduced above. The more in-depth structure of the paper will be introduced in the immediate succeeding section 2.1, after which the ways in which data has been collected and used for analysis will be discussed. The succeeding chapter will introduce the applied theories.

2.1 Synopsis

In this section, the structure of the thesis will be shortly presented to provide the reader with an overall understanding of how the study proceeds. The introduction was presented in the very beginning, outlining the general history and point of interest of the study. At the end of it, the problem formulation was presented. In chapter two, the methodological choices of the study will be explained, and in chapter three, the theoretical considerations of neorealism and neoliberalism are presented. The theories' relevance to foreign policy analysis will be further discussed and a hypothesis will be extracted from each theory. Lastly, criticism of both theories will be provided. Before moving on to description of the case, small states' particular position in the world will be discussed, and the EU defined. In chapter four, the Arctic region will be introduced and the Arctic Council's and the United Nation's roles within it identified. Lastly, the EU's connection to the Arctic will be discussed. Chapter five, the analysis, will be conducted by following the dimensional steps introduced by Carlsnaes in this chapter. The intentional, dispositional and structural dimensions of Finnish foreign policy decisions regarding the EU and the Arctic will be analyzed through the chosen theoretical lenses to test the hypotheses and discover which one has more explanatory power. Lastly, in chapter six, the conclusion and final thoughts will be presented.

2.2 Data collection

The collection of the data started with the review of existing literature. As some of the most significant changes regarding the case were found in documents published by the Finnish Government in 2017, there were not many academic articles discussing the specific change from the author's chosen angle. Nevertheless, the author has gone through several government documents[3] published during the past five

[3]Finland released its Arctic strategy in 2010 and published an edited version in 2013. The latter is analyzed here together with 10 other government documents released between 2013−2017 that discuss the Arctic region from the Finnish perspective. A saturation point was reached as the documents started to repeat similar notions. As Finland is an Arctic country, Arctic issues are part of both the domestic and foreign policies, and are thus discussed in various contexts.

years[4] in order to gain an understanding of the possible changes in both the national goals, as well as the applied rhetoric. Due to limitations attached to the completing of the thesis in both time and scope, the time span was limited to five years. Additionally, key authors in both the theories applied and the academic Finnish Arctic discourse have been sought to enable the reflection on the standing literature.

Regarding the validity of the data used, it is worth noting that although the government documents' validity is generally high in the sense that they reflect the official national view on the issue, they only show one side of the case. Thus, they interpret the Arctic change solely from the Finnish perspective. It is also noted that the author's own views might reflect the data search and interpretation to some extent, albeit the attempt to avoid this by staying objective regarding both the data search, and the summary of results. The data search has been directed by key concepts, and collected from academic journals, government sites, books, as well as newspapers and speeches. A critical mindset has been applied to the data collection and materials used in the thesis have been selected through criteria related to the credibility of the authors and the used online bibliographical databases, and, at times, the novelty of the research in question. Literature has been used throughout the thesis to provide information on the topic, to discover in-depth characteristics of the foreign policy conduct of Finland, as well as to enable argumentation and create connections between theories and findings. Conducting interviews in Helsinki among the Arctic decision-makers at the relevant ministries could have provided more depth and variety to the analysis. However, they were left out due to limitations in time, scope and travel possibilities. Moreover, the interviews should have been conducted both before and after the alleged changes in the security environment to fit the design. This would not have been possible, as the thesis was written during spring 2017.

2.3 Interpretative case study

In this section, the concept of a case study will be presented, followed by a section describing the applied methods of analyzing the materials, as well as an introduction to foreign policy analysis (FPA). Together the two parts are drawing into an end the set of explanations on how the study has been constructed. The part on FPA also functions as a bridge from methodology to theory, as it is a sub-theory. The author decided to place it at the end of the methodology chapter as it does also give indications of how the thesis

[4] A separate list of the empirical material can be found in the very end of the thesis after the actual bibliography.

was built. After presenting the definitions and characteristics of a case study mainly by Bryman, Flyvbjerg, Lijphart and Mabry, the study will proceed to the theory chapter.

Cases, whether they are studied in a qualitative or quantitative manner, concentrate intensively on the chosen subject (Bryman 2016: 61; Flyvbjerg 2011: 301). The author has chosen to work in a qualitative manner by analyzing the previous Finnish Arctic strategies and government reports to gain understanding of the reasons behind the foreign policy decisions. One can distinguish between six different case studies, namely those of a) atheoretical case studies; b) interpretative case studies; c) hypothesis-generating case studies; d) theory-confirming case studies; e) theory-infirming case studies; and lastly, f) deviant case-studies (Lijphart 1971: 691). In this study, the author aims to find out which one of the applied classic IR theories has more explanatory power over the case. The case has been chosen due to the author's personal interest in the Arctic issues − a characteristic often found in interpretative case studies (ibid.: 692). In interpretative case studies, "generalization is applied to a specific case with the aim of throwing light on the case rather than of improving the generalization" (ibid.). This case type benefits of the "purpose of empirical theory to make such interpretative case studies possible", but does not necessarily "contribute to theory-building" (ibid.). However, the case in question also has elements of a "theory-confirming case" as it tests the propositions of the theory through the case (ibid.). Thus, when a hypothesis is confirmed, it "strengthens the proposition in question" (ibid.).

Theories are of little interest if they cannot be used to analyze and understand specific cases (Smith, Hadfield & Dunne 2012: 1). On the other hand, cases without theoretical considerations would not be informative to their full extent (ibid.). The two thus complement each other. Nevertheless, one must be careful with the results stemming from foreign policy cases as far as so-called "simple truths", or generalizability[5], are considered. Due to the unique nature of each case, one may wonder how the results of one specific case can be applied to other cases with different actors and settings (Bryman 2016: 62). The answer simply is that they cannot (ibid.). At the very least, it is worth noting that the researchers conducting case studies are not to be delusional regarding the possible limitations (ibid.). According to Flyvbjerg (2011: 227), "that knowledge cannot be formally generalized does not mean that it cannot enter into the collective process of knowledge accumulation in a given field or in a society".

[5] "Generalizability refers to the capacity of the case to be informative about a general phenomenon, to be broadly applicable beyond the specific site, population, time, and circumstances studied" (Mabry 2008: 221).

It is furthermore noted that the case-studies' "context-dependent" practical knowledge can be as valuable as "context-independent" theoretical knowledge as "context-dependent knowledge and expertise are at the very heart of expert activity" (Flyvbjerg 2006: 221-222). In order to move from a beginner's level to any level of expertise, one must gain detailed practical knowledge – this applying to researchers as well (ibid.). In the context of this thesis, it is of undeniable importance that the author gains practical knowledge on the Finnish foreign policy regarding the Arctic and the EU. Without specific case related knowledge, the answers would not be able to address the problem formulation in a comprehensive manner. Although theory development is not common in small studies, "the use of theory to analyze data may nevertheless be a highly productive part of the interpretive process" (Mabry 2008: 224). Theories are valuable as they enable the researcher to look at the data "through different explanatory lenses" (ibid.). Lastly, as reductionism often labels quantitative research, expansionism can be used to describe the interpretivist research (ibid.). This means that in an interpretivist case study research, more data is ought to appear as the research goes further − often creating brand new questions to be answered (ibid.). In the following sections the methods to analyze the texts will be introduced.

2.4 Analyzing text in a case study

According to Peräkylä & Ruusuvuori (2011: 530) "in many cases, qualitative researchers who use written texts as their materials do not try to follow any predefined protocol in executing their analysis". They argue that in these cases by reading the case material repeatedly, the researchers "try to pin down their key themes and, thereby, to draw a picture of the presuppositions and meanings that constitute the cultural world of which the textual material is a specimen" (ibid.). The *degree* to which one applies the "predefined sets of procedures" varies – in some cases "the emphasis is more on theoretical presuppositions concerning the cultural and social worlds to which the texts belong" (ibid.). Indeed, this study focuses on the explanatory power of the theoretical frameworks behind the foreign policy decisions. A qualitative content analysis comprises of the fore-mentioned "searching-out of underlying themes in the materials being analyzed", and is used by the author to guide the research (Bryman 2016: 563). Here, the theme-extraction can be "illustrated – for example, with brief quotations from a newspaper article" (ibid.). The themes have been guided both by the central concepts found in the theories applied, as well as the quotations retrieved from the government reports or speeches made by government representatives. Charmaz's approach is loosely utilized here to guide the coding from the initial phase of exploring data, to focused coding where frequent concepts of analytical importance are identified, and to

the final phase of theoretical coding where relationships and connections between the findings and theories used are applied (Bryman 2016: 574). The focus themes that arose after the initial data search were concerns related to *security* and *environment*, as well as opportunities related *to increase in cooperation*, and *economic prosperity*. These themes were then fitted in the tripartite analytical model, where the connections to the theories were made and the testing of the hypotheses took place. When carrying out a deductive research, the indicators used for testing need to be grounded in the main concepts of the chosen theories to be able to measure and evaluate the relationship between the case itself and the applied theories. Indicators for the realist framework are references to security concerns and military build-up, as well as references to harmonizing the power balances and/or maintaining the desired *status quo* in the region. For the neoliberal framework, indicators are references to trade and employment possibilities, desires of a border-less economy in the region, and the importance of institutions as promoters of like-minded allies and as the democratic governing bodies of the region. The structure of the analysis will be presented in the next section after which the theories will be discussed.

2.5 Foreign policy analysis

According to Hudson (2012: 14) foreign policy is "the strategy chosen by the national government to achieve its goals in its relations with external entities – including the decision to do nothing. Foreign policy behavior is explained as "the observable artifacts of foreign policy", thus the actions taken and words said in order to achieve the objectives (ibid.). Snyder, Rosenau and the Sprouts can be regarded as the classic writers in the sphere of foreign policy analysis (FPA) (ibid.: 15). Snyder concentrated on the importance of the decision-making processes of foreign policy, Rosenau on the advancing of the actor-specific theory into a more generalizable theory, and the Sprouts on the central importance of the decision-makers' psycho-milieu[6] (ibid.).

FPA is the subfield of IR that concentrates on "foreign policy behavior, with reference to the theoretical ground of human decision makers, acting singly and in groups" (Smith, Hadfield & Dunne 2012: 488). According to Carlsnaes, the very purpose of FPA is to get inside the minds of the people behind the strategies (Carlsnaes 2012: 116). Furthermore, "all foreign policy actions, small or large, are linked together in the form of intentions, cognitive-psychological factors, and the various structural phenomena characterizing societies and their environments" −implying that separating the different factors from each

[6] "The psychological, situational, political, and social contexts", as explained by Hudson (2012: 15)

other is not desirable (ibid..: 125). In fact, this thesis follows his multi-dimensional tripartite approach which comprises of structural, dispositional and intentional dimensions (ibid.: 126). These dimensions together then shape the foreign policy actions. According to Carlsnaes (ibid.), one should start off by concentrating on the "given foreign policy action and the intention or goal that it expresses". This can be done by using "in order to" -explanations or "because of" reasoning, thus either explaining the goals that the actor had in mind when conducting the chosen policy, or the reasons that forced the actor to act in the way it did (ibid.). After sorting out the intentional dimension, one should "trace the link between the intentional and the dispositional dimension" (ibid.) in order to understand what *disposed* the actor to behave in the way that it did. These dispositional factors could reflect the actor's "belief systems", for example its values, or "world views" which direct the actors' ways of seeing the world (ibid.). The structural dimension is seen as the most powerful dimension of all, "always underlying and affecting the cognitive and psychological dispositions of individuals" (ibid.). Here it is important to note that the structure is seen as superior to the actor, thus the structure is understood as having an effect on the actor, but never the other way around (ibid. 127).

At the very end of this paper, the hypotheses deducted from the theories will be tested. According to Waltz (1979: 13) the testing should be preceded by the introduction of the theories, and the subjecting of the hypotheses to tests. The central concepts of the theories should be used both in the creation and the testing of the hypotheses (ibid.). The author discusses the central concepts both in the methodological, as well as in the theoretical chapters of this thesis. Also, the analysis is conducted in a tripartite approach through which both theories, with the help of their respective central concepts, are examined simultaneously. Waltz (ibid.) suggests that one should also "eliminate or control perturbing variables not included in the theory under test" and "devise a number of distinct and demanding tests". Finally, if the testing does not produce in positive results, one should "ask whether the theory flunks completely, needs repair and restatement, or requires a narrowing of the scope of its explanatory claims" (ibid.). Waltz's steps will be used as a guideline to theory and hypotheses testing though out the paper, although mainly in the analysis. To sum up, the hypotheses deducted from the neorealist and neoliberal theories will be tested in the analysis which is organized by a tripartite multidimensional model created for FPA analysis. The following chapter introduces the theories as well as the corresponding hypotheses. After that, the chapter on case description will provide the reader with specific information regarding the case.

3 THEORETICAL CONSIDERATIONS

"Theory, rather than being a mirror in which reality is reflected, is an instrument to be used in attempting to explain a circumscribed part of reality of whose true dimensions we can never be sure."

(Waltz 1997: 913-914)

In this chapter, the theoretical framework of the thesis will be presented. Waltz defines a theory as "a picture, mentally formed, of a bounded realm or domain of activity" that essentially "depicts the organization of a realm and the connections among its parts" (Waltz 1997: 913). Theories central task is to make a complex reality easier to understand, "by simplification, theories lay bare the essential elements in play and indicate necessary relations of cause and interdependency – or suggest where to look for them" (ibid.). (Neo)realism and (neo)liberalism − the classic branches of IR − will be firstly presented here, and later used in the analysis to discover which one has more explanatory power over the case. The theories of IR can be used to find out underlying reasons behind a state's actions, and thus to provide answers to why a state acted the way that it did. In the next sections, realism and neorealism will be presented. Before moving on to neoliberalism, neorealism's applicability to foreign policy will be discussed as well as neoclassical realism.

3.1 Realism in International Relations

"From the end of the religious wars to the First World War, the modern state system was kept together by the intellectual and moral tradition of the Western world. That tradition imposed moral and legal limitations on the struggle for power on the international scene and provided in the balance of power an instrumentality which, in a certain measure, maintained order in the international community and secured the independence of its individual members."

(Morgenthau 1948: 154)

The main authors within the field of realism in IR can be identified as Morgenthau, Waltz and Mearsheimer. The theory is centered around concepts such as self-interest, power balancing and anarchy (Waltz 2000). Morgenthau can be regarded as the founding father of classical realism. As he points out in the quotation above, the world order was very different between the end of the religious wars and the

First World War than it has been since. The moral traditions of the time saved the actors of the international community from lethal pursuits of increased power thus maintaining the independence of the distinct states. The structure of the international community has certainly changed after the First World War. Sovereign states that nowadays substitute the international society of the 17th and 18th century, are characterized by deep national societies that do not distinguish any higher "moral obligation" above themselves (Morgenthau 1948: 154). Nation states are growing more powerful and thus weakening the supra-national forces of the international community (ibid.: 155). Furthermore, the downsizing of the number of powerful states has had an impact on the power of balance (ibid.: 156-159). Today, a few states have gained so much power in comparison to other states that the moves or changes in allies of the smaller actors have barely any influence on the overall power game (ibid.: 160). In Morgenthau's view, the central cause for international conflict is believed to rise from human nature, and could thus be moderated by good national leadership skills, and by states aiming to reach their national goals in a manner that is "compatible with international order" (Dunne & Schmidt 2008: 96-98).

Wohlforth (2012: 36) distinguishes three central assumptions of the realist theory as *groupism*, *egoism* and *power-centrism*. By groupism he means that people need groups to survive (ibid.). At the same time as groups are essential for survival, they are also the main reasons behind conflicts that arise among the different groups (ibid.). By egoism it is meant that "self-interest ultimately drives political behavior" (ibid.), whereas the term power-centrism reflects the assumption according to which some states always have more power than others, be it power of control or power over resources (ibid.).

3.1.1 Neorealism

"Old realists account for political outcomes mainly by analyzing differences among states; new realists show why states tend to become like units as they try to coexist in a self-help system, with behaviors and outcomes explained by differences in the positions of states as well as by their internal characteristics."

