

THE ZIG-ZAG COURSE OF THE NORDEK NEGOTIATIONS

1. *Historical Background*

The plans, now at an advanced stage, to widen Nordic economic cooperation (Nordek) are usually described as the third attempt to establish a closer cooperation in economic matters in the Nordic area during the postwar period.* The initiative was taken at a meeting of the Foreign Ministers in Copenhagen in July 1947, when Norway brought up the idea of appointing a special committee with the task of investigating the preconditions for expanded Nordic economic cooperation. At a meeting in Oslo in February the following year, government representatives from Denmark, Iceland, Norway and Sweden appointed a joint Nordic committee with the mandate of examining the possibilities of introducing common tariffs and a reduction of existing customs duties and quantitative restrictions between the four countries. Finland did not participate in the work of the committee.

In a preliminary report, dated January 1950, the committee however advised the governments of Denmark, Norway and Sweden not to establish a Nordic customs union because of anticipated difficulties for the three countries and perhaps especially for Norway. After the committee report was discussed at two ministerial meetings, the three countries agreed, on the suggestion of Norway, to continue the investigation on the basis of new and more limited instructions. (Iceland had already earlier chosen to follow the deliberations as an observer.)

The protectionistic effects of a Nordic customs union in relation to other countries were emphasized by the Norwegian Ministry of Foreign Affairs in an account of postwar Nordic economic cooperation, which was presented at the first session of the Nordic Council in Copenhagen in February 1953. The report which the joint Nordic committee had presented before the beginning of the council session, however, made no recommendations concerning the guidelines for future economic cooperation. During the debate which followed in the Council, divergent opinions between the Danish and Swedish *vis-à-vis* Norwegian representatives manifested themselves clearly. Regardless of party affiliation,

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representatives from Denmark and Sweden were positive toward expanded Nordic cooperation in the economic field, while several Norwegian politicians indicated a clear reluctance.

The joint Nordic committee submitted a new report prior to the Nordic Council session in Oslo in August 1954. The report, which contained extensive investigations of the attitude of different branches of industry — a total of 21 including 50 different industries — toward the plans for cooperation, revealed the overwhelmingly positive attitude of Danish and Swedish industry toward a Nordic common market. The major portion of Norwegian industry, on the contrary, adopted a negative attitude. In order to shed light also on the situation of agriculture within the framework of a Nordic common market, the Joint Council of Nordic Farmers' Organizations (*Nordens Bondeorganisationers Centralråd*) was requested by the joint committee to appoint a group of experts to study the feasibility of incorporating agriculture in the cooperation plans. The group of experts was of the opinion that a Nordic customs union in the long run would also benefit agriculture, but that the conversion to a Nordic common market in agriculture had to occur successively — against the background of dissimilar productive conditions and differences in agricultural support in the three countries.

The Economic Committee of the Nordic Council supported the idea of a Nordic common market, despite the fact that a minority consisting of the Norwegian representatives, Røiseland (Liberal) and Holm (Conservative), wanted to postpone consideration of the matter until the council session the following year. The spokesman for the majority in the Norwegian delegation was the Social Democratic president of the Storting and Prime Minister for many years, Einar Gerhardsen, who however did not share the opinion of his two countrymen but concurred with the majority opinion of the Economic Committee. The divergent views resulted in intense party differences within the Norwegian delegation.

The second attempt to form a Nordic customs union was initiated when the Nordic Council recommended that the continued investigation ought to be conducted by the three governments. At a ministerial meeting at Harpsund in October 1954, new guidelines were drawn up. The government of each country appointed a cabinet minister to direct the work. The new instructions also mentioned that the investigation ought to be carried out with consideration to the European cooperation efforts.

Finland, who entered the Nordic Council in 1956, began to participate in the work of the joint committee in August the same year. The committee submitted its report to the governments in July 1957 and recommended a Nordic market comprising 80 % of the intra-Nordic trade. Due to the strong opposition from Norwegian industry — particularly in the engineering industry — the plans were not implemented. Another contributing cause to the failure was the course of development in the European economic field. The Treaty of Rome was signed

on 25 March 1957 and laid the foundation for the EEC. The free trade negotiations which had been conducted within the framework of OEEC since February the same year were slowed down by French hesitation during the spring of 1958 — a hesitation which mounted in the autumn and culminated in the withdrawal of France from the negotiations on 15 December 1958.

Two months after the collapse of the Paris negotiations representatives for Denmark, Norway, Portugal, Switzerland, Great Britain, Sweden and Austria met in Oslo to explore the possibilities of forming a free-trade area. At a ministerial meeting in Kungälv in July 1959 the plans for a Nordic customs union were shelved in light of the possibilities of a broader market solution. The negotiations between the seven countries quickly resulted in the signing of a convention concerning the establishment of the European Free Trade Association (EFTA), the charter of which came into force on 3 May 1960. On 1 July the same year the customs duties between the seven countries were reduced by 20%. Finland, who had followed the negotiations of the seven countries as an observer, was able to join EFTA in the summer of 1961 after relatively complicated negotiations. The fact that trade with the Soviet Union constitutes a considerable portion of Finnish foreign trade, along with Soviet demands for continued most-favored nation treatment, played a decisive role in the negotiations both between Finland and the Soviet Union as well as between Finland and EFTA. The solution that was finally reached meant that Finland became an associate member of the free trade association, and formed together with the seven members the so-called FINEFTA. The fifth Nordic country, Iceland, chose to remain outside of EFTA during the 1960's, but became on 1 March 1970 EFTA's eighth and FINEFTA's ninth member.

Within EFTA, whose objective as set forth in its charter is a broader solution of the European market question, the members agreed in June 1961 to act in unison *vis-à-vis* the EEC. In spite of this pledge, the British government only one month later submitted its application for EEC membership. Denmark followed suit the same day. In Sweden the market question became a partisan issue with repercussions during the 1962 local elections. The Social Democrats and the Center party opposed full Swedish membership as distinct from the Conservatives and the Liberals. After declaring its intention on 25 October 1961 to seek association with the EEC, the Swedish government submitted its application at the beginning of 1962. Later that year, the Norwegian government applied for full membership. Finland, however, did not regard affiliation with EEC as a feasible policy so soon after the successful negotiations for association with EFTA. The possibilities of association with the EEC in one form or another had clearly demonstrated one of the weaknesses in the endeavors for Nordic cooperation and had underlined that the risks of a split on the market issue were impending. With the purpose of codifying the results reached in Nordic cooperation, the so-called Helsinki Treaty was concluded in March 1962. The Treaty established the desire of the Nordic governments to develop the existing cooperation as far as possible in all areas. More due to external factors than to

the Nordic countries' own ability to maintain unity, the threat of a Nordic split on trade policy in the form of a customs barrier separating Norway and Denmark from the other Nordic countries was averted, however. General de Gaulle's veto at the end of January 1963 brought to a halt not only the British but also the Danish and Norwegian overtures to the EEC.

Now followed a period which was characterized by a consolidation of EFTA cooperation. At the same time a growing interest in Nordic cooperation could be discerned. EFTA trade had developed rapidly in spite of the 15 % charge on imports to Great Britain introduced in October 1964. The removal of customs duties could be accelerated and was completed already by 1 January 1967, i.e. three years earlier than planned and one and a half years before the elimination of customs duties within the EEC. Trade among the Nordic countries within the framework of EFTA exhibited a particularly strong increase — 207 % for imports and 198 % for exports during 1959–67 at the same time as the total imports and exports of the four countries increased by 100 % and nearly 100 % respectively.²

Another form of Nordic cooperation, receiving much notice, was established during the final phase of the Kennedy Round negotiations. After entering an agreement on 21 November 1966, the four countries acted as a body with a Swede as chief negotiator. The decision to act together has been regarded as an almost unique incident in the history of Nordic cooperation, because in this instance the Nordic countries chose to make a political decision first and then negotiate on concrete details — i.e. the exact opposite to their manner of proceeding during the three attempts to form a customs union.

During the autumn of 1966 Great Britain gradually indicated an increased interest in the EEC and submitted a new application in April the following year. Once again Denmark was the quickest of the Nordic countries to respond by submitting her application on 12 May. As before, Sweden and Norway waited. The Norwegian parliament took a decision to apply on 7 July and two weeks later the Norwegian government submitted an application. Sweden finally transmitted on 28 July an open application, which means that this time the Swedish government did not stipulate in advance what form of affiliation was desired. In a letter to the president of the EEC Council of Ministers, Sweden requested negotiations with the purpose of participating in the expansion of the European Economic Community in a form which allows pursuance of the Swedish policy of neutrality.³

After a period of uncertainty during the autumn of 1967, President de Gaulle intimated in November a new French veto against British entry into the EEC, which was confirmed on 19 December the same year. Since Nordic cooperation in the economic field has been — and is — strongly influenced by the trend of developments on the continent, the idea of closer Nordic economic cooperation now gained new currency. This time the initiative came from Denmark, when Prime Minister Hilmar Baunsgaard, the leader of the recently formed non-

Socialist coalition government, launched a far-reaching proposal for expanded Nordic cooperation at the Nordic Council session in Oslo in February 1968.

