

Pekka Virkki

# **Autopsy of Post-Finlandization**

The Roots of the European Appeasement of Russia

With a foreword by Pekka Kallioniemi



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Verlag

## Bibliografische Information der Deutschen Nationalbibliothek

Die Deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über <http://dnb.d-nb.de> abrufbar.

Bibliographic information published by the Deutsche Nationalbibliothek

The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available on the Internet at <http://dnb.d-nb.de>.

Cover picture: ID 244113575 © Kontakt5956 | Dreamstime.com

ISBN (Print): 978-3-8382-1999-8

ISBN (E-Book [PDF]): 978-3-8382-7999-2

© *ibidem*-Verlag, Hannover • Stuttgart 2026

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Printed in the EU

# Table of Contents

Foreword .....	7
Preface.....	13
On the Concept of Finlandization.....	21
Background of Finlandization.....	29
Forms of Finlandization .....	39
Finlandization, Westernization, and Nordicness .....	43
Practices of Finlandization.....	59
The Era of Mauno Koivisto and <i>Perestroika</i> .....	67
From Finlandization to Post-Finlandization .....	77
Finland as a “Bridge-Builder” .....	105
Psychology of Finlandization and Post-Finlandization.....	119
The Domestic Political Legacy of Finlandization .....	129
The Zeitgeist of Finlandization and Post-Finlandization.....	153
Milestones of Post-Finlandization (2000–2021).....	161
On Oligarchs and Strategic Corruption.....	203

Finland and Sino-Russian Relations .....	215
Finland and Russia's Money-Laundering Apparatus.....	221
The Final Steps Toward NATO Membership .....	229
Conclusions: On the Mistakes of Finland and Europe.....	243
Glossary .....	305

# Foreword

*By Pekka Kallioniemi*

For decades, Europe's relationship with Russia was shaped by optimism. Many leaders believed that trade, dialogue, and cooperation would turn Russia into a stable partner. This belief grew out of two historical traditions. In West Germany, Ostpolitik promoted engagement with Moscow as the path to peace. In Finland, the legacy of "Finlandization" encouraged careful, quiet diplomacy and the avoidance of confrontation with Russia. These approaches differed in motivation: one was voluntary, the other shaped by necessity. However, both rested on the idea that cooperation would prevent conflict.

These traditions eventually converged in one of Europe's most consequential energy projects: the Nord Stream pipelines under the Baltic Sea. Nord Stream symbolized the idea that economic ties could anchor stability. Cheap gas seemed to be a practical solution, and many assumed that dependence would make Russia less likely to act aggressively.

But energy is never merely a technical matter. From the beginning, Nord Stream was shaped by political networks and personal relationships. Russia may have presented it as a normal commercial venture, but the he

people behind it revealed how deeply political—and profitable—it really was.

Former German Chancellor Gerhard Schröder became its most prominent Western supporter. Soon after leaving office, he took senior posts in Nord Stream AG, Rosneft, and Gazprom. Even today, he remains closely connected to Russian state businesses and defends the Kremlin publicly.

Matthias Warnig, a former East German Stasi officer with long-standing ties to Vladimir Putin, managed Nord Stream's corporate structure and served as a key link between Moscow and European elites.

Finland had its own representative in this circle. Former Prime Minister Paavo Lipponen joined Nord Stream as a paid consultant in 2008. Lipponen used his political stature to help the project pass smoothly through Finland's regulatory processes and to present it as a safe and ordinary infrastructure initiative. In Finland, his involvement signaled that the project had high-level approval and reduced public suspicion. For Schröder, Warnig, and Lipponen, Nord Stream was both politically and professionally rewarding.

Looking back, Europe had reason to be much more cautious. Many early warning signs indicated that Russia was not moving toward partnership but toward authoritarianism and confrontation.

The first major sign came in 1999–2000, when a series of apartment buildings in Russia exploded, killing hundreds of civilians. The attacks were blamed on Chechen terrorists and helped justify the Second Chechen War, boosting Vladimir Putin’s rise to power. Putin’s background in the FSB, the agency widely suspected of involvement, contributed to doubts. The most suspicious episode was the “Ryazan incident”, in which FSB agents were discovered planting what appeared to be explosives. These concerns were widely discussed by analysts and journalists but were largely ignored by Western policymakers.