(Waltz 1997: 913)

Neorealists, also known as structural realists, believe that states behave as they do due to the current structure of the anarchic system in which states exist (Waltz 2000). Neorealism can be roughly divided into two branches − offensive and defensive realism. Offensive realists argue that states are power

maximizers, mainly because of the lack of trust regarding other states' actions (Wohlforth 2012: 39). According to Mearsheimer, a central offensive realist, "daily life is essentially a struggle for power, where each state strives not only to be the most powerful actor in the system, but also to ensure that no other state achieves that lofty position" (Mearsheimer 1995: 9). On the other hand, defensive realists believe that states are first and foremost security maximizers. According to Waltz, a central defensive realist, "structural theory assumes that the dominant goal of states is security, since to pursue whatever other goals they may have, they first must survive" (Waltz 1997: 915). The theory states that "very weak states cannot make themselves secure by their own efforts", and thus need to consider jumping "on a bandwagon pulled by stronger states" (ibid.). The stronger states, on the other hand, may choose between balancing against the threat or bandwagoning[7] (ibid.). Balance of threat theory explains why states balance against possible intimidations and fears (Wohlforth 2012: 41). Here, the concept of threat includes "aggregate capabilities"[8], "geography", and "perceptions of aggressive intentions" (ibid.). The sole idea of a supposed threat can start the balancing activities of a state.

3.1.2 Neorealism and Foreign Policy

"For neo-realists, the core research question is how to survive in this [anarchic and competitive international] system."

(Lamy 2008: 127)

Realism and FPA go hand in hand for two reasons: firstly, realism is "the foundational school of thought about international politics around which all others are oriented", thus its understanding is vital for foreign policy analysts working with IR (Wohlforth 2012: 35). Secondly, "realism's basic conceptual foundations are derived from the close observation of lived politics" (ibid.: 36), meaning that the theory itself is built upon actual cases of foreign policy. According to Wohlforth, realism fits nicely with foreign policy analysis due to its "twin commitments to particular and general knowledge" (ibid). It is also worth mentioning here, that specifically defensive realism applies well to the FPA, as opposed to that of offensive realism (Carlsnaes 2012: 119-120). Defensive realists pay attention "to the importance of the source, level, and direction of threats, defined primarily in terms of technological factors, geographic

[7] Here, the state has to be careful not to make a destructive choice, as shown e.g. in Mussolini's choice of bandwagoning with Nazi-Germany instead of balancing against it (Waltz 1997: 915).
[8] I.e. a state's overall military and economic potential.

proximity, and offensive capabilities but also perceived intentions" (Rose 1998: 146, quoted in Carlsnaes 2012: 120).

In neorealism, states' ability to exercise their preferences and to utilize their opportunities is measured in power. According to Waltz (1979: 98) "power is estimated by comparing the capabilities of a number of units". Power is a central unit when observing the international-political structure of the world. According to Waltz (ibid.: 100) "structures are defined, first, according to the principle by which a system is ordered". This means that if "one ordering principle replaces another", the structure changes (ibid.). Another factor that defines the structure is "the distribution of capabilities across units" (ibid.: 101). He states that "changes in this distribution are changes of system whether the system be an anarchic or a hierarchic one" (ibid.). To put it bluntly, the structure depends on the order of the system; the functions within the possibly hierarchic systems and, lastly; by the dispersal of capabilities among the states. According to Waltz (1979: 99) "In defining international-political structures we take states with whatever traditions, habits, objectives, desires, and forms of government they may have". This is to say, that apart from a states' "capabilities", no other factors play a role when analyzing the international-political structure.

What are state capabilities then, and how can power be defined? Moreover, should states worry about their power resources in today's world? According to Waltz (1979: 102-103) war and conflicts are always a possibility which is why all states must be prepared for them. In a system characterized by self-help, providing capabilities for self-defense and protection is of central importance (ibid.: 105). In other words, "in any self-help system, units worry about their survival, and the worry conditions their behavior" (ibid.). In order to survive in the system, one needs to have power. According to Waltz (ibid: 131), "states, because they are in a self-help system, have to use their combined capabilities in order to serve their interests". States' ranking position in the overall system can be measured as the sum of the following capabilities: a) "size of population and territory", b) "resource endowment", c) "economic capability", d) "military strength" and, e) "political stability and competence" (ibid.). However, making clear-cut rankings is difficult if not impossible due to difficulties in measuring the various capabilities. Waltz defines power, in addition to the above-mentioned capabilities by stating the "simple notion that an agent is powerful to the extent that he affects others more than they affect him" (ibid: 192). According to him (ibid. 194), "power provides the means of maintaining one's autonomy in the face of force that others

wield". Power also permits its possessor to "enjoy wider margins of safety in dealing with the less powerful and have more to say about which games will be played and how" (ibid.). It is worth noting here that "realists are skeptical of the idea that universal moral principles exist and, therefore, warn state leaders against sacrificing their own self-interests in order to adhere to some intermediate notion of 'ethical' conduct" (Dunne & Schmidt 2008: 92). Before moving on to the very theory that believes in the power of institutions, the contemporary branch of realism, neoclassical realism, will be shortly presented.

3.1.3 Neoclassical realism

Neoclassical realists differ from the fore-mentioned structural realists mainly because they "bring individual and unit variation back into the theory" (Dunne & Schmidt 2008: 100). According to neoclassical realists, the states' leaders' and central decision-makers' understandings of the international distribution of power is of key importance (ibid.: 99). In other words, "there is no objective, independent reading of the distribution of power: rather, what matters is how state leaders derive an understanding of the distribution of power" (ibid.). Another distinctive feature is that, as opposed to structural realism, states are not seen solely as equal units (ibid.). Neoclassical realists, with the lead of Zakaria, pay much more attention to the various domestic factors than structural realists do. Furthermore, the theory notes that "an increase in relative material power will lead eventually to a corresponding expansion in the ambition and scope of a country's foreign policy activity−and that a decrease in such power will lead eventually to a corresponding contraction" (Gideon 1998: 167). Neoclassical realists also stress the importance of detailed case-knowledge, as opposed to many other realists who "have come to favor a formal, universalist approach to political phenomena" (ibid.: 166). This knowledge is gained through getting "inside the heads of key state decision makers, something that often requires foreign language capabilities and/or archival research" (ibid.). Additionally, neoclassical realists believe that the tools provided by theories give researchers the necessary gears to develop understanding over questions arising from FPA (Wohlforth 2012.: 40). Theories can be used to evaluate for example "to which degree is state X's policy a response to external pressures and incentives as opposed to internally integrated?" (ibid.).

A hypothesis derived from neorealism is as follows:
Finland wishes to increasingly engage the EU in the international Arctic cooperation in order to gain more security in the far-North.

3.2 Liberalism in International Relations

Kant and Bentham can be regarded as the central "liberals of Enlightenment" −it was their very "abhorrence of the lawless savagery" that pushed them to find ways of achieving everlasting peace (Dunne 2008: 112). Additionally, Schumpeter[9], "a brilliant explicator of the liberal pacifism" and Machiavelli[10], a classical republican, can be defined as the key shapers of the theory (Doyle 1986: 1151). Furthermore, the American President Wilson is a famous liberalist due to his fierce advocacy for "the creation of an international organization to regulate the international anarchy" (Dunne 2008: 113). The League of Nations[11] was the embodiment of his desires to create a collective security system (ibid.: 114). What is common for the different liberalists is that they usually pay more attention to the various domestic factors compared to their realist contemporaries. Furthermore, states are commonly seen to have diverse features−"some are bellicose and war-prone, others are tolerant and peaceful" (Dunne 2008: 110). Although the theory admits the anarchic nature of the world system, it does not agree that anarchy per se is the ultimate cause of war (ibid.). According to liberalists, the roots of war can be found from imperialism, balance of power, or undemocratic regimes (ibid.: 110-111). These sources of conflict will be further discussed in the section on liberalism and foreign policy through the three (Lockean, Commercial and Kantian) *images of liberalism*.

What distinguishes liberalism from realism is mainly the argument over "whether institutions markedly affect the prospects for international stability" (Mearsheimer 1995: 7). From a realist perspective institutions solely reflect the great powers of the world whereas liberalists and especially liberal institutionalists believe that "institutions can alter state preferences and therefore change state behavior" (ibid.). According to liberals, "power politics itself is a product of ideas, and crucially, ideas can change" (Dunne 2008: 110). Institutions, and the importance of them, stem from the liberalist core values, such as that of freedom. The need for gaining and maintaining both individual and moral freedom have further acted as catalyzers for the establishment of both the appropriate rights and institutions (Doyle 2012: 55). Liberal rights include a number of factors such as "free press and free speech", "right to hold, and

[9] Schumpeter explained that the combination of democracy and capitalism acted as the foundation for liberal pacifism − "no democracy would pursue a minority interest and tolerate the high costs of imperialism" (Doyle 1986: 1152).
[10] Machiavelli argues not only that "republics are not pacifistic, but that they are the best form of state for imperial expansion", and that "establishing a republic fit for imperial expansion is, moreover, the best way to guarantee the survival of a state" (Doyle 1986: 1154).
[11] The ambitious liberal plan did not succeed as the very founding country, the USA, did not want to join the League in the end −"while the moral rhetoric at the creation of the League was decidedly idealist, in practice states remained imprisoned by self-interest" (Dunne 2008: 114).

therefore to exchange, property without fear of arbitrary seizure" and the right to either participate or represent oneself in a democratic order (ibid.). According to liberals, public legislation needs to stem from the community and its citizens' needs and economy led by the principles of demand and supply, both on a national and international level (ibid.: 56).

According to the democratic peace thesis, "liberal democracies tend not to make war on fellow democracies" (Smith, Hadfield & Dunne 2012: 487). That said, "liberal states have fought numerous wars with non-liberal states" (Doyle 2012: 59), many of which have been defensive of their nature (ibid.). The concept of international imprudence is used to describe this, as "these wars have been defensive and thus prudent by necessity" (Doyle 1986: 1156). Kant's liberal internationalism explains how "liberal states have been attacked and threatened by nonliberal states that do not exercise any special restraint in their dealings with the liberal states" (ibid.). Moreover, it explains how "most wars arise out of calculations and miscalculations of interest, misunderstandings, and mutual suspicions, such as those that characterized the origins of World War I" (ibid.: 1157).

Many of the characteristics of liberalism are mainly domestic, and it is for example the democratic peace thesis that lifts the theory also to an international level (Doyle 2012: 65). There are differences regarding just how the liberalist goals are to be met, for example whether they should be led by emphasis on property or welfare (ibid.). Both similarities and differences between neorealism and neoliberalism lie in the interpretation of the global system. Both theories agree that the system is indeed anarchic, but disagree on the outcomes produced by it (ibid.). As opposed to the realist perception on the endless *state of war,* liberalists see opportunities in the anarchic system (ibid.). Thus, liberalists "can come to appreciate that the existence of other liberal states constitutes no threat, but instead constitutes an opportunity for mutual beneficial trade and (when needed) alliance against non-liberal states" (ibid.: 66). In the following sections, neoliberalism will be identified, after which its role in foreign policy will be explained.

3.2.1 Neoliberalism

Neoliberalism in academia is another word often used for the institutionalist theory (Lamy 2008: 127). Lamy describes neorealism and neoliberalism as two "intellectual siblings"[12] (ibid.: 125). Neorealists are

[12] Keohane & Martin (1999:3 quoted in Lamy 2008: 134) state that "for better or worse institutional theory is a half-sibling of neo-realism".

known for their dominance over security studies, whereas neoliberals have focused more on political economy, human rights and environmental issues (ibid.). As noted above, neorealism and liberal institutionalism share a set of similarities − both are utilitarian and rationalistic (Keohane & Martin 1995: 39). Liberal institutionalists "treat states as rational egoists operating in a world in which agreements cannot be hierarchically enforced, and that institutionalists only expect interstate cooperation to occur if states have significant common interests" (Keohane & Martin 1995: 39). Where joint opportunities occur and states cooperate "institutions can provide information, reduce transaction costs, make commitments more credible, establish focal points for coordination, and in general facilitate the operation of reciprocity" (ibid.: 42). However, Keohane notes that "conflicts of interest never vanish even when there are important shared interests" (Keohane 1984: 46). According to neoliberalists, by explaining the role of institutions they have actually "added to the explanatory power of neorealism without undermining its main structuralist assumptions" (Carlsnaes 2012: 121).

Keohane defines institutions as something that refers to "a general pattern or categorization of activity or to a particular human-constructed arrangement, formally or informally organized" or as "related complexes of rules and norms, identifiable in space and time" (Keohane 1988: 383). According to rationalistic institutionalists "one should expect international institutions to appear whenever costs of communication, monitoring, and enforcement are relatively low compared to the benefits to be derived from political exchange" (ibid.: 387). However, common interests are not enough, institutions must also "reduce uncertainty and limit asymmetries in information" (Keohane 1984: 13). Were there no institutions, and thus no international cooperation within them, "the prospect for our species would be very poor" (Keohane 1988: 393). Neorealists have a very different outlook on cooperation − according to them, states cooperate with others only if the cooperation is believed to grow their own capabilities (Lamy 2008: 129). At the same time, "states are also concerned with how much power and influence other states might achieve (relative gains) in any cooperation endeavour" (ibid.).

According to Goldstein & Keohane (1993: 24) "The existence of international institutions gives states greater incentives to make their policies more consistent with one another and with prevailing norms, so that they can be more successfully defended in international forums". Aside from enabling prevention of cheating, by creating institutionalized linkages, institutions can further facilitate cooperation (Keohane & Martin 1995: 49). They argue that "by creating issue linkages, they [institutions] allow for more

effective retaliation against cheaters and also create scope for mutually-beneficial exchanges" (ibid.). Lastly, according to neoliberalists, "in a world politics constrained by state power and divergent interests, and unlikely to experience effective hierarchical governance, international institutions operating on the basis of reciprocity will be components of any lasting peace" (Keohane and Martin 1995: 50).

3.2.2 Neoliberalism and Foreign Policy

"For neo-liberal institutionalists, the core question for research is how to promote and support cooperation in an anarchic and competitive international system."

(Lamy 2014: 127)

When neoliberalism is applied to the making of foreign policy, it "promotes free trade or open markets and Western democratic values and institutions" and the expansion of a "community of democratic and capitalist nation-states" (Lamy 2008: 126). According to Keohane, "world politics is not a state of war", and "states do have complementary interests, which make certain forms of cooperation potentially beneficial" (Keohane 1984: 244). However, states act based on self-interest and tend to ultimately prioritize their national economic interests over "universal ideals" (Lamy 2008: 126.). Lamy states that "both neo-realism and neo-liberalism address issues and problems that could disrupt the *status quo,* namely, the issues of security, conflict, and cooperation" (ibid.).

Liberal foreign policy seeks a balance between the desired aims and the available resources, whilst at the same time trying to diminish the threats and promote allies (Doyle 2012: 69). It "seeks to preserve and expand the community of liberal democracies without violating liberal principles or bankrupting liberal states" (ibid.). It is argued that instead of launching "suicidal crusades for democracy", liberal states embark upon a "defensive liberal strategy" that strives to "protect the liberal community, foster the conditions that might allow the liberal community to grow, and save the use of force for clear emergencies that severely threaten the survival of the community or core liberal values" (ibid.). Institutionalists explain the post-WWII order by "shared interests created by economic interdependence and the effects of institutions" (Keohane 1984: 135).

Liberal characteristics in foreign policy can be divided into three different types (Doyle 2012: 66): a) *First Image Lockean*, b) *Second Image Commercial*, and c) *Third Image Kantian*. The first type sees the

international system as anarchic similarly to realists, but puts emphasis on the fact that a "state is based on representation and ultimately on consent" (ibid.). According to Locke, peace among similar nations was maintained due to mutual respect over protection of "life, liberty and property" −laws governing both the actions of the citizens as well as the legislators and leaders of the nation (ibid.). The second image differs from the first one in its ways of explaining reasons behind peace (ibid.: 67). According to the first image, peace "is a duty of the Lockean statesman", whereas in the second case, peace is seen as "the structured outcome of capitalist democracy" (ibid.). According to Paine, Smith and Schumpeter, capitalist societies did not profit from war − Schumpeter claimed that these democratic capitalist societies were "self-interestedly deterministically pacific" (ibid.). The second image according to Doyle (ibid.) fell short on explaining the reasons behind wars between liberals and non-liberals. This gap in theory was later addressed in the third image by Kant in the following manner: "When galvanized by international threats or pushed by commercial interests, elected governments become aggressive towards non-liberals" (ibid.: 69). According to Kant (ibid.: 68) the succeeding factors created "the liberal zone of peace":

I. *Representative republican government*, including "an elected legislative, separation of powers, and the rule of law";
II. *A commitment to peace based upon a principled respect for the non-discriminatory rights*, leading to the respect of other similar nations as well as distrust towards those that did not value such right;
III. *The possibility of social and economic interdependence*, because cooperation among liberal nations eliminates the "security-motivated restrictions" that mark other trade, making the interdependence among liberals profitable and desirable.

A hypothesis derived from liberalism is as follows:
Finland wishes to engage the EU in the international Arctic in order to create prosperous cooperation in the far-North.