2. *The Negotiations 1968–70*

Prime Minister Baunsgaard's statement during the general debate of the Council on 17 February was strongly influenced by the European market situation. He emphasized that President de Gaulle's second veto against British entry into the EEC "gives us every possible reason to consider again the place of the Nordic countries in the debate on the European market". In waiting to see if the major aim of Danish market policy — membership in the EEC — could be achieved, the possibilities of an expanded Nordic economic cooperation ought to be examined. In order to avoid decisions during the current session which could be of a binding nature for a definite policy, Prime Minister Baunsgaard recommended instead that the problem should be discussed at a meeting between the Nordic Prime Ministers, the Foreign Ministers and the Ministers for Nordic cooperation.⁴ Four days later the Nordic Council adopted a recommendation for expanded Nordic economic cooperation by 60 votes out of 69. Only the Danish People's Socialist, Aksel Larsen, abstained.⁵

The four Prime Ministers met with 9 other ministers and a large number of experts in Copenhagen on 22–23 April 1968 to discuss the Danish initiative. Deliberations, mainly centering around three questions, viz. relations with the EEC, EFTA cooperation and economic cooperation between the Nordic countries, were conducted on the basis of a joint report drafted by government officials from the four countries. The Prime Ministers reached agreement on five basic principles for the cooperation, four of which are contained in the introduction of the Treaty (see below). The fifth principle, which pertained more to the procedure of the investigatory work maintained that the cooperation ought to be carried out so as to balance the advantages and disadvantages for each of the four countries. A ten point program was the basis for the continued investigation, which was to present concrete proposals concerning *inter alia* the establishment of a Nordic customs union and a Nordic finance fund. Increased cooperation in the sectors of agriculture and fisheries was also to be considered. According to the adopted time schedule, a joint committee of government officials was to be appointed before 1 June with a mandate to deliver a preliminary report by 1 January 1969.

On a TV program on 23 April, Prime Ministers Hilmar Baunsgaard (Radical Denmark,* Mauno Koivisto (Social Democrat) Finland,** Per Borten (Center) Norway*** and Tage Erlander (Social Democrat) Sweden were interviewed by

* Coalition government consisting of the Radical, Liberal and Conservative parties.

** Coalition government consisting of the Social Democrats, People's Democrats, the Center party, the Social Democratic League and the Swedish People's party.

*** Coalition government consisting of the Center party, the Conservatives, Liberals and the Christian People's party.

a group of Nordic journalists. Agriculture, the customs union, EEC and the extent of the decisions already taken dominated the discussion. In viewing the cooperation plans, Prime Minister Borten revealed a quite cautious attitude, maintaining that the four countries had agreed upon a procedure for investigating the prerequisites of cooperation and had not adopted a position on questions of principle. It was further underlined that perhaps it was more difficult to see the immediate advantages of the proposed cooperation in Norway than in the other three countries. Prime Minister Baunsgaard, on the contrary, made clear that personally he would have welcomed a concrete resolution concerning the date when a political decision would be made on the various questions of cooperation. Prime Minister Erlander pointed out that now for the first time outlines of a Nordic customs union and finance fund had been sketched. Despite this, he expressed the opinion that the cooperation did not signify a new and untried departure but should be viewed as a further evolution of the intensive cooperation already having taken place in the Nordic area. Prime Minister Koivisto stated that he was pleased that Finland had been able to participate in the discussions on economic cooperation. They had indicated that the four countries had much to gain by acting in concert. Finland, however, needed time to overcome the problems of adjustment that could be expected to arise.⁶

During the month of May, debates on market policy ensued in both the Norwegian Storting and the Danish Folketing. The Storting received an account of the Nordic cooperation plans by Prime Minister Borten on 7 May. He stressed that the Norwegian government would participate in the investigatory work in a positive spirit at the same time as it was necessary to pay attention to the problems which could arise for certain branches of industry, agriculture and fisheries. The investigation would therefore be conducted in close consultation with the interested organizations. Nordic cooperation in the economic field and foreign trade had stagnated as a result of the countries having directed their attention to a broader European market. Concerning the Danish initiative at the council session in Oslo, Prime Minister Borten said that the Norwegian government had been as surprised as the governments in Finland, Iceland and Sweden.⁷ Representatives of all the parties in the Storting supported the cooperation plans — although with some different nuances — during the debate which followed six days after the Prime Minister had delivered his account.

The Folketing was informed of the current situation concerning the market policy by the Minister of Economic and Market Affairs, Nyboe Andersen (Liberal) on 14 May. He summarized Danish market policy and emphasized that the government remained firm in the Danish application for EEC membership. Possible overtures to the EEC were to be discussed with the Nordic countries and the other EFTA partners. Within the framework of EFTA Denmark would work for an expanded cooperation in agriculture, while at the Nordic level the coming months were to be devoted to seeing that the cooperation entered a constructive phase, which perhaps could simultaneously facilitate a solution to the European problems.⁸

During the subsequent debate in the Folketing on 15 May, a special order of the day was adopted by 154 votes against 4 (Left Socialists) at the suggestion of the former Minister of Economic and Market Affairs, Ivar Nørgaard (Social Democrat). The order of the day read as follows: "The Folketing, being informed by the report of the Minister of Economic and Market Affairs, and accepting this report, requests the government to intensify endeavors for a far-reaching and dynamic Nordic economic cooperation which naturally presupposes a common Nordic decision on the formation of a Nordic economic community with a broad European solution as the final goal."⁹

Negotiations at the level of the government officials were continued in Copenhagen on 10 June, when the investigatory work was organized. Nine work groups were set up with a representative from each of the four countries. The plans to appoint one person as head of the investigation, after discussion had to be discarded and instead the responsibility was placed in the hands of four high-ranking officials, one from each of the four countries.

The next ministerial meeting took place in Oslo in 19–20 October. The four Prime Ministers, together with the Presidium of the Nordic Council, discussed the time schedule for considering the work of the committee and the participation of the Council in the work. It was agreed that the preliminary report of the government officials would be submitted to the Presidium of the Council and its Economic Committee by 15 January 1969. At a press conference on 20 October, the Prime Ministers confirmed that there had been no actual consideration of substantive matters but that the meeting had been devoted to procedural questions.

Much attention was given to the statement made by Prime Minister Koivisto at the press conference on 19 October. Most likely the statement had been well prepared by all the Finnish authorities involved. Koivisto underlined that Finland was positive toward European economic integration, despite the fact that Finland had not taken any initiatives on her own. To ensure an increased standard of living and to retain her ability to compete, it was necessary for Finland to participate in the international distribution of labor. However, the relationship between the Finnish policy of neutrality and foreign trade had not always been correctly interpreted when certain people thought that neutrality obstructed Finnish participation in the international distribution of labor. On the contrary, it would be a national tragedy if a neutral country were forced into isolation. More unity among the Nordic countries would be an asset no matter what form integration were to assume in the future.¹⁰ Even if the statement came as a surprise to the participants of the Oslo meeting, it was the general opinion that it facilitated the continued negotiations.

The government officials were only two days behind the established time schedule and presented their preliminary report on 3 January 1969. In spite of the very short amount of time for carrying out their work, they had succeeded in reaching agreement in substantial areas. For instance, they had achieved agreement on 85 % of all items under the common customs duties, which cor-

responded to 75 % of the Nordic imports from third countries. However they had been forced to leave some problems unsolved. Among these were agricultural policy, fishery policy, provisions concerning the funds and the institutions of cooperation. The report was subsequently considered during three Prime Minister meetings, which followed quickly one after the other in January and February 1969.

The series of meetings opened in Stockholm on 18–19 January. No formally binding decisions were made, since Prime Minister Borten was sick. Norway was instead represented by the Minister of Education, Kjell Bondevik (Christian People's party). After the first day of deliberations Erlander summarized the Prime Ministers' view of the preliminary report of the government officials. They were in agreement that the report formed a good foundation for the continued investigatory work, but they intended to request additional information for the meeting in the middle of February.