Soon after gaining power, Putin tightened control over Russian society. Independent media faced growing pressure, and critics of the Kremlin became the targets of intimidation and violence. In 2006, investigative journalist Anna Politkovskaya, known for reporting on abuses in Chechnya, was murdered. That same year, former FSB officer Alexander Litvinenko was poisoned with radioactive polonium in London. These incidents revealed a regime that was increasingly willing to silence opponents both at home and abroad.

In 2007, Putin delivered a confrontational speech at the Munich Security Conference, accusing the West of threatening Russia. A year later, Russia invaded Georgia, marking the first major land aggression in Europe

since the Cold War. Despite this, many European governments continued to deepen energy cooperation with Russia.

In 2014, Russia annexed Crimea and launched covert operations in eastern Ukraine. Russian soldiers, without insignia, seized key locations in Crimea; separatist groups in Donetsk and Luhansk were armed and received direction from Moscow. Europe imposed sanctions, but gas imports continued and Nord Stream 2 moved forward.

For Finland, each of these developments carried particular weight. The country had worked hard to move beyond Finlandization, yet the instinct to avoid provoking Russia persisted in parts of its political culture. Energy policy remained one area where old habits of caution and wishful thinking endured. Lipponen's support for Nord Stream reflected this broader mindset: the belief that cooperation was inherently safer than confrontation, even though so-called "cheap" Russian energy would later turn out to be extremely expensive.

By the time Russia launched its full-scale invasion of Ukraine in 2022, Europe's misjudgments had accumulated into a crisis. Energy prices surged, industries were destabilized, and governments were forced to spend billions securing new supplies. The belief that Russian gas was a stable and apolitical commodity collapsed almost overnight.

The issue was not one of bad intentions but misplaced confidence. Ostpolitik and Finlandization were once pragmatic strategies in difficult historical circumstances. Over time, however, these approaches hardened into assumptions that persisted even as the evidence pointed elsewhere.

Nord Stream was more than a pipeline. It became a symbol of Europe's deep miscalculation: the belief that economic interdependence could restrain a regime that was steadily becoming more authoritarian and militaristic. Understanding how this belief formed, and how respected political figures helped reinforce it, is essential for understanding Europe's vulnerabilities today. For Finland in particular, examining this history offers important lessons on how the legacy of Finlandization, with its habits and blind spots, continued to influence national decisions long after the Cold War.

Learning the lessons of this history is necessary if Europe wants to avoid repeating the same mistakes in the future.



# Preface

The origins of this work go back to 2022. Russia's large-scale invasion of Ukraine shook the European security order, leading to political reassessments in the region. In this moment of upheaval, both recent developments and more distant history inevitably came under renewed scrutiny.

Well before, the often-invoked idea – frequently labeled, somewhat simplistically, as “*Fukuyamian*” – that the post-Cold War world had shifted toward the global dominance of liberal democracy and market economy had already begun to be reconsidered. Early warning signs of the end of the era of globalization could be discerned in the 2008 financial crisis and the subsequent rise of populist movements, in Russia's 2014 annexation of Crimea, in the United Kingdom's departure from the EU, and in Donald Trump's election as President of the United States in 2016. Questions concerning changes in the global economic system – and in international institutions like the United Nations – rose to prominence especially during the COVID-19 pandemic, when both the United States and Europe recognized their critical dependencies on China in areas such as healthcare supplies.

U.S. Secretary of State Mike Pompeo's speech at the Richard Nixon Presidential Library on 27 July 2020 articulated an American view of a new era – one that required reducing strategic vulnerabilities and asymmetric interdependencies with hostile states and potential competitors. China was singled out by name, but qualitatively similar problems had emerged in relations with Russia as well, albeit in a narrower (yet still critical) set of sectors.

When Joe Biden assumed office as President of the United States, the administration's official line emphasized the shared destinies of democratic states and the revitalization of the transatlantic relationship. Some argued that Biden could be the last leader of a generation for whom Europe held an almost self-evident position as the United States' essential ally.

At the same time, the U.S. decision to impose sanctions on the Nord Stream 2 gas pipeline caused friction within Washington, D.C. political circles, casting doubt on the Biden administration's willingness to take a firm stance against Russia. Meanwhile, the Kremlin intensified its gray-zone operations and, over the course of 2021, began a military buildup along its borders with Ukraine. Neither Europeans nor Americans fully disengaged from Russia; negotiations continued even as