The figure below acts as a summary of the previous chapters. The next section will discuss the limitations of the applied theories, after which small states and their role in the international system will be discussed.

Neorealism	Neoliberalism	Both
Structure of the system influences actor behavior.	Principles of free trade & democracy influence behavior. (commercial & republican liberalism)	International system is anarchic.
Self-help over cooperation if possible.	Regimes facilitate the governing of an anarchic int. system & influence state behavior. (institutionalism)	States are the key actors.
Security dilemma created by distrust of others. Policies guided by fear of not surviving. Survival attempted by increasing material powers for defence purposes.	Institutions as mediators & facilitators of peace and enhancers of economic and environmental development. (institutionalism)	Actors are rational and have strong self-interests.
Globalization & interdependence have little importance.	Emphasizes the importance of globalization, interdependence and information. Global security threats cannot be solved by one country.	Cooperation occurs.
Cooperation: difficult to create and maintain, led by the strongest state. Worried about relative gains and cheating.	Cooperation: easy when mutual gains are found. Necessary tool for peace. Absolute gains for all participants. States' rationality allows them to recognize the benefits of co-op.	
Importance of power.	Importance of interests.	

Figure 1. Summary of neorealism, neoliberalism and their similarities. (Figure my own, information from Lamy 2008: 131-133).

3.3 Criticism on chosen theories

"Today, the myth of interdependence both obscures the realities of international politics and asserts a false belief about the conditions that may promote peace."

(Waltz 1970: 222)

According to Walt (1998: 38) the main limitation of realism is that it "does not account for international change", and for liberalism that it "tends to ignore the role of power". Keohane (1986: 159) discusses the limitations of realism in his book *Neorealism and its critics* by stating that "realism is particularly weak in accounting for change, especially where the sources of that change lie in the world political economy or in the domestic structures of state". According to him, structural realists have not succeeded in seeing the importance of "norms, institutions, and change" (ibid.: 169). To give an example, contrary to what Mearsheimer[13] had predicted, both the EU and NATO have grown to be bigger and stronger after the Cold War (Keohane & Martin 1995: 40). Furthermore Keohane & Nye argue (2012: 23) that whilst the realist theory can succeed in explaining reasons behind war, it may not function so well in explaining states' behavior regarding achieving "economic and ecological welfare". Cox (1986: 245) criticizes the fact that realists often use the example of Thucydides to show that "a balance-of-power system is the universal condition", and thus completely ignore that "there have likewise been otherwise-constituted historical structures of which the medieval order of European Christendom was one". Thus, he criticizes Waltz of being overly simplified and ahistorical[14]–"the elegance he achieves in the clarity of his theoretical statement comes at the prize of an unconvincing mode of historical understanding" (ibid.: 243).

A central problem with liberalism, on the other hand, is that its practitioners "disagree on fundamental issues such as the causes of war and what kind of institutions are required to deliver liberal values in a decentralized, multicultural international system" (Dunne 2008: 110). Furthermore, Waltz (2000: 16) argues that the problems with interdependence start with the very term "interdependence" that seems to advocate "a condition of roughly equal dependence of parties on one another". According to him, this is

[13] Mearsheimer in *Back to the Future: Instability in Europe after the Cold War* in International Security, Vol 15, No. 1. Summer 1990.

[14] This notion is connected to the claimed realists' inability to explain change. Cox explains that "for historicism, both human and nature and the structures of human interactions change, if only very slowly" (Cox 1986: 243-244), and that "regularities in human activities may indeed be observed within particular eras, and thus the positivist approach [he claims Waltz to have] can be fruitful within defined historical limits" (Cox 1986: 244).

heavily misleading as the inequalities within the so-called interdependent bond are remarkable to the advantage of the strongest one (ibid.). Waltz (1970: 207) argues that due to the disproportions that characterize different states, interdependence cannot be high, thus stating the *iron law:* "high inequality among like units *is* low interdependence" (ibid.). Furthermore, the weaknesses or the strengths of institutions do not really have much to do with the institutions themselves but with the powerful states who act behind them (Waltz 2000: 24). Waltz argues that "strong states use institutions, as they interpret laws, in ways that suit them" (ibid.). He thus argues, that institutions are merely puppet-like actors used by the powerful states' as means to achieve their national goals. According to Waltz (2000: 20) the trick for powerful states is to create institutions, because once they are created, they become hard to get rid of. He uses NATO as a case point arguing that its existence, as seen by realists, is "a means of maintaining and lengthening America's grip on the foreign and military policies of European states" (ibid.). Waltz (1970: 205) tackles the democratic peace theory by stating that conflict can indeed occur between nations that are in close contact with each other. According to him: "The fiercest civil wars and the bloodiest international ones have been fought within arenas populated by highly similar people whose affairs had become quite closely knit together" (ibid.). He adds that "it is hard to get a war going unless the potential participants are somehow closely linked" (ibid.).

Additionally, Mearsheimer evaluated the liberal institutionalist argument in his article *The False Promise of International Institutions,* where he stated that institutions have "minimal influence on state behavior, and thus hold little promise for promoting stability in the post-Cold War world" (Mearsheimer 1995: 7). According to him, cooperation among states does exist, but it has its limits due to the superiority of security competition (ibid.: 9). He attacks liberal institutionalism by stating that the theory offers no explanations to how war could be prevented but solely concentrates on explaining "why economic and environmental cooperation among states is more likely than realists recognize" (ibid.: 14). Instead of producing and promoting alternative solutions to the prevention of wars, liberal institutionalism addresses cases "where states are having difficulty cooperating because they have "mixed" interests; in other words, each side has incentives both to cooperate and not cooperate" (ibid.: 16). Mearsheimer argues that the theory does not address the security issues nor the importance of relative gains[15] sufficiently, if at all (ibid.: 20). Keohane & Martin (1995: 43) argue against this, and say that

[15] The concept of relative gains is linked to the zero-sum game where in order for one to gain more power, the other one has to lose it first.

"institutionalist theory should be highly applicable to security issues because its argument revolves around the role of institutions providing *information"* (ibid.). According to the two (ibid.: 44), realists should recognize the importance of information in relation to security related policy-making. Furthermore, information plays an important role in the discussions over relative-gains (ibid.: 45). If relative gains solely shape the cooperation among states as realists argue, the information coming from the institutions is valuable in the making of the decisions (ibid.), in other words: "institutions can facilitate cooperation by helping to settle distributional conflicts and by assuring states that gains are evenly divided over time, for example by disclosing information about the military expenditures and capacities of alliance members" (ibid.: 45-46). Institutionalists wonder why realists assume that rational states invest so much money and resources on the construction of institutions if they "know that these institutions will have no impact on patterns of cooperation" (ibid.: 47-48).

In this thesis, theories are used as explanatory tools. Nevertheless, it is important to remember that "we can never say with assurance that a state of affairs inductively arrived at corresponds to something objectively real" (Waltz 1979: 5). This is simply because "reality emerges from our selection and organization of materials that are available in infinite quantity" (ibid.).

3.4 Small states

According to Dosenrode (1994: 245), it is important to analyze small states as they "form the majority of members in most international regimes". He writes that small states join regimes for practical reasons, as "often problems are too large for small states to handle by themselves" (ibid.: 246). Another practical reason is that no matter if the state is in or out of the regime, some issues decided within the regime may still influence the state − thus it is more beneficial to be in in order to influence the outcome, or at least gain information about it (ibid.: 246-247). Dosenrode states that "Small states will, as a matter of principle and as a result of their weakness, support the creation of regimes that bring some kind of order to the international system" (ibid.: 247). Furthermore, as members of regimes, small states can endorse ideas important to them: such as importance of international law, equality, and solidarity (ibid.). Lastly, it is worthwhile to join a regime as "prestige is partly convertible into bargaining power, and thus is a necessary foreignpolitical means for the small states" (ibid.: 247-248).

What are small states then? Wivel (2005: 394-395) argues that there is no mutually agreed definition for small states, although they are characterized by the tendencies "to adapt to – rather than dominate – their external environment and seek influence through membership of international institutions". According to Cela (2013: 76), "five out of eight Arctic Council member states are typically defined as small states, namely the Kingdom of Denmark, Finland, Iceland, Norway and Sweden". She exemplifies her argument by comparing the Arctic states' population, size of territory and GDP (ibid.: 76-77). She states that "it is all the more important for small states to join institutions if they wish both to preserve their own security and affect the security policies of others" (ibid.: 77). Furthermore, she believes that it is beneficial for the small states to institutionalize power relations, as well as to build "a rules-based environment" (ibid.). Väyrynen (1971: 99) defines a small power in the following way:

> "A small power is a state which has a low objective and/or a low perceived rank in the context where it is acting. Furthermore, small powers are expected to behave in a given way, i.e. their role prescriptions differ from those of middle and great powers, which affect together with their low rank upon their behavior and possibilities of influence. Finally, the interests of small powers are at least to some extent different from the interests of great powers, a fact which denotes the latent or manifest conflict of interests between these two classes of states."

Small states may benefit from institutions in the fight against climate change. Levy, Haas and Keohane (1992: 13) state that "the international community's ability to preserve the quality of the planet for future generations depends upon international cooperation". Institutions can help by promoting "concern among governments"; enhancing "the contractual environment by providing negotiating forums and creating ways to disseminate information"; and by providing "national political and administrative capacity" (ibid.: 14). They state that "international institutions that have open procedures for setting agendas may enable weak states or groups of states to put issues on the international agenda in ways that cannot be ignored by others" (ibid.: 15). Lastly, according to Wivel, "small states should seek to build consensus around issues, which do not conflict with any major EU initiatives or initiatives of any of the big Member States" (Wivel 2005: 409). Finland will be treated in this thesis as a small state in the Arctic context. It is believed to have a low rank in the context within which it is acting. The state's smallness has perceived to have an impact on its foreign policy decisions.

3.5 The EU: A state-like political system

In order to analyze the case in a consistent and clear manner, one needs to define the central actors. In this section, the EU's history will be briefly discussed to show how much its form has changed during its existence. This volatility of its form has produced many definitions that have transferred as the Union has evolved. Furthermore, definitions of the EU by Bretherton & Vogler, Dosenrode and Hix will be presented.

The European Coal and Steel Community[16] was introduced in 1952, as Schuman's attempt to avert Europe from marching into yet another war after the horrors WWII (Dosenrode 2012: 8). Thus, the EU started off as a "regional community encouraging multilateral cooperation" (Lamy 2008: 132). The EEC was created soon after in the year of 1957 through the negotiations of the Treaty of Rome that created the "basic policies and institutions, including a customs union, common agricultural policy, and cooperation on transport, as well as a set of quasi-constitutional institutions and a parallel organization for atomic energy cooperation" (Moravcsik 1998: 2). The integration then furthered through the negotiations of both the EMS in the end of 1970's and the SEA[17] in the end of 1980's (ibid.). In 1991, the European Community changed its name to European Union through the ratification of the Maastricht Treaty (Moravscik 1998: 1, 18). The treaty was remarkable in many ways − it introduced the European citizenship, as well as the co-decision procedure that allowed the EP right to veto (Dosenrode 2012: 7). Furthermore, the achievement of internal market, followed by plan setting of the monetary union were strong signs of additional integration in the beginning of the 1990's (Aggestam 2012: 468).

Further changes took place within the EU through the ratification of the Lisbon Treaty in 2009. This treaty was of special importance regarding the EU's foreign policy − it created a stronger institutional framework by strengthening the cooperation of the Council and the Commission regarding the external actions (Aggestam 2012: 466). Furthermore, it gave the EU a legal personality, and thus a right to sign international agreements, as well as created the positions of President of the European Council[18] and High Representative of the European Union for Foreign Affairs and Security Policy (ibid.). Additionally,

[16] The community then included West Germany, France, Belgium, Italy, Luxemburg and the Netherlands (ibid.).
[17] SEA brought "demands for privileged market access" and acted as a huge step towards the creation of the single market (Bretherton & Vogler 2005:4).
[18] This was done in order for the EU to be able to speak with a single voice in international settings whilst representing the various European heads of state.

through the Lisbon Treaty the EEAS was created and clauses regarding solidarity and mutual assistant were established (ibid.). Essentially, the Lisbon Treaty strengthened the state-like actorness of the EU by giving it more tools to act as a "coherent international actor" (ibid.: 467) in a field often thought to be of high national importance.

The EU has been some-what of a puzzle to many IR practitioners, as far as its definition goes (Niemann & Bretherton 2013: 262). Moravscik (1998: 1) saw resemblances in the EU to both a nation state, as well as "a conventional international regime". In 2010, he referred to it as the second super power (Moravcsik 2010). Bretherton & Vogler (2005: 35) admitted that "the temptation to use the state as a comparator when discussing the EU has proved difficult to resist". Dosenrode argued that after the signing of the Maastricht Treaty, the EU could be "classified as a federation" (Dosenrode 2015: 3); he additionally stated that the EU "is the world's largest trading power" and "a (weak) state" (Dosenrode 2012: 1). Moreover, he pointed out that a common European identity has been sought through "the creation of a common European currency, the adoption of a flag and a national hymn, the exchange programs for students and scholars, the same design of driver's licenses and passports" (ibid.: 37). The state-like actorness of the EU is also reflected in the fact that "approximately 75 per cent of all the 'national' legislation originates in Brussels" (ibid.: 31). Hix (2005: 2-3) agrees that the EU has all the elements of a democratic political system[19], yet believes it is not a state. He states that "the degree of institutional stability and complexity in the EU is far stronger than in any other international regime" (ibid.: 3). The EU has a central role in the distribution of both the economic assets as well as general values within its sphere of influence, and its citizens seek to voice their opinions through the system actively through various unions, lobbying groups and such (ibid.: 2-4). According to Hix, what makes the EU not a state is its inability to use coercive measures (ibid.: 4). This is hardly the case, as there are existing independent states that do not own a standing army, such as Iceland. Also, as will be presented further on in the analysis, the strengthening and implementation of the EU's solidarity and mutual assistance clauses[20] have been already suggested by Finland, along with other ways of strengthening the EU's defense capabilities.

[19] Here Hix refers to Almond's (1956) and Easton's (1957) definitions of a democratic political system (Hix 2005: 2).
[20]According to the clauses, in case an EU MS would become *the object of a terrorist attack or the victim of a natural or man-made disaste*r, the EDA could provide help in the form of joint action (Jokela 2015: 40).

This thesis mentions the "EU's actorness" multiple times, which is why the discussion on actorness as a concept is necessary. In 1977, Sjöstedt (as quoted in Niemann & Bretherton 2013: 265) researched the EC's *actor capability* and produced the following definition of actorness: the capability to function "actively and deliberately in relation to other actors in the international system". Sjöstedt (ibid.) argued that to fulfill the requirements of actorness one must have many state-like characteristics, such as "community of interests, systems for controlling Community resources and for crisis-management, as well as a network of external agents" −all of which, the EU seems to possess.

The EU was born after the horrors of the World Wars and has successfully promoted peaceful integration since. So where does the EU stand today? In March 2017, the Commission launched its White Paper on the future of Europe, outlining five different scenarios for the Union. After Brexit, and the rising signs of nationalism and protectionism in some of its member states, the EU is having to reshape itself. The five options, as presented by Juncker, are a) carrying on similarly to now, b) limiting the EU only to the Single Market, c) "those who want more do more", d) doing less and concentrating only on few policy areas or e) doing even more together than has been done by today (European Commission 2017). As future remains unknown, this chapter has concentrated on both the EU's past and the different ways of defining it. Due to the numerous state-like characteristics listed above, the EU is understood as a state-like political system in this thesis, and treated as such.

This chapter has presented the neorealist and neoliberal theories, as well as provided criticism on both of them. Furthermore, the small states' specific character has been discussed, as well as the implications of it to their foreign policy making. Lastly, the EU has been identified as a state-like political system. In the next chapter the Arctic region and its relevant actors will be presented, as well as the EU's relationship with the Arctic.