Prime Minister Erlander pointed out, however, that if an examination of each detail were undertaken, probably a negative balance would be the result. For example, small and medium size Swedish industry would benefit, while heavy industry in the country perhaps had less to gain from the cooperation. Prime Minister Koivisto formulated the same idea, in a way which is frequently cited, when he stated: "It is probably the case that the disadvantages stand out very concretely while the advantages in such discussions as these always seem more diffuse."¹¹

The second Prime Minister meeting within a fortnight took place in Stockholm on 1–2 February. The number of participants was large. Besides the four Prime Ministers, several other ministers as well as the Presidium of the Nordic Council participated in the discussions. It was decided that the government officials were to present their final report before 15 July 1969. It was also hoped that a draft treaty would be elaborated by the same date. Mr. Erlander regarded the time schedule as optimistic, an opinion which was not shared by the Danish opposition leader and former Prime Minister, Jens Otto Krag (Social Democrat). The latter wanted a time schedule not only for the investigatory work but also for the political decisions which were to follow the completion of the investigation. This point of view was not shared by Mr. Erlander who did not want to bind the Prime Ministers to a definite time table, not least out of consideration for the national parliaments. Besides the time schedule, agriculture was also discussed, and the government officials were delegated to penetrate i.a. the possibilities of Nordic preferential arrangements in covering the so-called additional need (the difference between internal production and consumption).

The Danes strongly emphasized that the agricultural questions were not to be left aside during the final negotiations. The decisions ought to be made at the same time for the entire field of cooperation.¹² Denmark with her important agricultural exports — 70 % of the total production—desired as advantageous treatment as possible for these products in the Nordic countries. The Swedes stressed the importance of the customs union. Mr. Erlander meant that it was

the very symbol of a more integrated Nordic economy, besides possibly being an asset during trade negotiations with third countries. Mr. Koivisto added that the customs union was the institutional framework required to make various agricultural preferential arrangements possible. The argument for the customs union was further supported by Mr. Baunsgaard who said that it permitted the four countries to carry out several other features of the planned cooperation.

The question of the EEC was also touched upon. The Swedish and Finnish spokesmen were of the opinion that no immediate enlargement of the EEC was to be expected. The Swedes were positive to the idea of approaching the EEC together with the other Nordic countries — which ought to increase the negotiating power. However, Mr. Erlander did not envision a reformulation of Sweden's open application to the EEC. Finland viewed an application for membership in EEC as inconceivable but still hoped to find forms of cooperation which did not place the country outside the tariff barriers.¹³

On 4 February Mr. Nyboe Andersen once again informed the Danish Folketing of the state of affairs in the market question. He pointed out that the French veto against British entry into the EEC remained unmodified. The aim of the Nordic cooperation was to prepare the four countries for participating in a broader European market in the form most suitable to each of them. The establishment of a Nordic customs union should only be regarded as one phase in an expanded Nordic market, which along with other sectors of cooperation should form an economic union. The customs union, in other words, was a means rather than an end in itself.

The agricultural problems worried the Minister who said that the room for increased Danish exports to the Nordic countries only amounted to 200 million Danish crowns. With regard to price setting, the Danes were of the opinion that the price level of the import country ought to be applied. Until the structural rationalization measures had some effect, the planned agricultural fund ought to concentrate on price stabilization measures. Finally with regard to institutions for the cooperation the Danes favored the creation of strong and nationally independent organs.¹⁴

During the debate which subsequently followed on 6 February, sharp words were exchanged between the Social Democratic spokesman, Ivar Nørgaard, and the president of the most important farmers' organization, Anders Andersen (Liberal). Andersen declared that Danish agriculture could secure a net gain of 2,300—2,400 million Danish crowns through EEC membership. According to Mr. Andersen, this important additional source of income was jeopardized by Ivar Nørgaard through his Nordic orientation. Several speakers participated in the debate, which was also very lively in other respects, but the discussion ended without any decision being made.¹⁵

Also during the major debate of the year in the Swedish Riksdag on 5—7 February the Nordek plans were discussed. The Minister of Foreign Trade, Gunnar Lange, replied to a leading representative of the Center party, who asserted that an expanded European market rather than a Nordic one could solve the

marketing difficulties of Swedish agriculture. The Minister pointed out that the EEC was grappling with considerable surpluses and noted that the price level in Sweden was 5 % higher than that in the EEC. Even if cooperation in the Nordic countries during the initial stage could mean difficulties for Swedish agriculture, one should not forget that these difficulties would probably be balanced by advantages in other sectors.¹⁶

During the Prime Minister meeting in Helsinki on 18–19 February, no substantive decisions were made. Technical discussions concerning agriculture dominated the deliberations. The Finns wished to avoid too hasty a political settlement since the agricultural problems created difficulties and the opinion within the cabinet was uncertain. It was mainly the People's Democrats who were hesitant. A contributing cause to the rather unstable situation was the criticism of the Nordek plans conveyed by Soviet mass media. During Prime Minister Erlander's visit to President Kekkonen, the Finnish head of state declared, however, that no Finnish citizen — not even the President — knew anything about the Soviet attitude. At the same time as the Prime Minister meeting in Helsinki the Finnish Minister of Foreign Affairs, Ahti Karjalainen (Center), visited the Soviet Union and informed Premier Kosygin about the plans for Nordic cooperation.

The Norwegian Minister of Foreign Affairs, John Lyng (Conservative), dealt with the foreign policy aspects of Nordek in his report on foreign policy in the Storting on 20 February. Due to indications from various quarters that the establishment of a Nordic customs union could have consequences for the security policies of the four countries, the Foreign Minister recalled that one of the absolutely fundamental prerequisites of the cooperation was that foreign and security policies were to be excluded.¹⁷ The questions of Nordic cooperation dominated the foreign policy debate which followed five days later in the Storting.

At the session of the Nordic Council in Stockholm on 1–6 March 1969 the question of Nordek also dominated the opening general debate. The Council adopted unanimously a recommendation urging the four governments to present proposals for a diverse and extensive cooperation by 15 July. Negotiations at the political level also ought to be accelerated so that the plans could be considered by the parliaments as soon as possible.¹⁸

Finnish hesitancy about the Nordek plans was once again underlined in a speech by Foreign Minister Karjalainen in Helsinki on 17 March. He was of the opinion that the significance of the project was so far-reaching that bustle and improvisations ought to be avoided. The complex nature and long-term repercussions of the question necessitated that the countries advanced slowly. Irrespective of the Nordek plan, the assumption could be made that the existing cooperation between Nordic enterprises would be further developed.¹⁹

Prime Minister Baunsgaard repeated during the Folketing debate on 12 June that Denmark persisted in applying for EEC membership, even though it was uncertain when the possibility of negotiations would occur. He also foresaw that

the political decision on Nordek would be delayed due to the Norwegian general election in September and the impending change of Prime Minister in Sweden in October.

On the same day, the Storting adopted unanimously a declaration suggested by the Norwegian opposition leader, Trygve Bratteli (Social Democrat):

"The Storting presumes that the Government is actively contributing to carry out the work schedule adopted at the session of the Nordic Council in Stockholm, so that a proposal for an extensive expansion of the economic cooperation can be presented to the Nordic parliaments as soon as possible. The Storting notes that according to the mandate formulated by the Prime Ministers in Copenhagen, the proposal is to be formulated so as to facilitate the four countries' participation in or cooperation with an enlarged European market and, as hitherto, not to affect the participating countries' foreign and security policies." The debate revealed that there was general agreement on the government's manner of conducting the negotiations.²⁰

After negotiations in Vedback, Denmark, the final report of the Nordic Committee of Government Officials was ready on 17 July 1969. The government officials had not succeeded in obtaining unity concerning tariff suspensions for an unlimited time period, agricultural policy, fishery policy and institutional arrangements. During the deliberations Sweden had adopted a harder line on some points and demanded a complete customs union as a precondition for contributing 1,000 million Swedish crowns to the joint funds. Denmark presented a proposal for implementing the cooperation in three phases, Norway took divergent standpoints on the fishery issue, while Finland was perhaps most modest in her demands during the negotiations.

A significant Swedish statement was made by the Minister of Finance, Gunnar Sträng, during a general policy debate in the Riksdag on 29 October. He stressed, in his first more detailed statement on Nordek, that the question of increasing agricultural imports from Denmark had to be coupled with lowering the Swedish level of self-sufficiency in agriculture. The export of capital amounting to 200 million crowns annually, which Nordek required of Sweden, would put substantial strains on Swedish currency reserves. If Sweden were to make these sacrifices, Swedish gains from Nordek, explicitly the customs union, must not be frittered away. The Minister of Finance described the customs union as an absolute prerequisite for a settlement, which must not leave essential parts to be decided in the future. Sweden had to have a customs union in actuality and not merely in name.²¹

The first in a series of Prime Minister meetings held in the autumn was convened in Stockholm on 3–4 November. Present for the first time was the new Swedish Prime Minister Olof Palme. During the meeting, the Ministers noted that the report of the government officials formed a satisfactory basis for the continued negotiations. They agreed to try to reach a solution before the session of the Nordic Council in Reykjavik on 7–12 February 1970, and decided that each country should appoint a government delegation headed by the Prime

Minister. Three meetings were planned for the delegations: one in Oslo at the end of November, one in Turku in mid-December and an additional one in mid-January.

During the Oslo meeting on 25–26 November, the negotiations advanced considerably when Sweden agreed to Danish wishes in the area of agriculture. Otherwise, questions of finance, the customs union and fishery policy pre-occupied the participants of the meeting. During the deliberations, Norway seemed to adopt a hesitant attitude.

The agreement of the six EEC countries in the Hague at the beginning of December, which meant that France withdrew her veto against British membership, had repercussions for the Nordek negotiations. Without previous warning, the Finnish government announced in a communique on 5 December that the Prime Minister meeting in Turku was cancelled. Nordek had been discussed at an evening cabinet meeting on 3 December, and then it was decided that it was not compatible with Finnish interests to allow the negotiations to continue.

The new situation for Denmark and Norway after the Hague meeting was the major argument against continued negotiations. The Finnish government had assumed that the two countries desired a breathing spell in the Nordek discussions, but when the Danes and Norwegians had not conveyed any such wishes, the Finns themselves decided to put a brake on the negotiations.

In Denmark, Prime Minister Baunsgaard countered by offering to be the host of a meeting between Denmark, Norway and Sweden. Finland was also invited.

Prime Minister Koivisto stressed in a TV interview on 8 December that it was up to the government formed after the election on 15–16 March 1970 to make a decision on Nordek. It was brought out in the interview that Foreign Minister Karjalainen had already on 1 December conveyed two important reasons for a postponement — the coming election and the EEC situation. Mr. Koivisto was faced with a *fait accompli* at the cabinet meeting two days later, when the views of the Center party minister group and the Finnish Communist Politbureau were presented, namely that the Nordic negotiations should be postponed.²² Assertions that the meeting had been called off due to outside external pressure were denied by the Prime Minister and Foreign Minister at a press conference on 9 December.

Prime Minister Palme proposed a meeting between the four heads of government in Stockholm, but Mr. Koivisto preferred Helsinki instead. At the Helsinki meeting on 12–13 December, Finland wanted a deferment of the negotiations. A new time table ought to be set up which was not fixed to the time schedule of the Nordic Council. However the negotiations were not to be broken off under any conditions.

During the night between 17 and 18 December, Nordek was discussed as a substantive question for the first time in the Finnish parliament. Foreign Minister Karjalainen was one of the main speakers, and at times he was strongly attacked by his critics. He repeated, however, time and again that Finland could not be

a member of Nordek before it was clear what the relations were to be between Nordek and the EEC. Despite the fact that he was positive toward the idea of closer economic cooperation among the Nordic countries, he did not think just Nordek would determine whether the collaboration would continue or not.²³

At the beginning of January 1970, Mr. Karjalainen visited Belgium and met with representatives of the Belgian government as well as of the EEC. On 12 January Finland made a new move. The Finnish government was now prepared to continue the negotiations concerning the treaty but with an essential reservation: if any Nordic country started real official negotiations with the EEC while the Nordek negotiations were still in progress or before the treaty had come into force, Finland reserved the right to abstain from continuing the negotiations. Moreover, the official communique indicated that if any country gained entry into the EEC, the agreement on Nordek could be terminated immediately. The other three countries expressed their satisfaction that Finland now was prepared to proceed.²⁴

After one week of intensive night negotiations, the Committee of government officials reached agreement on the remaining problems on 4 February in Stockholm. Only the question of the apportionment of capital to the three funds remained unsettled. The Finnish government had made a reservation on this point. The established time schedule had stipulated that the report of the committee should be ready by the time the Nordic Council convened in Reykjavik. The margin was as narrow as three days.

The 1970 general debate in the Nordic Council, as those of the two preceding years, was dominated by the questions of economic cooperation. The Council's organisational position in the Nordek cooperation attracted considerable attention in the debate. The recommendation which was adopted unanimously by 71 votes of the Council's 78 (the number of members had increased by 9) urged the four governments to present the cooperation proposal to the parliaments as soon as possible so that ratification could be effected before the end of the spring session. It was suggested that the place of the Council in the cooperation should be solved according to the guidelines drawn up by the Nordic Organization Committee under the chairmanship of the former Finnish Prime Minister, Karl-August Fagerholm (Social Democrat).²⁵

The only Foreign Minister attending the Prime Ministers' final negotiations on the apportionment of capital to the funds was Finland's Ahti Karjalainen (see below). Upon his arrival in Helsinki on 11 February, however, he expressed doubts about the established time schedule. The Finnish Foreign Minister felt that it was the new parliament and the government formed after the election which ought to make the decision on the Nordek plan. His view on the matter was shared by the Minister of Communications, Paavo Aitio (People's Democrat). Prime Minister Koivisto on the contrary declared six days later that the present government certainly could sign the treaty. However, it was the new government which ought to submit the proposal to parliament for ratification. On 23 February the Finnish government decided that the signing of the treaty

ought to be postponed until the government officials had completed the treaty. The motive for the postponement was that the three People's Democratic cabinet members opposed signing the treaty before the election.

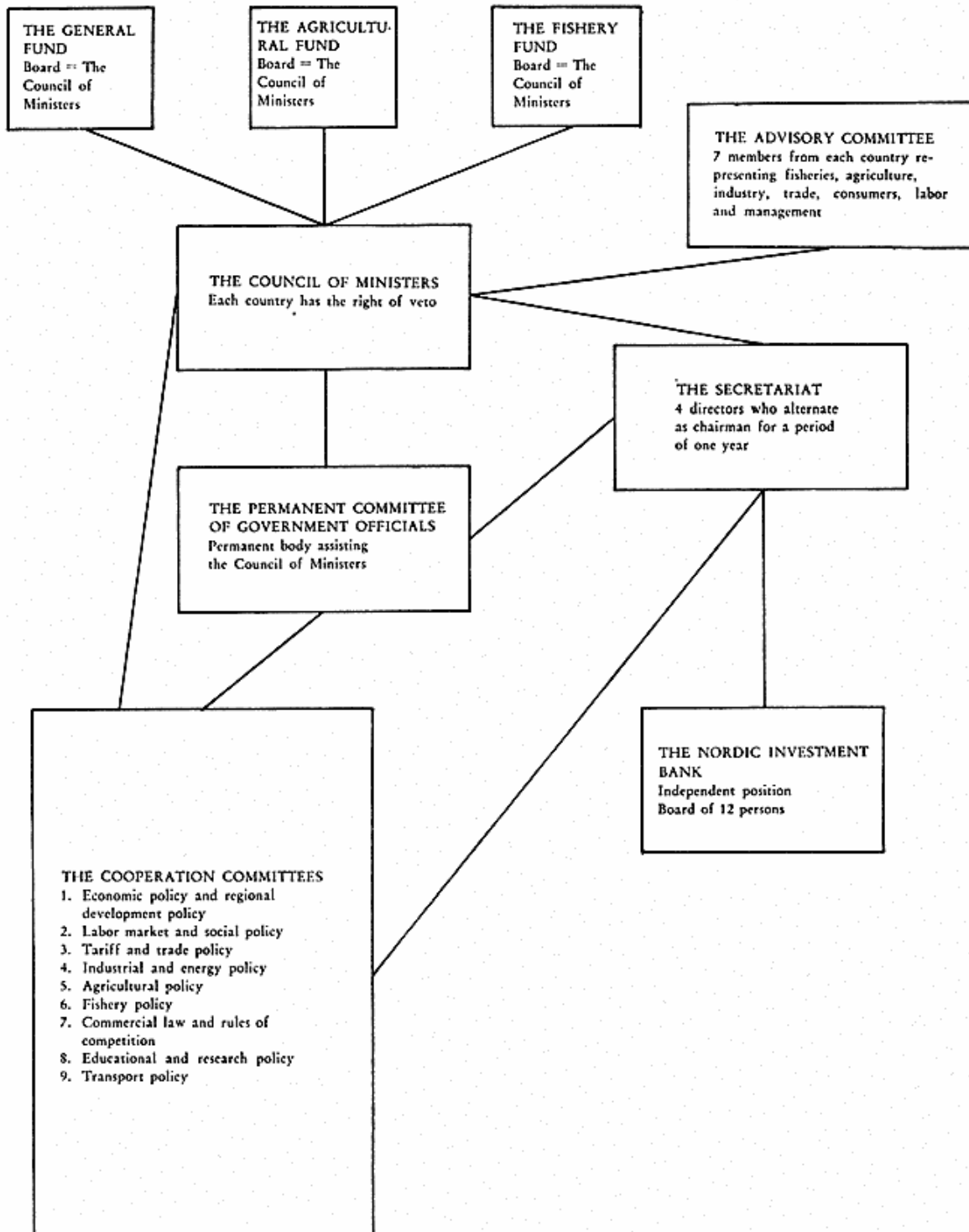
3. *The Report by the Joint Committee of Government Officials*

The report of the Joint Committee of Government Officials was presented on 17 July 1969 but has subsequently been complemented, with regard to the points on which agreement had not then been reached. After the meeting in Vedbæk, the primary task that remained was to find solutions to four key problems, viz. the formulation of agricultural policy, fishery policy, the institutions and financial arrangements. Unity was reached on 4 February 1970 after rather dramatic negotiations at times during the autumn and winter of 1969/70. When the council participants gathered in Reykjavik, only Finnish approval of the total assets of the three funds had to be obtained. This obstacle was removed on 7 February.