4 CASE DESCRIPTION

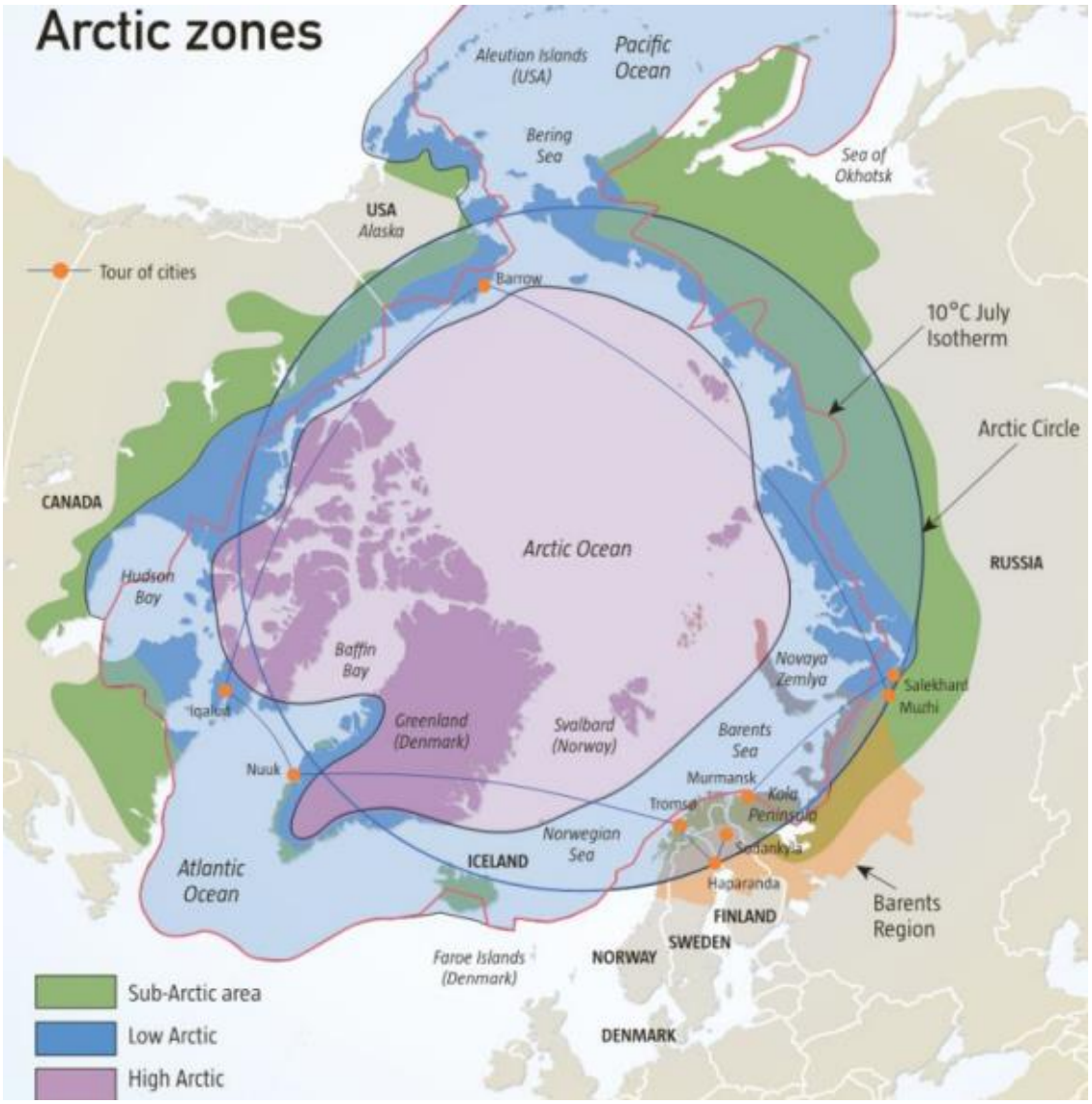
"In September 1989, on the initiative of the government of Finland, officials from the eight Arctic countries met in Rovaniemi, Finland to discuss cooperative measures to protect the Arctic environment."

(Arctic Environmental Protection Strategy 1991)

The above-mentioned meeting was the start of regular cooperation among Arctic states. Various reports concerning the Arctic were prepared, together with the Arctic Environmental Protection Strategy; the concrete peak of the newly-initiated Arctic teamwork (AEPS 1991: 1627). The interest towards the Arctic among countries outside the region was already visible at the time. The cooperation started due to the common agreement that no nation could fight against the environmental threats facing the Arctic alone (ibid.: 1628). The AEPS strategy also emphasized the importance of including the indigenous peoples of the area in both the planning and the implementation of Arctic policies. The forum later developed into the main governing body of the Arctic, the Arctic Council. In the next sections, the Arctic as well as the AC and the UN and their respective roles in the region will be presented. Lastly, before moving on to the analysis, the EU and its relation the Arctic will be discussed.

4.1 The Arctic region

The definition of the Arctic will vary depending on whom one asks since "the Arctic has no precise limits" (Heikkilä & Laukkanen 2013: 10). The region differs notably from the Antarctic in terms of population, as around four million people live there (ibid.: 11). Furthermore, it consists of various languages, villages, administrative areas, military bases, reindeer herders and climates (ibid.). The European Parliamentary Research Service note in their recently published report that "potential competition for natural resources and new navigation routes has sharpened the focus on divisions between the states that have coasts on the Arctic Ocean" (Bentzen & Hall 2017: 1). Furthermore, Russia's changing nature and coinciding claims over the continental shelf have changed the overall Arctic discourse (ibid.). In the map below made by Mika Launis one can clearly see the outlines of the different Arctic zones, namely those of the sub-Arctic, low Arctic and high Arctic.



Map by Mika Launis (In Heikkilä & Laukkanen (2013: 10) *The Arctic Calls – Finland, The European Union and the Arctic Region.* Europe Information of the Ministry of Foreign Affairs).

Eight states have land domain in the Arctic region, and are thus considered to be *Arctic states* (Bentzen & Hall 2017: 2). They are situated in the Arctic region that consists of the North Pole and its surroundings as well as "the north of the Arctic Circle (latitude 66 degrees[21], 32 minutes North)" (ibid.). The coastal states of the Arctic differ from the Arctic states most importantly when it comes to land claims in the Arctic Ocean. Canada, Russia, the US, Norway and Denmark together with Greenland are Arctic coastal

[21] Interestingly, according to the previous Minister for Foreign Affairs Tuomioja "one third of the world's population living north of the 60th parallel are Finns" (Heikkilä & Laukkanen 2013: 72).

states, and thus have the right to make claims regarding the land areas in the Arctic Ocean − a process regulated by the United Nations Convention on the Law of the Sea (UNCLOS) (ibid.).

The vast changes in the climate have an impact on the entire Arctic ecosystem. The results are not only seen in the temperature changes, but also in the survival of animals and plants in the region and in the safety and hunting practices of the indigenous peoples (ibid.). The Arctic regions struggle with a number of challenges such as those related to: "peripherality and sparse population, accessibility and connectivity, demographic trends, dependence on resource extraction, as well as constrains on the emergence of critical mass and human capital within the region" (Stepien & Koivurova 2017: 14). Also, at the same time as the opening of the Northern Sea Route (NSR) can bring along opportunities in terms of new shipping routes (Bentzen & Hall 2017: 2), it also raises security concerns. Concerns over the possible land claims rose in 2007, when Russian adventurers planted a Russian flag on the seabed of the North Pole, implying the Russian's ambitions in the region. The events were widely featured by the media and received disapproval among others from the Canadian PM (ibid.). The episode was followed by a ministerial Arctic meeting in Greenland in 2008, where the Ilulissat Declaration[22] was made (ibid.). The declaration stated that "we remain committed to this legal framework [law of the sea] and to the *orderly settlement of any possible overlapping claims*" (Ilulissat Declaration 2008: 1, emphasis my own). It also clarified the coastal states' stance regarding further regulation in the following way: "We therefore see no need to develop a new comprehensive international legal regime to govern the Arctic Ocean. We will keep abreast of the developments in the Arctic Ocean and continue to implement appropriate measures" (ibid.: 2).

Academic literature regarding the Arctic and IR can be roughly divided into two groups: those who do not anticipate a serious security change in the region, and those who reflect on the possible alternations in the *status quo*. A rather dark vision of the Arctic was famously painted by Borgerson (2008: 65) already before the Ukraine crisis −he predicted that if the US would not "develop diplomatic solutions to competing claims and potential conflicts" in the Arctic, the region "could erupt in an armed mad dash for its resources". What he calls a "toxic brew" in the region consists of the "combination of new shipping

[22] Additionally, the declaration states that due to the climate change and melting of ice, "the Arctic Ocean stands at the threshold of significant changes" (Ilulissat Declaration 2008: 1). Furthermore, responsibilities regarding the protection of the Ocean's unique ecosystem are mentioned, as well as the "need to further strengthen search and rescue capabilities" around the Ocean (ibid.: 2).

routes, trillions of dollars in possible oil and gas resources, and a poorly defined picture of state ownership" (ibid.: 71). On the opposite side stands Young (2009: 73), according to whom "the fears expressed in recent articles on the subject are substantially exaggerated". He states that "there is a large gap between reality and the sorts of images conjured up by phrases like 'Arctic meltdown', 'a cold war for energy resources', or the 'next land rush'" (ibid.: 75). Furthermore, Rahbek-Clemmensen (2017) conducted a research where he analyzed the possibility of the Ukraine crisis to spill-over to the Arctic region. He concluded that no major conflicts are expected to happen because it is not beneficial to any of the parties involved in the region (ibid.). Especially Russia will not want the crisis to spill-over to the far-North, as it is dependent on Western know-how in order to achieve its economic goals in the region (ibid.).

4.2 The roles of the Arctic Council and the United Nations in the Arctic

The Arctic Council was created in the aftermaths of the Arctic Environmental Protection Strategy (de Mestral 2012: 331). The Council was founded in Ottawa in 1996, about five years after the AEPS agreement was launched. The AC is an "intergovernmental forum promoting cooperation, coordination and interaction among the Arctic States, Arctic indigenous communities and other Arctic inhabitants on common Arctic issues" (Arctic Council 2016). The EU does not have a permanent seat at the Council, despite its ambitions on receiving one[23]. The AC has enabled a light form of governing within the Arctic region and the Arctic coastal states have declared that they do not wish to have a more external governing in the area[24], trusting that the forum provides enough ground for intergovernmental cooperation (de Maestral 2012: 331). The co-operation is mainly focused on the exchange of scientific data and ensuring the safety of the Arctic seas and environment (Ilulissat Declaration 2008: 2). The AC's most important pieces of work have been the Arctic Climate Impact Assessment (ACIA) in 2004, and the SWIPA report introduced in 2010 that concentrated on the "snow, water, ice and permafrost of the area" (Heikkilä & Laukkanen 2013: 64). It is also worth noticing that "in no other international body do indigenous peoples play such a strong and prominent role" as they do in the AC (ibid.: 65).

Aside from the AC, the United Nations play an important part in the governing of the Arctic. One of the most central UN codes of conduct regarding the Arctic is the UNCLOS agreement that deals with the

[23] See Tromsø Declaration 2009.
[24] See Ilulissat Declaration 2008.

international rights regarding the usage of both the waters and the natural resources embedded in the seas (Bentzen & Hall 2017: 3). The agreement has been signed by 168 states (including Iceland, Finland, Norway, Sweden, Russia, the EU, Canada, Denmark), although not by the US[25]. The agreement states that each state can own their respective territorial waters up to a maximum of 22 kilometers and set up an exclusive economic zone (EEZ) up to 370 km from their shore (Bentzen & Hall 2017: 3). So far Denmark, Norway, Russia and Canada have presented their respective claims to the decisive authority, the UN Commission on the Limits of the Continental Shelf (CLCS) (ibid.). One of the organizations working under the UN that is of particular interest regarding the Arctic region is the International Maritime Organization (IMO). According to IMO, it is "the global standard-setting authority for the safety, security and environmental performance of international shipping" (IMO 2017). The UN links the EU through its member states to the Arctic. Other important forums of Arctic cooperation are the Barents Euro-Arctic Council (founded in 1993), and the Northern Dimension (ND) (founded in 1999). They both aim at including Russia in the cooperation through regional (and economic) cooperation.

4.3 The EU and the Arctic

The EU's role in the Arctic begins logically with its geographical position: two EU member states are situated party over the Arctic Circle, namely Finland and Sweden (De Mestral 2012: 330). Furthermore, Denmark has territory in the Arctic through the ownership of Greenland (ibid.), although Greenland itself is not part of the EU. Additionally, Norway and Iceland have close ties to the EU through their economic partnership (EEA), which connects them strongly to the EU's legislative framework (ibid.: 330-331). According to de Mestral (2012: 331) "by virtue of territory alone, the EU is becoming an Arctic power".

As stated in the introduction, the Commission together with the HRVP Mogherini introduced the EU's *Integrated European Union policy for the Arctic* policy proposal in spring 2016. It shows, in its size and descriptiveness, signs of the EU's risen interest in the Arctic. The EC, the Council and the EP have previously launched documents concerning the Arctic, as seen in the Appendix 1. These documents have slowly created a basis for the EU to create a comprehensive strategy paper outlining its overall desired role in the Arctic. In the newest Communication, the EU's already existing role[26] in the Arctic as well as its "strategic interest in playing a key role in the Arctic region" are clearly emphasized, as well as the

[25] As of May 2017, the US had not ratified the UNCLOS agreement.
[26] Through the three member states that are regarded as *Arctic states*, namely Finland, Sweden and Denmark.

Arctic's new "higher profile in international relations due to its increasing environmental, social, economic and strategic importance" (European Commission 2016a: 2-3). The Communication outlines that even though climate change might impose some prospects for the local communities of the region, it might also "increase tensions" regarding resource extraction (ibid.). For this very reason, "it is now more important than ever to ensure that the Arctic remains a zone of peace, prosperity and constructive international cooperation" (ibid.).

The latest policy recommendations regarding the Arctic have been divided into three sections: 1. Climate Change & Safeguarding the Arctic Environment; 2. Sustainable Development in and around the Arctic; and, 3. International Cooperation on Arctic Issues (European Commission 2016a: 4). The EU's response to the climate threats is to provide funding to relevant research − "the EU has already committed EUR 40 million under the 2016-2017 work programme to Arctic-related research" (ibid: 6). Funds for research have been taken e.g. from the ESIF fund, the EU-PolarNet initiative, EU space programmes, and the Horizon 2020 funds (ibid.). Similar funds are also used to support the sustainable development of the region (ibid.: 9-10). Furthermore, a short term European Arctic stakeholder forum has been initiated by the EC in order to identify "key investment and research priorities for the EU funds in the region" (ibid.: 11). The forum aims to bring together the various EU institutions, the member states, and both regional and local European Arctic authorities to discuss and develop the funding schemes directed to the Arctic (ibid.).

EU's ambitions in the far-North can be seen to be executed in the following ways: through the potential future membership of the Arctic's main governing body and through the launch of new EU policies which have competencies and are relevant to the Arctic region (de Maestral 2012). The EU is currently influencing the Arctic through the following ways (ibid.: 331-332):

1. The EU policies are directly applicable in its regions that exceed the Arctic Circle, namely Northern Finland and Sweden.
2. The EU is involved in the Arctic through its research programs.
3. The EU's sphere of influence extends not only to its member states, but also to the countries committed to the EEA agreement.

According to Jokela (2015: 40) the EU has an important place in the Arctic, its "expertise in setting regulatory standards at supra-national level is relevant for many Arctic matters such as fishing, climate change, the safety of shipping and offshore drilling, as well as environmental protection is general". He argues that the EU is not irrelevant in military terms either due to the solidarity and mutual assistance clauses, and the fact that the EDA started a plan on EU's maritime capabilities in the region (ibid.). Jokela estimates that in case an EU MS would become "the object of a terrorist attack or the victim of a natural or man-made disaster", the EDA could provide for "joint action" (ibid.). Baev (2015: 56) predicts that incase a conflict would arise from a Russian initiative in the Arctic, the EU "would have to play a supporting role to counter-measures initiated by the US, NATO and some Arctic states". He sees that the EU has a central role in the prevention of such a military escalation between the Arctic actors (ibid.). The preventive actions in the Arctic could be done by "carefully dissuading Russia from experiments in power projection in this region and exploring opportunities for maintaining cooperative ties and joint projects in those areas that not closed off by the sanctions regime" (ibid.).

In this chapter, the Arctic has been defined to consist of the North Pole and its surroundings, as well as the north of the Arctic Circle (latitude 66 degrees, 32 minutes North). Furthermore, the AC's and UN's roles in the far-North have been briefly discussed. Lastly, the EU's role within the Arctic has been identified e.g. through its Arctic member states, research programs and EEA-sphere of influence.

5 ANALYSIS

Here, the empirical considerations will concentrate on Finland, a small state that joined the EU in 1995. Finland, led by its current PM Sipilä, has been open about her desires of further enhancing the EU's role in the Arctic co-operation[27]. By going through the government's foreign policy documents and publications, the author attempts to understand what the Finnish goals in the Arctic are, and where they stem from. One of the central curiosities is whether the Russian neighbor wishes to gain more security in the Arctic through the EU than it would independently. Or, whether the EU − as seen by Finland – is hoped to act as a business facilitator, or an environmental referee, in the Arctic. The theories of neorealism and neoliberalism will be mirrored against the Finnish Arctic policies and aspirations to gain a better understanding of why the Nordic country wants to further engage the EU in the far-North, contrary to some of the other actors in the region.[28]. As Flockhart (2012: 79) stated: "theories do more than organize data, they also imply different policy options and they contain different assumptions about how the world works". This is exactly what the author has attempted to do with the theories − to get a peek behind the different policy options leading the Finnish foreign policy in the Arctic.