The existing draft of the Nordek Treaty, which is to be adjusted and given its final wording during March 1970, consists of 20 chapters and several annexes. The introduction of the treaty sets forth the principles which have guided the committee's work: that the cooperation shall facilitate the four countries' participation in or cooperation with an enlarged European market, that trade relations with third countries shall be developed, taking special account of developing countries, that the cooperation shall not be in conflict with the countries' existing international obligations and that foreign and security policies shall not be affected.²⁶

It is beyond the scope of this survey to discuss the treaty in its entirety. Therefore this account focuses on a few important sections.

Institutions: A *Council of Ministers* is responsible for the implementation of the aims of the Nordek Treaty. Similar to previous Nordic practice concerning cooperation, supranational elements are absent. The decisions of the Council must be adopted unanimously. The Council can delegate its right of decision to the *Permanent Committee of Government Officials* — but not in matters requiring legislation. The Committee of Government Officials, which prepares the Council's work, is comprised of one representative from each Nordic country, appointed by his country's government. A *Secretariat* with four directors is to be set up with the task of submitting reports and proposals to the Council of Ministers, the Committee of Government Officials and the Cooperation Committees. The directors, who are appointed for a period of four years, may not engage in any other paid or unpaid professional activity; nor may they seek or accept instructions from any national authority. Nine *Cooperation Committees* (see fig. 1) consisting of representatives of the individual government departments of the four countries are to be established in order to present proposals within their respective spheres of activity to the Council of Ministers and to the Committee of Government Officials. The position of the Nordic Council has not yet been specified in the Nordek Treaty. Finally an *Advisory Committee* is to be created. It is to be composed of seven members from each country, re-

Figure 1. *Nordek Institutions*

presenting agriculture, fisheries, trade, industry, consumers, labor and management. The Advisory Committee can, on its own initiative, address statements to the Council of Ministers, which can also request opinions from the Committee.²⁷

Economic Policy: The draft treaty declares that economic policy is a matter of common interest. Before 1 January 1974 the Council of Ministers is to lay down the basic principles for cooperation in taxation policy, budgetary policy, credit policy and regional policy.²⁸

Tariff and Trade Policy: A customs union is to be introduced in two phases, starting on 1 January 1972. The transitional period is to be completed on 1 January 1974. In negotiations concerning the common customs tariffs, the Nordic countries shall act jointly in relation to third countries and in international organizations.²⁹

Agricultural Policy: The general principles for agricultural policy laid down in the draft treaty are: (1) the agricultural population is guaranteed a reasonable standard of living, (2) producer prices are stabilized at a reasonable level, (3) productivity in agriculture is increased with a view to an appropriate division of labor between the countries, (4) reasonable consumer prices are maintained, (5) agricultural trade between the countries is expanded, (6) agricultural production is gradually adapted to its marketing possibilities. It is further pointed out that account is to be taken of the climatic and structural differences in agricultural conditions as well as requirements in the event of closed frontiers. In trade in agricultural products the so-called additional need is to be covered if possible by imports from other Nordic countries. If the desired goods are not produced in the Nordic area, imports from third countries may occur. A fund for stabilizing prices and financing structural changes in agriculture is to be created. The complicated question of long-term agricultural policy in the Nordic countries is to be solved by 1 January 1974.³⁰

Fishery Policy: The aim of fishery policy is to establish a common Nordic market, stabilizing prices at the first point of sale, and organize cooperation in exports to third countries. A fund for stabilizing prices fish is to be set up.³¹

Financial Arrangements: Three funds are proposed — the General Fund, the Nordic Fishery Fund and the Nordic Agriculture Fund. The assets, totalling 2,200 million Swedish crowns, are to be contributed by the four countries during a five year period in proportion to their GNP in 1968. 250 million Swedish crowns are allocated to the Fishery Fund, 450 million to the Agricultural Fund and 1,500 million to the General Fund.³² According to OECD statistics, Denmark is to pay 21 % or 462 million, Finland 14 % or 308 million, Norway 16 % or 352 million and Sweden 49 % or 1,078 million.³³ To facilitate structural changes in Finnish agriculture and to support Norwegian fisheries, the Prime Ministers decided on 7 February in Reykjavik to earmark 90 million and 38 million per year respectively from the General Fund for these purposes.³⁴

A Nordic Investment Bank with basic assets of approximately 1,000 million Swedish crowns is to be established. While the General Fund is primarily designed to finance projects of common interest which are not at all or only partially

suited to be financed on banking terms, the Investment Bank will provide capital according to strict banking terms.³⁵

General Provisions: The treaty is valid for ten years and is to be renewed for additional ten year periods, as long as the parties do not give notice to terminate the treaty two years before its expiry.³⁶ The cooperation is to be open to Iceland. Finally a very important point is the provision that the Treaty can be immediately suspended in case one or more of the Nordic countries gain entry into the EEC. This provision was added as a concession to Finnish demands and, as pointed out above, was an absolute prerequisite for Finland being able to participate in the continued negotiations in January 1970.

4. *The Report by the Joint Committee of Government Officials and the Reactions of the Interest Organizations*

In the debate on Nordek, representatives of the interest organizations have generally played a prominent role. Their views on the cooperation plans as a whole as well as on individual areas of cooperation have been made public in speeches and statements. Government authorities have been kept informed of those views through communications and official comments on government proposals. This aspect of the organizations' action is relatively well known, while information is not available about the contacts, probably quite extensive, which have occurred informally between representatives of the organizations and government officials and politicians. That these contacts — even with individual firms — have been of central importance in carrying out the negotiations is illustrated by the fact that the condition for eliminating the Norwegian fiscal duties on automobiles was that the Swedish automobile industry — in this instance Volvo — pledged to buy more from Norway.³⁷

Unfortunately reliable material shedding light on the attitudes of the Finnish interest organizations toward Nordek has been very scant. This is largely due to the fact that in Finland, as distinct from the other three countries, proposals have not been sent out to organizations for their official comment. Instead representatives of Finnish interest organizations have been in close contact with the Finnish negotiators, and in this way they have channelled and expressed their views. Nor does it appear that the organizations in Finland have expressed any desire for a formal procedure allowing them to submit official comments. Another possible explanation of the lack of material is that the Finnish interest organizations may have participated less in the public debate on Nordek than is the case in the other Nordic countries.

The great number of communications, official comments on the proposals and public statements from interest organizations in Denmark, Norway and Sweden has made it necessary to concentrate on the organizations which have presented especially noteworthy views on Nordek — in a positive or negative direction — and on the so-called "heavy" organizations. To obtain a common point of reference, both with regard to time and the subject of the debate, the Report of the Government Officials of 17 July 1969 has been chosen to serve

as the point of departure for the reactions of the interest organizations.³⁸ The following organizations have been selected: the trade union movement, the confederations of industry, the agricultural organizations, the fishermen's organizations, the wholesale organizations and bankers' associations.

To provide an over-all perspective, the attitudes of these organizations toward the main sections of the report are summarized in tabular form. Obviously this to a certain extent occurs at the expense of exactness, since rather difficult problems of judgment arise primarily in ranking the strength of the standpoints but also in locating opinions in the middle of the scale. The number of blank spaces in the table is remarkable due to the organizations having focused on their own area of interest and thus not having covered the entire field of co-operation.

A quick glance at Table 1³⁹ indicates that the Nordic trade union movement and the Federation of Swedish Industries (SI) are very positive toward expanded Nordic cooperation, as distinct from the two Danish organizations, the Council of Industry (DI) and the Wholesale Society (GS) which did not give particularly high priority to the proposal of a Nordic market. The Federation of Norwegian Industries (NI), the Federation of Swedish Wholesale Merchants and Importers (SG) and the Swedish and Norwegian agricultural organizations also have doubts about fundamental features of the plans for cooperation.

In assessing the degree of positiveness or negativeness in the attitude of an organization toward the cooperation plans as a whole, the statements on agricultural policy and the customs union should probably be assigned greater weight than views on, for example, the joint funds.

With regard to the establishment of a Nordic customs union, DI, NI, GS and to some extent also SG, the Norwegian Bankers' Association and the Swedish agricultural organizations are negative. It is argued that substantial increases in costs will hit industry and consumers through higher import duties on raw materials, semimanufactures and machinery. Moreover, previously protected industry would be impaired through greater difficulties in competing. SG mentions the sum of 500 million Swedish crowns as a conceivable amount of the increases in costs for the Swedish economy. In most cases, a negative attitude toward a Nordic customs union is related to a very positive view toward future affiliation with the EEC. In choosing between Nordek and the EEC, the Danish Wholesale Society undoubtedly prefers the EEC — an attitude which is shared by DI, NI and the Norwegian Bankers' Association. In evaluating Nordic collaboration, DI and NI stress that the four Nordic countries would have difficulty in negotiating jointly with the EEC due to their dissimilar objectives in market policy.

The Nordic trade union movement, SI and the Swedish Bankers' Association are positive toward a Nordic customs union. The trade unions, in their three joint statements, maintain that the customs union is an important cornerstone in an increased cooperation in trade, a view which is also held by the other two organizations. It is noteworthy that the trade unions express the view that the

Table 1.
Summation of the Attitudes of Nordic Interest Organizations toward Nordek

+ = positive attitude
(+) = relatively positive attitude
o = undecided attitude
(-) = relatively negative attitude
- = negative attitude

Area of Cooperation	General attitude toward expanded Nordic cooperation	Economic policy	Freer movement of capital	Customs union	Cooperation in foreign trade policy	Industrial policy	Agricultural policy	Fishery policy	Transport policy	Labor market policy	Measures against restrictive business	Establishment rights	Harmonization of legislation	Education and research	Development aid	Investment bank	The funds	Institutions	EEC final goal	Nordek can obstruct EEC affiliation	Nordek complements EEC	Nordek facilitates affiliation with EEC
Danish Council of Industry (<i>Industriraadet</i>)	+	o	(+)	-	-	(+)	(-)		o				(+)	o	-	-			yes	yes	yes	
Federation of Norwegian Industries (<i>Norges Industriforbund</i>)	+	(+)	(+)	-		o	o				+	(-)			-		+		yes	yes		
Federation of Swedish Industries (<i>Sveriges Industriforbund</i>) ¹	+	+	+	+		+	o		+		(-)	+		+	+	+	(-)		yes		yes	yes
The Confederations of Trade Unions ²	+	+		+		+	(-)	+		+				+	+	+	(-)				yes	yes
Danish Council of Agriculture (<i>Landbrugsraadet</i>) ³	+						(+)												yes		yes	
Norwegian Central Federation of Farmers' Associations (<i>Landbrukets Sentralforbund</i>) ⁴	+	(-)		o			(-)					(-)										
Federation of Swedish Farmers' Associations (<i>Sveriges Lantbruksforbund</i>) ⁵	+			(-)			(-)					(-)	+	+				(+)	(-)			
Danish Bankers' Association (<i>Danske Bankers Fællesrepræsentation</i>)			(+)													-	(-)					
Norwegian Bankers' Association (<i>Den norske Bankforening</i>)	+		(+)	(-)												-	o		yes			
Swedish Bankers' Association (<i>Svenska Bankföreningen</i>)	+	+	(+)	+								+				-	(-)		yes		yes	
Danish Wholesale Society (<i>Grosserer-Societetet</i>)	+		(+)	-			-	-				+	-			-			yes	yes		
Norwegian Federation of Merchant Associations (<i>Norges Handelsstands Forbund</i>)		+					o							+			o	(+)				
Federation of Swedish Wholesale Merchants and Importers (<i>Sveriges Grossistförbund</i>)	+		(+)	(-)			(-)	o									(+)	(-)				
Danish Fisheries' Association (<i>Danske Fiskeforening</i>)								(+)														
Norwegian Fisheries' Association (<i>Norges Fiskerlag</i>)								(+)										(-)				
Swedish Federation of Fisheries' Unions (<i>Sveriges Fiskares Riksförbund</i>)	+							-										(+)				

¹ Together with the Swedish Employers' Confederation (*Svenska Arbetsgivareföreningen*) and the General Export Association of Sweden (*Sveriges Allmänna Exportförening*).

² The Confederations of Trade Unions in Denmark, Finland, Norway and Sweden, the Central Organization of Finnish Trade Unions (*Suomen Ammattiyhdistysten Keskusliito*) and the Swedish Central Organization of Salaried Workers (*Tjänstemännens Centralorganisation*).

³ Together with two other Danish farmers' organizations, *De samvirkende danske Landboforeninger* and *De samvirkende danske Husmandsforeninger*.

⁴ Together with two other farmers' organizations, *Norges Bondelag* and *Norsk Bonde- og Småbrukarlag*.

⁵ Together with *Riksförbundet Landsbygdens Folk*.

establishment of Nordek must not impair participation in the EEC, while SI is of the opinion that an adjustment to a European market would be facilitated by establishing a Nordic domestic market of 22 million consumers.

Another major question of the Nordek plans concerns the formulation of agricultural policy. In this connection both the Norwegian and Swedish agricultural associations express serious doubts particularly about the Danish wishes for a common Nordic agricultural policy in the future. Since the four countries do not complement one another but are rather competitors in the field of agriculture, cooperation in agriculture, according to the views of those organizations, must be kept within the limits drawn by the so-called additional need. In their appraisal of increased Nordic cooperation in agriculture, the Norwegians cite considerations of regional development policy in addition to those of a purely technical nature. Divergencies concerning the long-term objective of the cooperation also affect views on the proposed agricultural fund. The Danish organizations give priority to measures stabilizing prices, as distinct from the Swedish organizations which want to lay emphasis on structural rationalization. The Norwegians are against the proposed fund.

Cooperation in the fisheries' sector was a real stumbling block in the final phase of the negotiations. Primarily the differences in opinion concerned the right to transport and reload fish, which the Norwegians could not accept, despite the strong wishes of the Swedes and Danes. In its official statement, the Swedish Federation of Fisheries' Unions expresses strong fears that the proposed cooperation in fisheries would have serious consequences for the Swedish fishing industry.

The question of establishing a Nordic Investment Bank has also given rise to divided opinions both within and between branches. The Nordic trade union movement and SI are positive, while DI, NI, GS and the three bankers' associations adopt a negative attitude. Besides the common objection of the bankers' associations that the establishment of an investment bank does not create any additional possibilities of providing credit than those already in existence, GS especially emphasizes that government control over the economy ought to be avoided.

As stressed already, the Nordic trade unions have adopted a very positive attitude toward the Nordek plans. The four Confederations of Trade Unions expressed their opinion already after a meeting in Gothenburg on 7-8 November 1968, together with the Finnish Central Organization of Trade Unions and the Swedish Central Organization of Salaried Workers, stressing that "a strongly expanded Nordic cooperation is a decisive precondition for our trade union and organizational traditions having sufficient effectiveness in a possible future cooperation with countries with weaker trade union movements". After a meeting with the Nordic Social Democratic parties at Harpsund on 8-9 February 1969, the Confederations of Trade Unions in the four countries issued a new joint statement. Together with the Social Democratic parties, they underlined once again the advantages of an expanded Nordic market which would mean a better

utilization of resources and a faster rate of growth. The third time the Confederations acted jointly was on 29 September 1969, when in a statement to the four Prime Ministers, instead of an official statement on the proposal, they urged the governments to implement the cooperation plans without delay.

5. *The Political Parties and Nordek*

Denmark

Prime Minister Baunsgaard's party, the Radicals — along with the opposition party, the Social Democrats — has displayed the greatest enthusiasm in Denmark for the Nordek plans. The other two governing parties, the Liberals and Conservatives, however, have been more hesitant — although for somewhat varying reasons. The Liberals, supported largely by farmers, have propounded that Nordek must not jeopardize Danish membership in the Common Market, which would entail important advantages for Danish agriculture through higher prices and increased marketing possibilities. In its criticism of the cooperation plans, the Conservative party has primarily stressed that Danish industry's ability to compete must not be weakened through higher tariffs on raw materials, semimanufactures and machinery.

During the last two party conferences of the Radicals — in May 1968 and May 1969 — Prime Minister Baunsgaard advocated an expanded Nordic economic cooperation. On the former occasion, he chiefly underlined that the time had come for the four countries to try to solve their market policy problems themselves. He reiterated this standpoint also the subsequent year, when the market question had entered a partially new phase through the sudden demise of President de Gaulle on 27 April. The Prime Minister maintained that as far as the Danes were concerned the road to the EEC was via Nordek.

The divergencies in the three governing parties' market policies can be elucidated by the debate in the press, with Mr. Baunsgaard's article in the daily, *Politiken*, on 31 August 1969 as point of departure. In his article, the Prime Minister contended that both Nordic and European cooperation were indispensable to Denmark. In his view, nothing indicated that the Nordek plans would diminish the possibilities of joining the EEC. The Danish wish to participate in a broad European market solution was shared by the remaining three Nordic countries, but the time for negotiations was unknown. The most important point for Denmark was to be able to negotiate at the same time as Great Britain — the country's largest market for agricultural products — since the British negotiations with the EEC would probably to a large extent concern agricultural considerations.