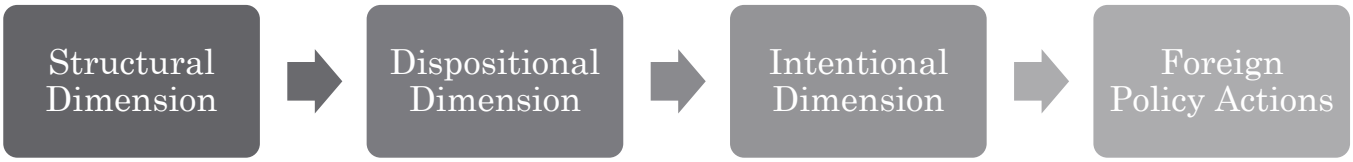


Figure 2. Carlsnaes' dimensional steps behind a state's foreign policy actions.

The above shown tripartite approach to foreign policy actions will be used as a guide to discover the reasons behind the Finnish foreign policy decisions. The model will be used step by step, and applied to both theoretical approaches. This model enables the dialogue of the different theoretical perspectives whilst at the same time continuously connecting them to the case and the empirical material. This is

[27] In the editorial of Kaleva (2017), one of Finland's largest newspapers, it was noted that raising the Arctic issues to the EU's agenda has been Finland's long-rage [foreign] policy goal, as has been the further strengthening of the EU's role in the AC. Also, at the PM's Office's website (2017b), it is stated that Finland sees the EU as a central actor in the Arctic and promotes and supports the EU's efforts to strengthen its Arctic policy.

[28]Canada has not wanted the EU to join the AC due to its ban on seal products, Russia has been said to have vetoed the EU's application already in 2011. Also, the US has been argued to be hesitant of the EU's membership. Cf. Pami Aalto (2013); Coffey Luke (2013).

hoped to create a multidimensional, interactive solution to the problem formulation that enables the reader to discover the connections between the different views. As can be seen further on, the dimensions are closely intertwined and together draw a picture of the overall case. As shown in the figure above, the box of structural dimension is colored with a deeper shade of blue. This is because the structural dimension has a strong impact on the following two dimensions, and ultimately, the foreign policy decisions. In the figure below, the main themes within the dimensions are presented.

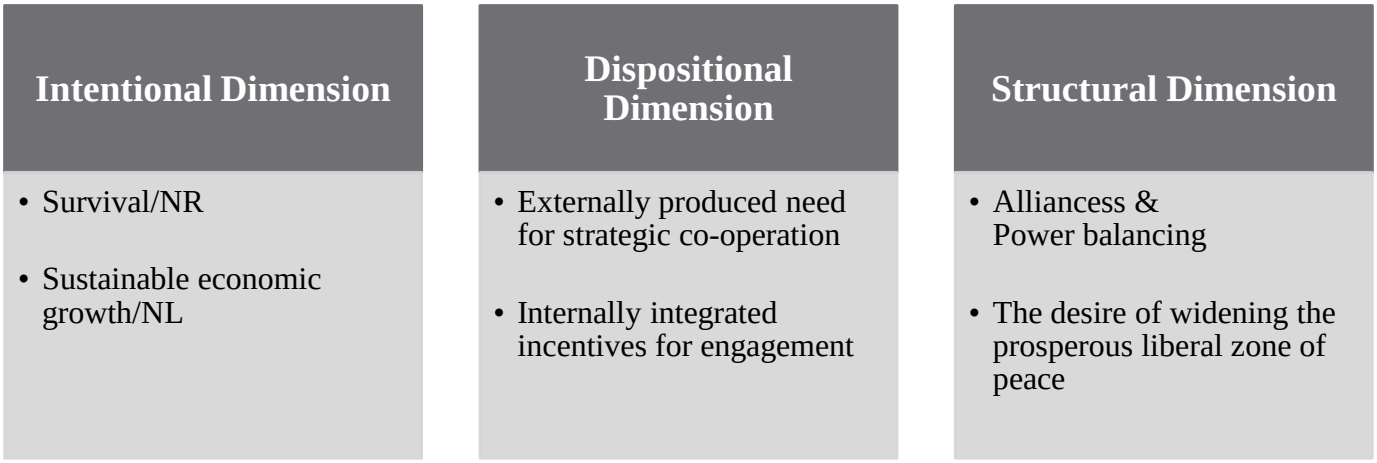


Figure 3. The structure of the analysis briefly. NR stands for neorealism and NL for neoliberalism.

5.1 Intentional Dimension

The intentional dimension, as can be seen from the figure above, is the very surface we see of the foreign policy decisions −*the tip of the ice berg*. It identifies and describes the goals a state wishes to achieve with the help of the chosen foreign policy decisions. In the following two sections, the goals will be identified through neorealist and neoliberalist lenses. After that, the motives that the goals express will be analyzed in the dispositional dimension. Firstly, we will look at the goals from a neorealist perspective, where providing security is portrayed as Finland's number one priority in the Arctic. In the second section, the main goal is perceived to be that of sustainable economic growth.

5.1.1 Foreign policy led by pressure to survive

"The climate of good-neighbourly partnership in the High North and the mode of practical interaction in joint projects have inevitably been negatively affected by the fast-evolving confrontation between Russia and the West, particularly since seven members of the Arctic Council partake fully in the sanctions regime against the eighth member."

(Baev 2015: 51)

When the Finnish foreign policy goals regarding the Arctic are analyzed from a neorealist perspective, the creation of a safe and secure environment is of central importance. From this theoretical perspective, "one of the core objectives of foreign policy is to achieve national security" (Schmidt 2012: 188). Whilst there are many ways to define the concept of national security, the existence of possible threats is often an essential part of it (ibid.: 190). For realists, threats are often defined as "the ability of a state to use military force against another state" (ibid.). It is worth noting that although the Arctic is rather remote and sparsely populated, and has for a long time remained as a model region of peace, it is not immune to threats. The threats in the Arctic context are largely divided into three sections: threats caused by climate change, threat of another conflict spilling over into the Arctic, and threats rising from disagreements over resources or overlapping land claims. Climate change, and the challenges produced by it, appear largely in both the Finnish and the EU's Arctic documents. Another prevalent theme in regard to possible threats in the Arctic, is the changed nature of Russian behavior after the Ukraine crisis. Here, the emphasis will be on the latter.

A report published by the PM's Office[29] analyzed *Russia's changing role in Finland's neighbourhood* by looking at its political system, changes in its foreign policy, and the respective impact of those changes on Finland, as well as Russia's overall role in the Nordic and Baltic region from a security perspective (Martikainen et al. 2016). The report stated that Russia's foreign policy goals have stayed the same for some time now, but the ways used for achieving them have become more aggressive (ibid.: 2). Domestic factors, such as dependence on raw materials, structural problems in economy, and the deficiencies in the *Rechtsstaat*[30] are the main reasons behind these changes (ibid.). Furthermore, the changes have been facilitated by the increase in Russia's economic, military and informational influence (ibid.). It is noted

[29] The report is only available in Finnish, all translations are my own, and I take responsibility for them.
[30] In other words, the rule of law.

that due to the fact that Russia, Finland's neighbor, raises international tensions, and is erratic from its nature, it is of high importance that Finland engages itself in international cooperation (ibid.). According to the report, Russia has declared its desires to strengthen its role as a superpower[31], and thus also resist US leadership (ibid.: 6). The notion itself may have an impact on the surrounding states' perceptions of a possible threat, and thus trigger balancing-activities. Also another report published by the PM's Office in 2017 (Koivurova et al. 2017: iv), recognized the Arctic's "increasingly uncertain environment, especially with regard to the economic and political development of the region".

Military strength or visible conflicts are not the only ways in which pressure and control over another state can be practiced. Finland has previously, together with Germany and France, enjoyed the fruits (or should one say, "the carrots") of the Russian *positive geo-economics*[32] in the form of cheap natural gas (Martikainen et al. 2016: 35). The authors of the PM's report claim that although there is a chance that the discount prices are solely an end-result of a well negotiated deal, the wish to continue receiving low-prices may result in political ramifications that reduce the state-in-question's sovereignty (ibid.). Russia recently "strengthened its grip on Finland" through the Pyhäjoki (Finnish city) nuclear plant project. It has been argued that the strong Russian pressure behind the pull-through of the Rosatom project in Finland was evident (ibid.: 42). Through the project, Russia becomes involved in Finland in a strategically central sector which will act as an incentive for Finland (in the form of a geo-economic carrot) to keep up the good relations with Moscow (ibid.: 41). A good example of a *geo-economical stick* would be the case of the Nord Stream II project and Ukraine – a project that, besides the Russian geo-economical desires, has little rationality to it[33] (ibid. 36).

Aside from the above-mentioned Russian interests regarding its neighbors Finland and Ukraine, the Federation seems to have a strong interest in the overall Arctic as well. Russia can be regarded as the most significant actor in the Arctic due to its history in the region, future ambitions regarding the region,

[31] It is noted in the analysis (ibid.: 11) that Russia sees itself as a superpower due to its strategic resources (namely those of oil & gas), and due to its capabilities in foreign and military politics. Furthermore, it is stated that Russia is trying to create dependencies through its energy resources (ibid.). The EU's new Energy Union initiative was created to tackle this dependency, and thus also decrease Russia's sphere of influence in Europe (ibid. 34).
[32] An action that includes both economic and strategic objectives, and is more "silent" and hidden of its nature than geopolitical actions (ibid.: 34, 36).
[33] The authors argue that there is no demand, thus need for a second Nord Stream. Even if there was, it would make more sense to use the already existing infrastructures instead of building completely new ones. The project would enable Russia to place Ukraine under increasing amounts of political pressure. Furthermore, it would increase the Russian influence in Germany, and create disagreements among the EU members. (Martikainen et al. 2016: 36).

as well as its geographical positioning (Martikainen et al. 2016: 43). Russia has indeed written in its strategy papers that the Arctic is a central area of interest for both its civilian and military development (ibid.). Russia also has large economic interests in the Arctic region as 1/5 of its GDP comes from areas above the Arctic circle, and 95% of its natural gas reserves and 75% of its oil reserves from the Arctic or subarctic areas (Laruelle 2014, as quoted in Martikainen et al. 2016: 43). Although Russia has shown massive interest and ambition regarding economic possibilities in the Arctic, the dreams are unlikely to become a reality in the near future due to the costliness of off-shore projects and the difficulties related to the NSR (Martikainen et al. 2016: 43-46). Here it is important to note that whether or not these dreams will become a reality or not, the fact that Russia sees great potential in them is an important notion itself. It reflects the fact that Russia sees the Arctic as of great strategic importance. What is also of central interest regarding this particular section is whether Russia could pose a security threat in the region, thus forcing Finland to create a strategy that identifies survival as its primary goal. Baev (2015: 51) writes that "presently, Russia's interest in building ties with the Arctic neighbours is on the wane, while the intensity of military activities has reached a new high". Russia caught the EU's and the NATO's attention when it performed its snap military exercises in the Arctic in March 2015 (ibid.). Jokela states that "Russia's more assertive foreign policy, and its demonstrated will to resort to military means to advance its interests, has also raised concerns about an arms race in the region" (Jokela 2015: 6).

Furthermore, the Arctic has shown to be of particular personal interest to Putin (Baev 2015: 52), who created an "Arctic Commission", consisting of a small group of his Russian superpower-minded officials and ex-FSB members, to run the country's overall Arctic policy (Martikainen et al. 2016: 43). The appointment of Dmitri Rogozin[34] (Russian Deputy PM) as the chairman of the Commission "signifies the priority attached by the Kremlin to 'hard security' matters' in the region and does not bode well for international cooperation" (Baev 2015: 53). Additionally, due to the smallness of the so-called Arctic Commission, decisions regarding the region can be made very fast (Martikainen et al. 2016: 43). Putin's unpredictability and the fast decision-making process labeling the group responsible for Arctic policies, make it difficult for the Western nations to either predict or foresee how Russia will act in the far-North. In 2014, Russia moved 3,000 of its soldiers to the Alakurtti base, situated only 60 km from the Finnish border (YLE[35] 2014). This event marked the reopening of the Russian base and "is believed to be a sign

[34] He has been included "in both the US and the EU sanctions lists" and has a commonly bad-name in Brussels for his uncooperative manners (Baev 2015: 53).
[35] YLE is Finland's national public broadcasting company.

of Russia's expanding engagement in the Arctic, with the base manned by radioelectronics personnel" (ibid.).

So where does the EU stand in all this? It is difficult to estimate whether the EU, in its current form, could ultimately bring any additional security to the region than for example the US already does. The answer may be found from the nature of the expected threat, and the evolution of the EU in regard to its defense policies. If one considers the threats to result from climate change and its ramifications, the EU can play an important role in providing information through its monitoring and research activities to raise awareness on the issue and to facilitate prediction-making. If the threat is seen to rise from a powerplay between two or more superpowers, the EU's role in providing security in the region with its current capabilities would be small due to its lack of common military abilities among other foreign political weaknesses. Nevertheless, the falsification of the hypothesis deducted from the neorealist theory remains inadequate. It is hard to argue against the (underlying) Finnish desire to bring some security to the Arctic through the Union as "the possibility of increasing national competition, disputes and even conflicts in the Europe's Far North cannot be ruled out" (Jokela 2015). Whilst security is unlikely to be the only reason to why Finland wishes the EU to become a stronger actor in the Arctic, it certainly plays a role. It is acknowledged here that whilst the EU is not a strong actor in military terms, its *presence*[36] can bring some security to the region, and it can facilitate the maintenance of the *status quo*. Taking into consideration Russia's unpredictability and recent aggressive methods of achieving foreign policy goals, it would be misleading to think that a small neighboring nation like Finland would not be content to receive the presence of all the Western allies it can in the region. Although many of the Finnish official goals in the Arctic consist of economic and environmental ambitions, the security dimension should not be bypassed. This discussion will continue in the dispositional and structural dimensions of the analysis.

[36] "The ability of the EU, by virtue of its existence, to exert influence beyond its borders" (Bretherton & Vogler 2005: 24).

5.1.2 Economic incentives behind foreign policy decisions

"Finland strives to increase the cooperation between the Arctic Council and the Arctic Economic Council to support the goal of facilitating business-to-business activities and responsible economic development."

(Ministry for Foreign Affairs of Finland 2017: 1)

In the previous section, survival was defined as a central goal in the Arctic. Nevertheless, other incentives are not difficult to find from the Finnish government documents, nor from the academic journals regarding the Finnish-EU relations within the Arctic framework. The central message can be seen from the quote above – Finnish Arctic goals are highly economic. The quote has been extracted from the Finnish AC 2017 chairmanship program, but similar notions can be seen in all Finnish Arctic documents used in this analysis. During the preparations for the Finnish chairmanship for the AC, the Ministry for Foreign Affairs of Finland (2015) wrote on its website that "Finland stresses that the EU should invest in research and innovations as well as in the improvement of the infrastructure in its Northern areas". Apart from the EU's role as the funder of Arctic development, its role as a regulator is often recognized as well −the Ministry noted that as traffic among other activities is bound to increase in the Arctic regions, "it would therefore be important to prepare the regulation of activities under international law in good time" (ibid.).

The Finnish 2017-2019 chairmanship program for the AC identified the following areas as the Finnish priorities in the Arctic: environmental protection, connectivity, meteorological cooperation, and education (Ministry for Foreign Affairs of Finland 2017: 2-3). In 2016, as Finland had the presidency of the NCM, their goals in the far-North were identified as "removing obstacles to cross-border freedom of movement, promoting digitalization and strengthening the importance of the Nordic countries jointly in the European Union" (Ministry for Foreign Affairs of Finland 2016: 7). In 2015, the Finnish PM's Office published a document named *Growth from the North – How can Norway, Sweden and Finland achieve sustainable growth in the Scandinavian Arctic.* In it, it was stated that "the ultimate goal is to achieve sustainable growth and sustainable communities in the North" (Prime Minister's Office 2015a: 12). Much of the Finnish Arctic related goals and strategies in the near past and now reflect a preference towards borderless liberal economy, and alliance formation with like-minded partners. Finns have a

strong history with digital solutions, which is also shown in its Arctic strategies. The importance of digitalization and broadband facilities is illustrated both in its AC strategy as well as the NCM priorities.