The Liberals' Anders Andersen replied the following day, arguing that the Danes ought to reject Nordek in the event that it merely delayed a European solution, or perhaps even if it created doubts about Danish market policy. The Conservative spokesman in the press debate was the Minister of Finance, Poul Møller, who maintained that he was in favor of a Nordic solution if it was constructed so that EEC membership was not jeopardized. But he found it dif-

difficult to see how EEC membership could be compatible with a Nordic customs union.

At the Liberal party conference in Odense on 20–21 September 1969, a resolution on the market question was unanimously adopted. The party would also in the future adhere to aim at Europe but simultaneously continue to participate in the Nordic negotiations in a positive spirit. The decision to implement a Nordic customs union, however, ought not to be adopted before the possibilities of Danish membership in the EEC had been exhausted. In a speech at the party conference the party's leading politician in market affairs, the Minister of Market Affairs, Nyboe Andersen, however, declared that the road to the EEC was not without its obstacles and many uncertain factors had to be taken into account.

It was generally felt that the declaration of the Liberal party conference indicated disunity within the Danish coalition government. This was denied by Mr. Nyboe Andersen a few days later. He then stressed that it would be unpractical to commit oneself to a definite solution before it was known what form the EEC was to assume in the future.

The Conservative party discussed the market questions at the party conference in Copenhagen on 29–30 November 1969. The party accepted Nordek under the condition that Danish industry could obtain decent working conditions. The final goal, however, was still a European solution.

The Social Democratic party, under the leadership of former Prime Minister, Jens Otto Krag, has adopted a pronounced pro-Nordic stance on the market question issue. The Social Democratic party congress, meeting in Copenhagen on 15–19 June 1969, adopted a work program, which included the questions of Nordic cooperation. The party supported a far-reaching cooperation between the Nordic countries in the form of an economic union based on a customs union. Nordic cooperation was regarded as a constructive step toward a broad European market. On 24 January 1970 the party spokesman on market matters, Ivar Nørgaard went even so far as to question whether Danish affiliation with the EEC would be able to obtain the constitutional majority of $\frac{5}{6}$ of the Folketing in the event Nordek negotiations broke down due to Danish objections. According to Nørgaard abandonment of the Nordic cooperation plans would arouse strong opposition not only among the Social Democrats and Socialist People's party but also among the Radicals.

Finland

Differences in opinion on Nordek have been large in the Finnish cabinet. The Social Democrats and the Swedish People's party have adopted a clearly positive attitude, as have the opposition parties, the Conservative party and the Liberal People's party. The Center party has vacillated between hesitancy and a negative attitude, while the People's Democrats (DFFF) and the Social Democratic League have opposed Nordek. Through the dominant role played by the four Prime Ministers during the negotiations, Finnish policy has been associated with

the Social Democratic party and Prime Minister Koivisto personally. After having been dealt with at the Prime Minister level up until the summer of 1969, Nordek was first handed over to the Ministry of Foreign Affairs in July.

Dissensions occurred within the People's Democratic party, which includes both Communists and non-Communists. The Communist portion of DFFF has been split since the Communist party congress in the spring of 1969. The party then divided into two factions — a majority group under the leadership of the party chairman Aarne Saarinen and an opposition group with Stalinist tendencies with MP Taisto Sinisalo as its major spokesman. The attitude of the congress toward increased Nordic cooperation was positive, but the congress rejected the package solution which Nordek constituted. Already at the beginning of 1969 the central committee of the Communist party emphasized that the Nordek plan jeopardized Finland's foreign policy position and restricted her sovereignty. The draft of a short-term program, which DFFF presented approximately at the same time, stressed however that Nordek was not to be permitted to cause any form of affiliation with the EEC.

On several different occasions during the autumn and winter of 1969–70, MP Sinisalo returned to the question of expanded Nordic economic cooperation. In parliament, in the Soviet press and during the extra party congress held by the Communists on 14 February 1970, he strongly attacked the Nordek plans. During the congress he underlined that Nordek was an attempt to tie the Finnish economy to Western European capitalism. The party chairman Saarinen expressed a similar view in a speech the day after the party congress. The chairman of the People's Democratic party, Deputy Minister of Finance, Ele Alenius, however, has in various contexts stated that Finland cannot remain outside the developments of foreign trade in Europe. In a newspaper interview in February 1970, he summarized his view of the problems entailed by Nordek. He stressed that Nordek must not be a portal to the EEC, that the workers' interests must not suffer from the cooperation, that the Eastern foreign trade should be unaltered and that endeavors toward a new social system were not to be constricted.⁴⁰

While the People's Democratic party is the most negative toward Nordek, the Swedish People's party stands out as most positive. During its congress in Pargas on 7–8 June 1969 the party adopted a resolution which stressed that the Nordek plans were an important component in the political and historical orientation of Finland. During the parliamentary debate in December 1969, the party's representative in the government, Minister of Trade, Grels Teir, emphasized that he had opposed the decision of the Finnish government to postpone the Nordek negotiations earlier that month. When calling on President Kekkonen on 7 January 1970 the Presidium of the parliamentary group expressed anxiety about the change on the Nordek issue which had occurred at the beginning of December. It was regretted that Finland had come to appear as a restraint, a fact which did not strengthen the country's position among the Nordic countries. The Swedish People's party was of the opinion that the question had not

been properly dealt with, and it desired that the question should be considered by the government immediately after the election in March. In a statement on 19 February the party declared that the government ought to sign the Treaty in accordance with the decision adopted in Reykjavik.

The chairman of the largest opposition party, the Conservative party, Juha Rihtniemi, on 13 January 1970 levelled criticism against the government's manner of handling the Nordic cooperation plans. The conditions laid down by the government the previous day for continued participation in the negotiations, he felt, had been presented at a very late date. Finnish reservations had been made clear already at the beginning of the negotiations of the government officials, when it had been declared that no changes in the country's relations with the European Market were intended at the present time. Rihtniemi called for the plans to be discussed more objectively and without delays in the future.

Norway

In Norway the sharpest criticism against the Nordic cooperation plans has been voiced by the largest party in the coalition government, the Conservatives. The party's main spokesman, the Minister of Trade, Kåre Willoch, has energetically and cogently raised objections to the Nordek plans. He summed up his views on the proposed Nordic customs union in a speech on 28 October 1968. He was of the opinion that a Nordic customs union would not result in any new free trade markets for industrial goods beyond those already existing within the framework of EFTA. Moreover the external tariff barriers of the Nordic countries would be lowered through the results of the negotiations of the Kennedy Round. Mr. Willoch restated these views in a speech in Hedmark on 9 February the following year and added a few observations regarding the planned agricultural cooperation, which attracted much attention, primarily in Denmark. He felt that transfers of income from a country with a lower GNP to one with a higher GNP were out of the question. The implications of this were that Norway could not conceive of subsidizing Danish agriculture. However, the Minister of Trade had to assume sole responsibility for this view, as Prime Minister Borten four days later dissociated himself from Mr. Willoch's statement on agricultural cooperation.

At the party conference on 21–23 March 1969, the Conservatives adopted a unanimous resolution on the market question. The party could not take a definite position on the proposed economic cooperation until the Nordic customs union and the common agricultural policy were presented in their final form. In addition, it was declared that Nordic cooperation also in the future was to be combined with a Norwegian commitment to NATO and an active policy to secure membership in the Common Market. The party leader, John Lyng, felt that the possibilities of expanding Nordic economic cooperation were large under the condition that the four countries showed understanding for one another's problems.

The Liberals, also members of the coalition government, have displayed

greater enthusiasm for Nordek than the Conservatives. As early as the end of April 1968, i.e. only a week after the first meeting of the Prime Ministers in Copenhagen, the party conference pledged to work for a strong economic integration in the Nordic countries. In the opinion of the party conference, the integration ought to consist not only of a common capital market but also of common agricultural, fishery and industrial policies. During the party conference in Sandefjord on 2–4 May the following year, the party declared its support of a Nordic customs union with low external tariffs. The declaration was adopted by 103 votes against 84. The party leader, Gunnar Garbo, supported the majority opinion, while the chairman of the parliamentary group, Bent Røiseland, was among those who wanted a milder formulation. A few days after the Hague meeting, the national committee of the Liberal party stressed that the Norwegian government ought to do its most to see that the Nordek plan was implemented. The somewhat critical view of the EEC, which the Liberals have expressed at various times, was reflected in a statement made by party chairman Garbo on 2 January 1970. In a newspaper interview, he emphasized that the four Nordic countries ought not to drop everything else whenever new signals were flashed from Brussels. Nordek ought to be carried out since an enlargement of the EEC was uncertain.