In another analysis published by the Finnish PM's Office (Stepien & Koivurova 2017: 1), the following themes regarding the Arctic were listed as being of common interest for both the EU and the Nordics countries: "Arctic bioeconomy, innovative cold climate technologies, digitalization, and facilitating circular economy solutions suitable for sparsely populated areas". According to the two "Arctic Europe is an integral and indispensable part of the socio-economic landscape of the EU" and that "investments in the region can benefit whole Europe" (ibid.). It is noted that "aligned EU and Nordic actions in these sectors could bring benefits to the region in terms of high-quality jobs, economic diversification and human development" (ibid.: 8). In the same document, positive emphasis is put on the novel EU-Arctic Stakeholder Forum[37] which seeks to reveal investment priorities in the Arctic regions (ibid.: 9). EU is portrayed in the document as an important tool for facilitating "trans-border business and research clusters" (ibid.). The document states that "the EU will never become the main public actor shaping developments in Arctic Europe" (ibid.: 16) − its role is seen as small, yet important in the Arctic region. The statement acknowledges the fact that there are actors more powerful presented in the region, which is why the EU should concentrate on its strong points: creating trans-border business, investing in the European Arctic and enhancing research in the region. All of these can be seen as factors facilitating the achievement of the goal of boosting economic growth. The statement is not surprising as the EU is not a defense organization nor does it "possess the capacity for large scale war-fighting" (Bretherton & Vogler 2005: 213).

To give a more accurate description of just how the EU could boost the economy and help solve the Arctic problems, the main challenges and solutions will be presented next. The key challenges can be found within the following themes: 1) Remoteness and sparse population, 2) Demographic challenges and human capital, 3) Dependence on extractive industries, 4) Traditional livelihoods and Indigenous rights, 5) Climate change and adaption, 6) Border obstacles, 7) New economic opportunities and lastly, 8) International tensions (Stepien & Koivurova 2017: 19-24). The first one is said to be a "key permanent developmental disadvantage" that could be tackled by providing investments to accessibility and connectivity in terms of transport links as well as broadband connectivity (ibid.: 19). Solutions to these

[37] ASF was developed in 2016 through the Commission's Joint Communication.

problems could be found from the EIB loans or ESIF funds (ibid.). The second problem deals with population loss, increasingly aging society and the out-migration of especially women and youngsters (ibid.: 20). Here, the EU's role is seen, again, as a *supporter* of research in Arctic Europe and a *contributor* to the development of SME's (ibid.). Both of these terms can be interpreted to be connected to financial aid. The third problem is that "Arctic Europe remains disproportionally dependent on the extraction of renewable and non-renewable resources, including hydrocarbons and fisheries in Norway, raw materials and forestry in Sweden and Finland" (ibid.). Here again, the EU can help through investments that can help in the diversification of the economies (ibid.). The fourth challenge dealing with indigenous rights is said to be tackled through increased dialogue with the EU, as well as with the help of the ESIF programmes that "provide various forms of support for livelihoods and cultures" (ibid.: 21). Regarding climate change, the EU's main role rests in providing both information and monitoring systems (ibid.: 22). Concerning borders, the Commission has explained in 2016 in its Joint Communication "that the EIB can invest in cross-border projects between Finland, Sweden and Norway if these have "significant development potential"" (ibid.). The EU is seen also as a necessary tool for facilitating the economic opportunities that lie in the Arctic through ESIF and Horizon2020 -programmes (ibid.: 23). Lastly, it is noted that after the Cold War, Arctic Europe has been active in collaborating with Russia, but that "since 2014, these achievements are under pressure from international tensions originating from outside the region" (ibid.). Here again, the solution is some-what economical from its nature since the EU's response to the possible tensions is to promote both regional and sub-regional cooperation (ibid.). The EU can thus be seen to have an important role in the Arctic principally as a funder[38], aside from its role as a regulator (ibid.: 16-17). Further discussions on how the EU can act as a catalyst between Finland's business goals and the Arctic will be presented in the next dimension.

[38] It is furthermore stated in the PM's Office's report that "the EU support for (…) innovative solutions could also take the form of loans for higher-risk investments" and that "possibilities for joint financing of key Arctic projects by the Nordic and EU financing institutions could be also considered" (Stepien & Koivurova 2107:8). The authors (ibid.: 9) propose an *Arctic Europe Seed Money Facility* that could be used to provide support for project proposals that promote the key investment priorities within the Nordic/EU programmes.

5.2 Dispositional Dimension

The dispositional dimension aims to find out, as the name divulges, what *disposed* the actor to act the way it did. Actions are seen as reflections of the actor's larger sets of values and world views (Carlsnaes 2012: 126). Goldstein & Keohane (1993: 29) claim that ideas can be divided into three distinct categories: world views, principled beliefs and causal beliefs. The first one can affect the policy-making "by acting as a roadmap" (ibid.). The next two sections will dig into the dispositional dimensions of Finnish foreign policy. The first section looks at the foreign policy decisions as a result of an externally produced need for security and survival. Here the central question is what could have disposed Finland to name security as its main goal. The succeeding section looks at the case from a neoliberalist view, where through cooperation, actors are expected to receive absolute gains.

5.2.1 Externally produced need for strategic partnership

"By interacting, the Nordic countries can strengthen security in their own region and simultaneously work for increased influence in terms of promoting international security."

(Ministry for Foreign Affairs of Finland 2016: 8)

In order to be able to falsify the neorealist hypothesis, one would have to be able to argue that there cannot be found indicators of an increasing need to cooperate with allies to provide security in the far-North. Many of these indicators have already been introduced in the intentional dimension. The first dimension concentrated mainly on the existence of security-related goals. The second one looks further for indicators of externally produced need for security. But as these are all strongly related to each other, some of them may appear in each dimension. In this section, we look at the need for strategic cooperation rising from the externally produced necessity to survive in an anarchic world[39]. The quote in the beginning of this section is taken from the Finnish NCM presidency strategy paper. The quote was preceded by the following notion: "In recent years Nordic co-operation has increased and deepened, even in the changed security policy situation" (Ministry for Foreign Affairs of Finland 2016: 8). Within a global system characterized by self-help, states must aim to protect themselves, sometimes through the formation of alliances (Mearsheimer 1995: 11). This is exactly what the statement implies by first

[39] For a more detailed discussion on the recent military activities in the Arctic, see Depledge (2015) *Hard Security Developments.*

acknowledging the "changed security situation", and then the consequent increase of cooperation with allies. The document continues to state that the NCM highly values the work it does with its neighbors, although "unfortunately this has become come difficult with Russia recently" (Ministry for Foreign Affairs of Finland 2016: 11). A report published by the PM's Office stated that the Arctic development is increasingly shaped by external factors such as security issues that take place elsewhere, and that the (negative) impact that Russian actions in East-Ukraine had on Arctic cooperation cannot be denied (Koivurova et. al 2017: vii). It is worth clarifying here that cooperation is seen very differently through the neorealist lenses than it is through the neoliberal ones. Although realism recognizes the occurrence of alliance build-up, and at times the necessity of it, it also notes that alliances are temporary in their nature and that today's partner may be tomorrow's foe (Mearsheimer 1995: 11). To put it bluntly, cooperation from a realist point of view can be best described through the logic of (ad-hoc) balance-of-power, where states form alliances in order to protect themselves from the shared enemy (ibid.: 13).

A central point of interest here is whether the Finnish government documents identify worry-some changes in the security environment. The author has noted that apart from the AC documents (the AC does not discuss security issues), security issues are commonly mentioned. According to the Finnish Government Report on Finnish Foreign and Security Policy:

> "The security of Europe and Baltic Sea region has deteriorated. Russia annexed the Crimean Peninsula and created the crisis in eastern Ukraine. A vicious circle has evolved, resulting in increased tension and military activity in the Baltic Sea region. In recent years Russia has also increased its military footprint and activity in the Arctic, where the situation, so far, has remained relatively stable." (Prime Minister's Office 2016: 11).

The Finnish NCM programme paper identifies security as one of the Nordic countries' common challenges among slow GDP growth, climate change and lower birth rates (Ministry for Foreign Affairs of Finland 2016: 8). The PM's Strategic Programme of 2015 states that "the security situation in Europe and the Baltic Sea region has deteriorated, primarily due to the Ukraine crisis", and that "the freezing in relations between the European Union and Russia is impacting on the region's security and economy" (Prime Minister's Office 2015b: 8). It is also noted in the strategy that "instability is being created by changes in the international security environment, unfavourable developments in Russia and the return to power politics" (ibid.: 9). As portrayed here, and earlier in the intentional dimension, the Finnish

governmental documents identify clear changes in the European security environment − mainly resulting from the Russian actions in Ukraine. In the neorealist hypothesis, the EU is depicted as an actor that could bring security to the Arctic region. A similar notion can be seen in the PM's strategy report according to which "the most important task of the European Union is to safeguard peace, security, prosperity and the rule of law on our continent" (ibid. 34). Furthermore, it is noted regarding the ESDP that:

> "The EU is an important security community for Finland. Finland supports the strengthening of the EU's Common Security and Defence Policy and the reform of the Union's Security Strategy. There must be common means to combat terrorism, international crime and hybrid threats. Finland seeks to strengthen cooperation in capability development as well as to strengthen European defense industry and markets. The Government will promote the establishment of comprehensive and binding EU-wide security of supply arrangements." (Prime Minister's Office 2015b: 35).

Niinistö, the President of Finland, stated in his New Year's Day speech on 1 January 2017 that:

> "The EU has lost its footing in international politics. There has been speculation that Presidents Trump and Putin will negotiate about Europe without Europe's input. The EU cannot be absent from the table when decisions about the future are being made." (YLE 2017).

He declared that Europe should concentrate on its most important job, thus that of assuring peace and security to its people (ibid.). Niinistö is an open supporter of the increased EU defense cooperation[40] and addressed the very topic also in his New Year's Day's speech by saying that "You can't start the discussion by first defining what things the cooperation doesn't include. It is best to proceed step by step, without deviation, and see where the journey takes us" (ibid.). It has also been noted in the newest Finnish Foreign and Security Policy report that "it has become necessary and possible to implement the mutual assistance clause included in the Treaty of Lisbon" (Prime Minister's Office 2016: 12). In November 2016, Niinistö talked to the press in Brussels about Trump's wish for Europe to take more responsibility of its own security in the following way:

[40] According to Jokela (2015: 41), Finland has recently pushed for the implementation of the solidarity and mutual assistance clauses in order to make the changes in the MS legislation that would enable the providing and receiving of assistance.

> "It is a theme that has been reiterated in the United States for many years. I think that it is time for the EU's NATO members to openly admit the extent to which they have depended on the US for military protection. The contrast with Finland is clear. We have maintained military service throughout the years." (TPK 2016).

The Finnish government documents produced after the Ukraine crisis are clear about the changes in the security environment. They also reflect the importance of the EU in the eyes of the Finns as a central security provider in Europe, and respectively also in the Arctic. The EU might just have heard the Finnish wish, as it was stated in November 2016 that the "European Commission proposes a European Defense Fund and other actions to support Member States' more efficient spending in joint defense capabilities, strengthen European citizens' security and foster a competitive and innovative industrial base" (European Commission 2016b). The plan follows the ambitions pointed out by Juncker in his 2016 State of the Union speech:

> "To guarantee our collective security, we must invest in the common development of technologies and equipment of strategic importance – from land, air, sea and space capabilities to cyber security. It requires more cooperation between Member States and greater pooling of national resources. If Europe does not take care of its own security, nobody else will do it for us. A strong, competitive and innovative defense industrial base is what will give us strategic autonomy" (European Commission 2016b).

New methods of security-related cooperation do not end there. In April 2016 the Commission introduced its adoption of a Joint Framework created to counter hybrid threats, and in April 2017 the Finnish Government announced the start of the European Centre of Excellence for Countering Hybrid Threats in Helsinki.

Moreover, the range of challenges possibly rising from climate change, and respectively the extent of EU's capabilities in conducting large scale research projects and providing monitoring exercises to prevent or to manage those issues can give some additional understanding to why a small state could see the EU's involvement in the region beneficial in terms of maintaining both international and domestic security. The EU Satellite Centre (EUSC), the Institute for Security Studies, the EU Joint Situation Centre (SITCEN), the EU Network of Energy Correspondents (NESCO) and the Global Monitoring for Environment and Security and Joint Research Centers are examples of some of the tools that the EU can

concretely use in order to monitor the regions (Commission 2008a: 9). The Ministry for Foreign Affairs of Finland (2017: 2) noted that "circumpolar meteorological and oceanographic cooperation will improve public safety, benefit international shipping and air traffic, and enhance Arctic climate science". Whilst natural disasters are not security threats arising from states' actions in the anarchic world, they might trigger trans-national conflicts. As the climate change furthers, a number of consequences will affect also nations well-beyond the Arctic regions. One of these consequences is natural disasters caused by climate change. They may for example force people, especially those living by the shore, to move away from their homes causing environmentally-induced migration.

As explained above, the EU can currently provide some security to the Arctic region through monitoring and research activities. In addition to that, Finland has been very vocal about her wish to make the EU a more respectable security provider by increasing its defense capabilities. These can indeed explain why Finland wishes the EU to become a stronger actor in the Arctic region. Lastly, Finland, a small state, may benefit from the EU in the Arctic as a facilitator of its own ambitions due to the EU's larger capabilities. As explained by Bretherton & Vogler (2005: 33): "the instruments traditionally employed in pursuit of external policy objectives include political (diplomacy/negotiation), economic (incentives/sanctions) or military means". The EU possesses all these instruments to some extent (ibid.), and can thus be seen as an important tool for a member state to achieve its own external policy objectives. When acting as a part of the EU, Finland gains a more powerful status than it would alone in regard to all the capabilities listed earlier by Waltz[41].

5.2.2 Internally integrated wish for cooperation

"Our goal is as Nordic region that can make a strong contribution to peaceful development in Europe and worldwide."

(Ministry for Foreign Affairs of Finland 2016: 7)

From a liberal mind-set, liberal democracies are each other's natural allies who seek to "balance between the desired aims and the available resources, whilst at the same time trying to diminish the threats and promote the allies" in their foreign policy (Doyle 2012: 54, 69). Moreover, "a fundamental postulate of liberal foreign policy is preserving and expanding the liberal zone of peace" (ibid.: 76). Indeed, the EU

[41] List of capabilities can be found from the third chapter, under Neorealism and Foreign Policy.

can be seen as accomplishing just that in the Arctic (and elsewhere). It is noted in an analysis published by the Finnish PM's Office that "the region's potential could be better utilized through making Arctic Europe more integrated internally (…) via the elimination of border obstacles, emergence of pan-regional business activities, and common strategic planning" (Stepien & Koivurova 2017: 7). The EU's role in facilitating this kind of a change is central, both in terms of enabling easier cross-border trade as well as in investing in innovations and strategic planning of the region. Indeed, it is noted that although the EU's funding programmes[42] are "relatively small in terms of monetary resources (…) they are very important for cross-border cooperation in the Arctic Europe" (ibid.: 16-17).

As explained previously in the intentional dimension, the EU's method of tackling possible threats in the Arctic Europe is to increase regional and sub-regional cooperation. In addition to tackling threats, cooperation in the liberalist view is seen to result in mutual reciprocity. Stepien & Koivurova (2017: 27) explain that apart from the NCM, "there are multiple cooperation frameworks present in Arctic Europe, including North Calotte Council, Bothnian Arc, Tornio Valley Council, the Northern Sparsely Populated Area network, and new initiatives such as the Arctic Europe[43] cooperation". The NCM is currently concentrating on the following topics: "bioeconomy; Nordic climate solutions; education and research in the Nordic region; Nordic food and nutrition; and energy cooperation" (ibid.). The first theme, bioeconomy, "is believed to have potential to enhance competitiveness and sustainability of Nordic economies", whereas Nordic climate solutions aim at discovering green growth solutions (ibid.). The NCM was used to cooperating closely with various Russian actors, until its offices were shut down in Russia due to the labeling of these offices as foreign agents (ibid.: 28). Although Russian cooperation may have faded, the NCM keeps funding and maintaining 11 cross-border committees (ibid.: 29). These committees work with e.g. regional and business sector development, identity and culture, innovation, energy efficiency and the promotion of education and skills development (ibid.). Here, the engagement in international cooperation is seen to result in desired mutual reciprocity, and possibly provide stability.

[42] E.g. ESIF and Interreg programmes, incl. ENI cross-border programmes (Stepien & Koivurova 2017: 16)
[43] A new form of collaboration among regions and counties, driven by the Finnish cities of Oulu and Rovaniemi, as well as the Swedish city Luleå and Norwegian city Tromsø with the aim of becoming a "forerunner in the global competition of skills, business, innovation and growth" (Stepien & Koivurova 2017: 30). A Joint Arctic Agenda has already been established by the fore-mentioned cities' universities (ibid.).

Further cooperation can be found from the Nordic Investment Bank[44] (NIB), the Nordic Environment Finance Corporation (NEFCO), Barents Euro-Arctic Region, Northern Forum and the various projects that enjoy EU funding[45] (Stepien & Koivurova 2017: 30-31). Less borders and more growth in economy can be identified as the central goals of both the EU and the Nordic cooperation. Another "clear area for Nordic-EU synergies is climate change mitigation and adaption", and furthering of digitalization (ibid.: 34). Here, engagement with international institutions and cooperation among other natural liberal allies can be identified as the dispositional factors of actions taken in order to achieve the goals set in the intentional dimension. Keohane & Martin (1995: 49) wrote that "by creating issue linkages, they [institutions] allow for more effective retaliation against cheaters and also create scope for mutually-beneficial exchanges" (ibid.). The EU could function in the Arctic as a creator of issue-linkages that would profit its member states in the form of mutually-beneficial exchanges, thus providing absolute gains**.** Through its monitoring systems it can also point out cheaters, and facilitate their retaliation. According to Keohane (1984: 259), "To pursue self-interest does not require maximizing freedom of action. On the contrary, intelligent and farsighted leaders understand that attainment of their objectives may depend on their commitment to the institutions that make cooperation possible".

5.3 Structural Dimension

Lastly, the structural dimension behind the foreign policy decisions of Finland will be analyzed. This is the very last dimension, and its powers reach all the above-mentioned dimensions. It reflects the states' deepest understandings of the world. Here, we will look at the Finnish desire to further involve the EU in the Arctic, firstly as a result of defensive motives that encourage a small state to engage itself with a beneficial ally. The dispositional dimension focused on the externally produced need for strategic cooperation as a way to achieve the nation's goals. In this section we go one level deeper, and analyze the underlying interpretation of an anarchic system that pushes a state towards defensive actions. These two dimensions are in many ways very similar as the dispositional dimension reflects the structural dimension. Secondly, we will analyze foreign policy actions as a result of the desire of achieving peace through interdependence and economic means. Both rise from the same understanding of an anarchic

[44] NIB is "an international financial institution owned by eight countries: Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden" (Stepien & Koivurova 2017: 30). Much of the given loans go to "finance investments that support Arctic strategies of Nordic countries" (ibid.).
[45] Interreg Northern Periphery and Arctic Programme, ENI Kolarctic and Interreg North are mentioned as the most important ones by Stepien & Koivurova (2017: 31).

world where rational actors seek for results that are beneficial for themselves. Additionally, in both sections small states are seen to become stronger through either alliances or increased cooperation.

5.3.1 Alliances reflecting defensive motives

"We do not know how quickly traffic on the Northern Sea Route will grow. We do not know the timetables of big energy projects. And we do not know the full effects of climate change in the Arctic. However, uncertainties do not remove the need for closer cooperation, they underline it."

(Prime Minister's Office 2015a: 9)

As elaborated in the theory section, a neorealist perspective emphasizes the importance of security related concerns behind the foreign policy decisions of a state. Alliance building may function as a method of protecting oneself from an expected threat. It can also be used as a tool to maintain the existing *status quo*. As can be seen from the quote above, there are a lot of uncertainties around the future of the Arctic, which according to the Finnish PM's Office, emphasizes the need for cooperation. According to Mearsheimer (1995: 11), the fact that states cannot trust each other forces them to live in a constant fear of a possible war. In his words, "they anticipate danger" (ibid.). According to Jokela (Jokela 2015: 6), the possibility of an Arctic danger is not too far-fetched as "the ongoing crisis in Ukraine and the deteriorating relations between Russia and the West provide the most topical example of how conflicts elsewhere might spill over into the Far North". Russia has indeed shown aggression in its most apparent form in Ukraine and Syria (Martikainen et al. 2016: 62). Additionally, it has increased its presence and some-what provoking behavior in the Baltic Sea Region (ibid.). Russia has also been training on performing a nuclear strike in Sweden, as well as harassed the US Navy vessels in international waters (ibid.). The fore-mentioned behavior reflects lack of respect towards international rules (ibid.). The aggressive behavior will surely affect its small neighbor's foreign policy decisions. According to the Finnish Government Report on Finnish Foreign and Security Policy:

> "Changes in the international security environment, the return of Russia to thinking in terms of power politics, including its internal development, the growth of its military potential and increasing military activity challenge the very foundations of the European security regime and create instability in Finland's operating environment." (Prime Minister's Office 2016: 11).

The realist outlook on national security can be divided into three S's, statism, survival, and self-help (Schmidt 2012: 192). An important tool for enhancing security is the balancing of power, both in internal and external terms (ibid.: 194). Internal balancing means growing one's own military capabilities in efforts to balance against a hegemon or a strong alliance, whereas external balancing means creating alliances and joining forces with others in order to "ensure an equilibrium of power" (ibid.). The central question here is whether there are indicators of Finland forming alliances that reflect defensive motives. The author argues that there are, and they can be found on a bilateral level, Nordic level, as well as European level. Also signs of internal balancing can be found from Finland's freshly published defense report, as will be elaborated further on in this section. The EU level has been discussed earlier in this paper regarding e.g. President Niinistö's desires of strengthening the common European defense capabilities. As the EU is treated as a "state-like actor", the alliance building with it can be evaluated from the realist perspective. On a Nordic level, "the five Nordic states have strengthened their previous cooperation, which was mainly focused on international crisis management, by establishing a more structured form of cooperation known as NORDEFCO[46] (Jokela 2015: 41). On a bilateral level, Finland and Sweden have announced the strengthening of their "peacetime defense cooperation" substantially (ibid.). Finland and Sweden have also taken part, although unarmed, to the cooperative air patrolling exercise organized by NATO's Icelandic Air Policing (ibid.). On a national level, visible changes have been made as well. In the Government's Defense Report (published in February 2017), it was stated that "as a result of the increasingly complex nature of war a wide range of measures could be used against Finland" (Prime Minister's Office 2017a: 5). Therefore, "additional annual financing of EUR 150 million from 2021 onwards, on top of index adjustments, is needed to maintain the level of the Defense Forces' materiel investments" (ibid.: 31). On top of that, "it is estimated that additional annual financing of EUR 55 million from 2018 onwards is needed to improve readiness so as to be able to respond to the changes in the security environment" (ibid.:31). Furthermore, Finland will raise "the total wartime strength" to 280 000 troops (from the previous 230 000 troops) (ibid: 21.). It is noted in the document that:

> "Russia aims to strengthen its great-power status, and it has expressed the goal of a sphere-of-influence based security regime. It has demonstrated the ability to take swift

[46] NORDEFCO enhances "the Nordics' national defence capabilities through joint procurement and the creation of some pooled or shared capabilities" (Jokela 2015: 41).

> strategic decisions and to employ coordinated military force and a wide range of other instruments in pursuing its objectives." (Prime Minister's Office 2017a: 8)

Rahbek-Clemmensen (2017: 2) agrees with the government's notion regarding the Russian aim of strengthening its great-power status: "Russia's interests in Arctic oil and gas are intimately linked to its wish to remain a great power, as extracting and exporting these resources finances the Russian state in the long term".

Another report published by the PM's Office recently noted that Russia has openly announced its goals of narrowing the Finnish security policy leeway and hindering the complete Western integration of Finland (Martikainen et al. 2016: 66.). With this in mind, it is hard if not impossible to exaggerate the importance of international cooperation for Finland (ibid.). The report states that alone, Finland is very vulnerable, but when working with other Nordic countries, the EU, as well as other Western partners it can be better protected (ibid.). The Finnish Government Report on Finnish Foreign and Security Policy stated that "the recent changes in our operating environment have also created new threats and instability. From the European perspective the international security situation has deteriorated in recent years" (Prime Minister's Office 2016: 8). The report also states that:

> "The elements that influence the dynamics of the world order include the resolve of the United States to maintain its primacy, Russia's ambition to regain strategic balance with the United States as well as China's aim to achieve a political status which corresponds to its economic power in Asia and globally. The European Union strives to strengthen its global role. Emerging nations across the continents want to have the global status they consider justified." (ibid.: 11)

Albeit the EU is not a strong military actor now, it can play an important role in maintaining the Arctic *status quo*. This can be achieved by not letting external conflicts to spill-over to the Arctic region. According to Rahbek-Clemmensen (2017:2) the possibility of a spill-over of the Ukraine crisis to the Arctic can be evaluated by looking at the regional great powers' (EU as one of them) possible isolating[47] and punishing activities (ibid.: 3). He states that "regions with only isolating actors will experience very

[47] "A great power may choose to isolate a region from conflict spill-over if it has important regional interests that overshadow its global interests" (ibid.).

little spillover, while regions with punishing actors will experience spillover" (ibid.). The documents analyzed seem to point to the direction that Russia sees the Arctic as of central importance in economic terms, whereas the Western nations are more skeptical towards the profitability of, for example, the extractive sectors due to the harsh climate and overall rough conditions. Russia is furthermore dependent on Western cooperation in the Arctic and thus acts in the region in an isolating, as opposed to punishing manner (ibid.). The US and the EU have punished Russia in the form of sanctions − however being *status quo* states[48] they have restricted their punishments "as they have an interest in preventing conflicts from escalating and destabilizing the *status quo*" (ibid.). In sum, "Russia is an isolating actor in the Arctic, in spite of employing revisionist strategies on a global level" (ibid.: 5), and thus it seems as if a conflict spill-over to the Arctic remains unlikely. Considering all the previous dimensions and the actions taken by Finland, as well as the rhetoric applied to the changes in the operational environment, the realist hypothesis *Finland wishes to increasingly engage the EU in the international Arctic cooperation in order to gain more security in the far-North* cannot be falsified. According to Mearsheimer (1995: 49), policymakers who depend on the institutionalist theories build policies that are deemed to fail due to the fact that the theories do not succeed in describing the world system correctly. The next section will discuss the structural dimension from the neoliberalist perspective.

5.3.2 The desire of widening the prosperous liberal zone of peace

"Nordic co-operation is very important for the Nordic countries and for Finland as a Nordic country. It is also an important part of European and international co-operation and its goal is a strong Nordic region in a strong Europe. Nordic co-operation aims to strengthen common Nordic interests and values."

(Minister for Foreign Affairs of Finland 2016: 7)

The democratic peace theory is believed to foster security in the neighborhoods as the liberal zone of peace is expanded. Furthermore, prosperity comes as an end-product of the lucrative cooperation. The statement above is a part of the introduction of the Programme for the Finnish Presidency of the NCM in 2016. It fits both the liberal structural and dispositional dimension nicely as it disposes both why the states act like they do (in order to create a strong, thus also secure, Nordic region and a strong Europe) as well as sheds light on the very underlying value-base from which the desire for cooperation with

[48] Thus states that "have an interest in maintaining global stability" (ibid.).

similar allies is reflected from. In the PM's Office's *Growth from the North* report it was noted that "reducing border obstacles is of paramount importance to economic growth in the Scandinavian Arctic", and that "we support the Freedom of Movement Council's goal of abolishing 5-10 border obstacles per year in the fields of labour market, social policy and education" (2015a: 23). The report describes the EU's role in the Arctic "as a major contributor to research and investment ", and "a strong proponent of greater international efforts to fight climate change" (ibid.: 34). The Nordic cooperation and common lobbying activities in Brussels are seen as important tools "to secure EU funding for key projects and influence the drafting of future Trans-European Networks (TENs)" (ibid.). Here, cooperation is seen, and hoped, to result in absolute gains. With less borders and more cooperation, the common Nordic and EU values can be extended to wider areas of the Arctic – thus, in liberalist terms, fostering "the conditions that might allow the liberal community to grow" (Doyle 2012: 69).

In the strategic programme of PM Sipilä's government Finland's vision for the future was built on "Finland as part of Europe", on top of which other priorities like sustainable economy and security could be built on (Prime Minister's Office 2015b: 7). In 2013, the Finnish Arctic Strategy paper stated that Finland should "support international Arctic cooperation by establishing new bilateral partnerships" and "remove barriers to international trade, combat protectionist measures and make use of Russia's WTO membership" (Prime Minister's Office 2013: 60-61). As opposed to realists who argue that interdependence "heightens the potential for political friction and exposes the vulnerabilities of insecure states in an anarchic setting", liberals believe that "economic interdependence decreases incentives for conflict by tying peoples more closely together and increasing the costs of economic disruption to high or prohibitive levels" (Mastanduno 2012: 220). Furthermore, the Finnish Arctic Strategy paper stated that one of the central objectives related to Finland's position in the Arctic is to "promote international cooperation and international treaties as the foundation for all of Finland's activities in the Arctic" (Prime Minister's Office 2013: 59). The objectives for 2011-2015 were related to the following themes (amount of sub-priorities in brackets): Finland's Arctic population (2); Education and research (0); Finland's business opportunities (9); Environment and stability (3); International cooperation in the Arctic (4) (ibid.: 49-61). Clearly the largest emphasis was set on the Arctic business opportunities, including objectives within mining, tourism, digitalization, cleantech, transport, shipping, energy and renewables (ibid.). It is furthermore stated in the document that "Finland is actively involved in multilateral cooperation at the global and regional levels to achieve its own Arctic goals and to pre-empt global

threats" and that "the fundamental components of Arctic debate are cooperation, mutual dependence, trust and transparency" (ibid.: 43) − highlighting the very core liberal notions. A report published by the PM's Office noted that the Arctic paradigm has shifted from the Cold War paradigm to the paradigm of collaboration (Koivurova et. al 2017: 20).

Moravcsik (2010: 92) argues that "the EU's enlargement may well be the single most cost-effective instrument to spread peace and security that the West has deployed over the past 20 years". In the liberal view, *civilian power*, thus "high per capita income; a central position in networks of trade, investment, and migration; an important role in international institutions; and the attractiveness of social and political values" is of more importance than "population and aggregate national income, which feed into military mobilization and spending" (ibid.: 92-93). Moravcsik (ibid.: 93) goes as far as to say: "Europe today is more effective at projecting civilian power globally than any other state or non-state actor". Furthermore, "in trade and investment affairs, Europe is a global economic superpower larger than the United States and far ahead of countries such as China and India" (ibid.: 94). The EU's civilian power capabilities can be seen to facilitate the creation of a stable environment for prosperous cooperation in the far-North, thus one cannot falsify the following hypothesis: *Finland wishes to engage the EU in the international Arctic in order to create prosperous cooperation in the far-North.*

5.3.3 Concluding remarks

This thesis aims to both contribute to the theories applied, as well as add to the overall understanding of what is going in the Arctic, and how the changes that took place especially after the Ukraine crisis can affect a small state that is a neighbor to the implied aggressor of the region. Both applied theories share the understanding that states act in an anarchic world and are, above all, rational actors who make decisions that are based on their self-interest. Both theories also admit that a small state benefits from cooperation. Whilst the realist assumption has proven its capability of explaining a state's actions when it feels its survival is at stake (Finland showed a reaction to the threat on a national, bilateral and EU-level), there can also be easily found data that supports the neoliberalist theory for example in the institutions' success in solving border disputes peacefully[49] (cf. Koivurova et. al 2017: 20), as well as the vast promotion of cross-border business cooperation in the Arctic region. As both sides (the Western

[49] Perhaps the most significant example is the peaceful resolution of the 40-year long border dispute between Norway and Russia (cf. Koivurova 2017: 20).

nations and Russia) have interests in the region, and the more aggressive actor is dependent on the Western know-how and technology, there seems to be little indicators for an Arctic conflict any time soon.

Finland's perception on the altered security environment is clear, as is her desire of strengthening the EU's role as a respectable security provider. Whilst the EU's current defense capabilities remain inadequate, the author reasons that the EU's civilian powers and *presence* in the region can be seen beneficial to Finland in terms of promoting the over-all European values[50] in the Arctic region. It is apparent however that Finland strives to increase the EU's defense capabilities and thus wishes the EU to eventually develop into an actual security provider.

Figure 4. Similarities and differences between neorealism and neoliberalism. The lowest level of the figure, the structure of the system, is anarchic according to both theories. Both also see the actors as rationalistic and self-interest oriented. Moreover, they agree that security is an important end-goal. Which path of strategic engagement (strategic alliance build-up/engaging in international institutions) the state chooses, depends on its world view, as well as its understanding of both its own capabilities and the security environment around it. (Figure my own.)

[50] By this the author means for example rule of law, social rights and environmental protection.

The figure above presents the process behind foreign policy actions. Both views acknowledge that a state may need the help of others in order to be stronger, be it in economic or military terms. Although the Finnish Arctic strategies and related government documents may seem to triumph the liberal institutionalist hypothesis from the surface, it is troublesome to falsify the neorealist hypothesis. Even though the realist thoughts may not be explicitly highlighted in the materials[51] analyzed (although they are there), their existence and importance can hardly be denied or falsified. Indeed, the author assures that setting the two theories against each other does not bring satisfactory and ubiquitous answers to the problem formulation, and that there is a prerequisite for a multidimensional approach that considers situational factors (time before and after the perceived threat). What is of central importance to note here is that the Arctic is currently under a change, and so are the respective foreign policies. The change began with the Ukraine crisis and forced states like Finland[52] to alter her principal goals, and the corresponding dispositional factors. According to the Finnish Foreign and Security Policy report:

> "Every state's foreign and security policy strategies and goals are based on its internal situation, self-image and analysis of the surrounding world as well as threats and prospects that arise from it. The state's political system influences the manner by which it sculpts its internal goals and its economic, cultural and other resources into foreign policy goals." (Prime Minister's Office 2016: 13)

[51] Obviously, this was not the case for the security policy related reports.
[52] Finland and Sweden are particularly affected since they are not part of the NATO and its protection.

6 CONCLUSION

"Political stability is crucial for the Arctic states' attempts to create a favourable environment for investment and financial risk-taking. Cooperation is also essential for the attempts to adequately manage the risks and safety concerns associated with increasing economic activity; that is, to strive for sustainable economic development in the Arctic."

(Jokela 2015: 6)

Findings largely support the neorealist hypothesis as after the Ukraine crisis the data reflects the assumption that cooperation and interdependence are not sufficient means of providing stability in the region. A state cannot prioritize economic growth when its very own survival is at stake. Whilst economic goals surely have a place in the Finnish foreign policy desires, the security concerns and state survival will prevail. As the above quote reflects, if there is no stability, there will be no investments. Furthermore, another central finding was that it is hard to separate the Finnish foreign policy in the Arctic from the fact that Finland is a small state and acts in an area that contains several big powers. Moreover, it was noted that the foreign policy took a turn after its neighbor showed unexpected aggression in 2014. However, it is hard to evaluate how big of an impact it had, or will end up having, among the Arctic states' relationships with each other. Rahbek-Clemmensen (2017) argued that Russia is dependent on the Western cooperation in the Arctic and will thus not want the crisis to expand to the far-North. And neither will the US and the EU, as they wish the *status quo* to remain. From the Western nations' point of view a conflict in the Arctic would be costly, and bluntly, not worth the fight since the potential Arctic lucre is far from being easily accessible, and to a large part already divided by the littoral states (Cf. Koivurova et al. 2017: 20). As Finland is a small state, its best odds in attaining its intentional goals lay within cooperation. One could argue that Finland's wish to further involve the EU in the Arctic reflects its need to form like-minded alliances in the region. As a rational actor, Finland is operating based on self-interest and attempts to externally balance the power in the Arctic. The balancing of power is also evident in an internal level as the Defense Minister's reports showed. However, if the government documents will increasingly address the security-issues in the region and further discuss the Finnish NATO-membership, there is a threat of an Arctic security dilemma, where Russia will feel the need to increase its defense capabilities in the region as a response to the growing Western alliances. There seems to be a fine line between using an intrusive rhetoric in pursuing stabilizing activities in the Arctic, and choosing a less

Russian excluding/condemning method of balancing the power in the region. As a policy recommendation the author suggests that the small state's survival ought to be achieved in a manner that does not provoke the rise of a security dilemma in the region.

So far, border disputes have been solved peacefully in the region. This could be explained by the factors listed above and by the logic that a large conflict would prohibit the nations from pursuing their trade and/or extractive activities. A small state like Finland recognizes that by bringing a like-minded democratic international actor, that is also an economic giant, to the region would effectively increase its own gains as well. The EU would bring governance and democracy to the region, and help achieve absolute gains. There can be found several connections between the neoliberal theory and the empirical data, pointing to the conclusion that the EU is an important value-based actor that can promote free trade, growth and the overall liberal zone of peace in the region. Moreover, the EU is seen as an important actor in the fight against global challenges such as those of climate change and terrorism. However, the data also supports the neorealist hypothesis according to which the EU's presence in the Arctic is hoped to bring the small state (needed) security in the region. It seems plausible that an either-or conclusion does not bring satisfactory results.

Waltz (1979: 199) talked about the great powers, namely those of the US and the Soviet Union, and their "extraordinary positions in the systems". He argued that because they were great powers, they could "undertake tasks that other states have neither the incentive nor the ability to perform" (ibid.). According to Waltz, these tasks included "the transforming or maintaining of the system", "the preservation of peace" and, "the management of common economic and other problems". The EU can be seen as a welcomed great power that has the potential to perform at least some of these tasks in the far-North. Furthermore, the Finnish−EU relationship could be compared to that of Kansas-Washington, as presented by Waltz. He explains (1979: 104) that "insofar as a realm is formally organized, its units are free to specialize, to pursue their own interests without concern for developing the means of maintaining their identity and preserving their security in the presence of others". Waltz thus declares that Washington needs Kansas "for beef and wheat", whilst at the same time Kansas needs Washington in terms of "protection and regulation" (ibid.). The same formula could be applied to the EU and Finland in the Arctic framework to explain how Finland benefits from both the protection and regulation of the EU in

the far-North, whilst at the same time permitting the small state to concentrate on achieving its own goals and interests in the region.

What is important for the policy-makers to recognize is the Russian foreign policy. Russia is seeking to strengthen its superpower status and views the Arctic as a region of relative gains. For a state that sees the world as a zero-sum game, the entering of the EU means a change in power balances. Contrary to the Western nations, Russia may view the Arctic as "worth a battle", as it identifies the Arctic region as of the highest national importance. Here, a possible security dilemma is born as a result of different actors applying different strategies and understandings of the world to the same region. Lastly, one must be careful in regard to blaming Russia for the tensions in the Arctic. Russia's reaction to the Western sanctions could have been much worse, especially when taking in to account the fact that "the western sanctions explicitly target Russia's most important regional interests (its energy sector), where Moscow is most dependent on the west" (Rahbek-Clemmensen 2017: 10).

Finally, it is important to note that "no theory has exclusive claims to the truth" (Lamy 2008: 138). Politics, both domestic and international, are under a constant change which is why cases like this need to be re-done regularly to address the current state of affairs. This thesis has discovered that the neorealist hypothesis was increasingly supported by the data after the Ukraine crisis, whereas the neoliberal hypothesis showed more relevance before it. The fact that the data seems to support both hypotheses, and thus both theories, does not exclude the possibility of a single outcome. The two theories may explain the process of achieving stability in different ways, but neither of them explicitly predicts an Arctic war. The neo-neo debate has proven to be an interesting theoretical setting for this specific case and has enabled a multidimensional analysis that highlighted the importance of situational factors, such as that of the Ukraine crisis. As neoliberalists have argued that they effectively belong to the neorealist family[53], the separation of the two is not as straight-forward as one would expect due to differences in their mother-theories.

[53] Cf. Lamy 2008: 133

6.1.1 Further thoughts

One may have produced different conclusions by using different theories as explanatory tools. For example, constructivism or neomarxisism could have been applied. Constructivism's key argument states that reality is a product of social construction (Flockhart 2012: 82). In explaining political action, it concentrates on the "role of identity" that shapes it (ibid.). According to constructivists, reality is not "a pre-given entity", but rather something that is constantly being constructed by individuals (ibid.). Although constructivism provides arguments regarding for example the endurance of institutions (ibid.: 92), the author decided not to use it due to its inability to explain "who or what are the main actors, problems or issues in international relations" (ibid.: 80). In essence, constructivism merely concentrates on defining different social relations and does thus better fit the box of approaches rather than theories of IR (ibid.). Furthermore, neomarxisism, a theory that "focused on relations between advanced capitalist powers and less developed states and argued that the former−aided by an unholy alliance with the ruling classes of the developing world−had grown rich by exploiting the latter" (Walt 1998: 34), could have been used if the thesis concentrated more on the relationship between the Finnish/Arctic indigenous peoples and the EU and its role in the Arctic as a(n exploitive) business enhancer. In this case Wallerstein's World-system theory could have been used to explain how the Western core countries, with high income and high investment capabilities, and the indigenous peoples' periphery "are linked together in an exploitative relationship in which wealth is drained away from the periphery to the centre" (Hodben & Jones 2008: 148). However, for this particular study the chosen theories were a better fit due to their capabilities in explaining foreign policy actions. Both theories were capable of providing explanatory power over the case from their respective perspectives. Moreover the chosen methodology enabled the detailed discovery of the case and the five-year long time frame was sufficient to show changes in the rhetoric and policy priorities. Had there been more resources and time to complete the thesis, it could have benefitted from interviews with the relevant policy-makers conducted both before and after the Ukraine crisis. Although generalizability is not often high in case studies, the chosen methodology enabled a vivid discussion of the case and is thus regarded as a successful choice by the author. However, due to the limitations in scope this thesis obviously does not cover all the information one could add to the case. With more historical perspectives and detailed knowledge from the policy-makers one could take the analysis one level deeper.

As the small state factor of Finland proved to be of significant importance, the same research question could have been addressed solely from the small state theoretical perspective. The research could have compared the different small states in the Arctic to see if they all show a similar approach, or whether the Finnish case is special due to its geopolitical positioning as well as its history with Russia. Also the neoclassical realist perspective that stresses the importance of state leaders' perceptions of the distribution of power would have been interesting to use. The theory could have been used to see if there are clear connections between the governments' prevailing political opinions and attitudes towards Russia and the foreign policy decisions they make. Further research is indeed needed to understand the nuances behind the Finnish foreign policy regarding the Arctic, and the differences that will appear in the Finnish-Arctic discourse for example after the change of the current government. By nuances I mean for example the various historical and political aspects that have shaped the Finnish foreign policy for a long time. Historically, the close relationship[54] and shared history[55] with Russia have affected the decisions made by the Finnish heads-of-state. Bretherton & Vogler (2005: 25) argue that before the end of the Cold War, Finland had been "prevented, by its closeness to the Soviet Union, from pursuing an independent foreign policy". Additionally, in order to examine the case from a different angle, European integration theories could have been used to explain the reasons behind the EU's growing presence in the Arctic.

[54] Russia shares a border with Finland that is longer than the border Russia shares with all other EU MS combined.
[55] Paasi (1990) described Finland as the "epitome of living geopolitics" by using the term "suomettuminen" (Finlandization) − used to explain the "supposed Soviet influence in Finnish foreign and internal politics". As he argues, the term has a negative connotation in Finland, and the importance and relevance of geopolitics on Finnish foreign policy has often (wrongly so) been belittled.

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8 Appendix 1: The European Union and the Arctic

10/07[56]	European Commission *An Integrated Maritime Policy for the European Union*	The policy was created 'to enhance Europe's capacity to face the challenges of globalization and competitiveness, climate change, degradation of the marine environment, maritime safety and security, and energy security and sustainability'. It emphasizes e.g. the importance of the creation of a *European Strategy for Marine Research* and a *European network for maritime surveillance*. As can be seen from the title, the document focused mainly on the EU's maritime policy that is connected to issues such as CO2 emissions, and the pollution produced by the maritime shipping activities.
3/08[57]	*Climate Change and International Security: Paper from the High Representative and the European Commission to the European Council*	The paper dealt with climate change and its impacts on international security. It stated that 'the EU is in a unique position to respond to the impacts of climate change on international security, given its leading role in development, global climate policy and the wide array of tools and instruments at its disposal'. It also pointed out to the EU's crisis management capabilities and conflict deterrence. It was noted that sea-level rises and extreme natural disasters are likely to affect especially China, India, the Caribbean area and Central America. Also, the issue raised by the UN concerning environmentally-induced migration was mentioned. The paper thus focused on international security first and foremost.

[56] *European Commission 2007 in the bibliography (all references are from the policy document in question)*
[57] *European Commission 2008a in the bibliography (all references are from the policy document in question)*

10/08[58]	European Parliament *Resolution of 9 October 2008 on Arctic governance*	In the resolution, the Parliament hoped that the Commission would include energy and security policy in its Arctic Communication, make appropriate changes in the IMO regulations to improve maritime safety regulations and work together with the Arctic Council to ensure the Arctic region stays as 'a region of low tension'. The Parliament also expressed its concerns over the 'ongoing race for natural resources in the Arctic, which may lead to security threats'. The resolution thus focused on the same themes expressed in the previous documents and encouraged the Commission to engage in cooperation with the Arctic Council.
11/08[59]	European Commission *The European Union and the Arctic Region*	The Communication noted that the EU is strongly linked to the Arctic 'by a unique combination of history, geography, economy and scientific achievements'. The Communication focused on three themes: 1. Protecting and preserving the Arctic in unison with its population; 2. Promoting sustainable use of resources; 3. Contributing to enhance Arctic multilateral governance. The special provisions enjoyed by the indigenous peoples (with the Act of Accession of Sweden and Finland) under the European Community Law were mentioned, as well as the importance of furthering dialogue with them. Furthermore, the EU's significant role as a contributor to Arctic research was mentioned −during its FP6, Arctic related budget amounted to around EUR 86 million. Lastly it was noted, that nobody has sovereignty over the North Pole and ocean area around it. The intergovernmental work in the Arctic Council, the UNCLOS legal framework and the Parliament's resolution are mentioned as examples of international work done regarding the Arctic. It was stated that also the EIB has a role in providing investments to the Arctic region.

[58] *European Parliament 2008 in the bibliography (all references are from the policy document in question)*
[59] *European Commission 2008b in the bibliography (all references are from the policy document in question)*

		Furthermore, it mentioned that 'the main problems relating to Arctic governance include the fragmentation of the legal framework, the lack of effective instruments, the absence of an overall policy-setting process and gaps in participation, implementation and geographic scope'.
12/09[60]	Council of the European Union *Council conclusions on Arctic issues*	The conclusions highlighted for example the importance of the work done by the Arctic Council (recognized as 'the primary competent body for circumpolar regional cooperation') and Barents Euro-Arctic Council (BEAC). It also stated that the Commission, together with the member states and the EEA should contribute to the Arctic Council's efforts regarding the Arctic Biodiversity Assessment. The Council conclusions stated that the formation of an EU Arctic strategy that addresses its interests and responsibilities, is welcomed by the Council. Here the EU's role in the Arctic region is beginning to shape up, by the demand of the Council.
1/11[61]	European Parliament *Resolution on a sustainable EU policy for the High North*	The resolution continued the same rhetoric as seen in the above-mentioned document in regard to further activating the EU in the Arctic. This is to be initiated, according to the resolution, by creating the EU's strategic paper on its interests and position in the far North. The resolution pointed out the EU's extensive research funding, the EU's influence on environment, climate and fisheries through the EU legislation and its capabilities to help in 'the development of mapping and maritime safety' and economic growth as reasons and justifications as to how the EU can 'contribute to the sustainable development of the Arctic'. The EU's importance in the Arctic was also brought up in the context of the new sea routes and the respective business opportunities.

[60] *Council of the European Union 2009 in the bibliography (all references are from the policy document in question)*
[61] *European Parliament 2011 in the bibliography (all references are from the policy document in question)*

2012[62]	European Commission *The Arctic Communication*	The communication underlined the EU's international capabilities in regard to fighting climate change. It was noted that: "*As climate change and economic development accelerate in the Arctic region, the European Union should step up its engagement with its Arctic partners to jointly meet the challenge of safeguarding the environment while ensuring the sustainable development of the Arctic region." (European Commission 2012: 2).* The Communication also recognized the Arctic as an area of 'growing strategic importance'. It furthermore summarized what has been done so far by the EU in the Arctic since its first strategy in 2008.
2016[63]	High Representative, the Commission *An integrated European Union policy for the Arctic*	The joint communication started by stating the EU's strong interests in the Arctic in the following way: *"A safe, sustainable and prosperous Arctic is important not just for the region itself, but for the European Union (EU) and for the world. The EU has a strategic interest in playing a key role in the Arctic region." (European Commission 2016a: 2).* The communication emphasized the importance of three themes: combating climate change, enhancing sustainable development in the Arctic and increasing international co-operation. It exhibited the various research and funding programmes the EU has concerning the Arctic and explained its inevitable actorness in the region through its member states.

(Table my own, sources: the European Commission; European Parliament; Council of the European Union)

[62] *European Commission 2012 in the bibliography (all references are from the policy document in question)*
[63] *European Commission 2016a in the bibliography (all references are from the policy document in question)*