Prime Minister Borten's party, the Center party, had adopted an intermediate position in the Norwegian government. On the one hand, the party has been more positive toward the efforts to increase Nordic cooperation than the conservatives; on the other hand, it has been perhaps slightly more hesitant than the Liberals. During the party conference on 10–12 April 1969, the party supported continued negotiations aiming at a Nordic economic union. In his account of Nordek, however, Prime Minister Borten maintained that a complete customs union was still out of the question, *inter alia*, because Finland could not accept a joint foreign trade policy toward third countries. Six months later the Prime Minister returned to the question of a customs union and asserted that the customs union could not be an aim in itself.

The Social Democrats, the main opposition party, have pursued a clearly pro-Nordic policy. During the party congress on 11–16 May 1969, it was decided to advocate a customs union without restrictions. The major speaker, party chairman Trygve Bratteli, underlined that not even President de Gaulle's retirement at the end of April that year ought to affect the plans for Nordic cooperation. At the same time, however, he declared that no internal Nordic arrangements could solve the question of the Nordic countries' relations with non-Nordic areas. It was equally clear that no European affiliation could solve internal Nordic problems.

In a New Year statement in 1970, the party leader Bratteli once again dealt with the market questions. He regretted the shortsightedness and negativism in the attitudes of certain circles toward Nordek, and he stressed that no contradictions existed between the Nordic and European market plans. Irrespective of events on the continent, Bratteli held that the Nordic countries must settle their

internal cultural and economic relations. The national committee of the party later backed the decisions made in connection with the session of the Nordic Council in Reykjavik and demanded that the Nordek Treaty should be ratified by the Storting during the spring of 1970. Simultaneously it was pointed out what a strong driving force the Nordic labor movement had been in bringing about Nordek.

Sweden

Since the support of Nordek has been nearly unanimous in Sweden and divergent views of importance hardly exist, the political parties in this country are only dealt with very briefly.

The governing Social Democratic party has strongly supported Nordek. On several occasions representatives of the party together with the other Nordic Social Democratic parties have issued very positive statements on expanded Nordic economic cooperation. At the party congress on 4 October 1969 the newly elected party leader, Olof Palme, stated that important decisions concerning Nordic cooperation were imminent. The labor movement had a vital interest in the Nordek negotiations leading to a positive result.

Support from the opposition parties has not been less. The leader of the Center party, Gunnar Hedlund, emphasized, during the Riksdag's debate on general policy on 29 October 1969, that the current Nordek negotiations were a step in the right direction. He expected that the cooperation would provide advantages for each of the four countries. At the same time he was of the opinion that it was necessary to prevent individual groups from suffering due to the changes brought about by the cooperation.

In a statement on his program at the Liberals' extra party conference at the beginning of November 1969, the new party leader, Gunnar Helén, declared that the party ought to concentrate on the two international questions which were increasingly to affect Sweden's position in the world: the EEC and Nordek. He felt that Nordek had to entail sacrifices and accommodation from every quarter, but that the result ought to be a gain not only for the Nordic countries as a unit but also for each individual country.

Leading representatives of the Conservative party have emphatically underlined the party's positive position toward the Nordek plan on several occasions in parliament and in the press debate.

6. *Summary*

The current debate on expanded economic cooperation in the Nordic countries has been going on for more than two years. The Prime Ministers of the four countries have met on at least ten occasions. The government officials have presented three extensive reports with concrete proposals. The Nordic Council has devoted the bulk of its last three sessions to this question. The Nordic daily press has produced thousands of editorials and a substantially larger number of news articles on the subject. The interest organizations have examined the concrete

proposals and have criticized or commended them from their point of view. The political parties have listened to and participated in the debate, made tactical moves, aggregated conflicting views and on the basis of these have formulated new standpoints. Less is known, however, about public opinion concerning the Nordek plans, but a couple of opinion polls in Denmark and Finland provide some indication.

According to a Danish poll published in February 1969, 61 % of the respondents in a representative sample of the Danish population were positive toward an expanded economic cooperation among the Nordic countries, while only 5 % were against it.⁴¹ In another poll presented in September the same year, 43 % of the respondents preferred Danish membership in the EEC along with Great Britain to a Nordic economic union. 26 % answered positively to the question of whether Denmark ought to join the EEC even if Great Britain did not. A larger proportion or 33 % preferred a Nordic economic union under the condition that Britain did not join the EEC.⁴²

Over half of the respondents in a Finnish opinion poll conducted at the end of January 1970 believed that Nordek would have predominantly positive effects, while 25 % were of the opinion that the advantages and disadvantages were equal. Classifying the respondents according to party sympathies, the results were that 74 % of the supporters of the Liberal People's party believed that the advantages were greater than the disadvantages. For the remaining parties, the figures were: 72 % for the Swedish People's party, 69 % for the Coalition party, 55 % for the Social Democrats, 49 % for the Center party and 32 % for the People's Democrats.⁴³

The Nordic parliaments have debated the Nordek issue to a varying extent. The Danish Folketing and the Norwegian Storting have held several debates devoted especially to the market questions; the debates have opened with accounts given by government representatives concerning the negotiations. In the Finnish parliament and the Swedish Riksdag on the other hand, the Nordek plan has not been discussed to any great extent. So far in Finland, it has been discussed in parliament once (in December 1969), while in Sweden it has been dealt with on intermittent occasions but a special Nordek debate has not been arranged.

The manner in which the governments have kept themselves informed of the view of the interest organizations has also varied in the four countries. In Denmark, Norway and Sweden the organizations have been urged to submit official comments. In Finland a formal procedure has been avoided and instead frequent informal contacts between the negotiating officials and representatives of the organizations have been relied upon. A system — similar to that in Finland — has also existed in the other three countries in addition to the official channels.

The interest organizations strongly supporting Nordek have been a united Nordic trade union movement and the Federation of Swedish Industries. Criticism or outright rejections have been conveyed by the Danish Council of Industry, the Federation of Norwegian Industries, and the farmers' organizations

in Denmark, Norway and Sweden. Information about the attitudes of the Finnish organizations is not available.

The majority of the political parties in the Nordic countries have backed Nordek. Among the clearly positive parties are the four Social Democratic parties, all the Liberal parties (except the Danish Liberals), the Conservative parties in Finland and Sweden, the Christian People's party in Norway and the Center party in Sweden. The Norwegian Center party and the Danish Conservatives have been more hesitant, although increasingly more positive with the passing of time. The Center party in Finland and the Liberals in Denmark have mainly expressed negative points of view. The People's Democrats/Communists and the Social Democratic League in Finland and the Conservative party in Norway have been the most vigorous critics of Nordek.

The Swedish government, as far as one can tell, has been united in its support of Nordek. In the remaining three countries, however, clear differences in opinions have been discernible between the Prime Ministers, who have been mainly positive, and individual ministers who have been negative. The Danish Prime Minister Baunsgaard has not always shared the views of the Minister of Market Affairs, Nyboe Andersen, on Nordek; and on several occasions statements by Foreign Minister Karjalainen have differed from the views expressed by the Finnish Prime Minister Koivisto. In Norway differences in opinion between Prime Minister Borten and Minister of Trade Willoch have been markedly noticeable.

The Nordek debate has centered around five issues: (1) the Nordic customs union and the relations to the EEC, (2) agriculture, (3) fishery policy, (4) institutional arrangements, (5) the construction and size of the funds and the investment bank. The four countries have attached varying weight to specific problems. The Danes have often emphasized the importance of extensive cooperation in agriculture, have desired strong and nationally independent organs of cooperation, have advocated suspension of tariffs on certain industrial goods for an unlimited period of time, and have demanded as an absolute prerequisite for participating in the Nordek cooperation that it be compatible with future membership in the EEC. The Finns have wanted to retain their extensive trade with Eastern Europe and have demanded that consideration be given to their special agricultural problems, and have underlined their lack of interest in both EEC membership and association. The Norwegians have also demanded tariff suspensions for an unlimited period for certain goods, have put forward special requests concerning fisheries, and have stressed the importance of compatibility between the Nordic cooperation and EEC membership. The customs union has been the major Swedish demand during the negotiations.

The Nordek plans were brought up quite unexpectedly by Denmark, but even subsequently the negotiations have not been void of dramatic incidents. Most frequently the unexpected moves have come from Finland. Mr. Koivisto unexpectedly pleased the other Nordic Prime Ministers through his surprisingly positive statement in Oslo in October 1968 on the plans for economic coopera-

tion between the Nordic countries. But four months later, President Kekkonen during a talk with Prime Minister Erlander in Helsinki expressed the Finnish opinion as being that the tempo of the negotiations had become too fast. The real surprise did not occur, however, until the beginning of December 1969 when Mr. Koivisto announced that the planned Prime Minister meeting in Turku was called off. A month and a half later the Finnish government gave the go ahead sign to continue the substantive negotiations aiming at a settlement at the session of the Nordic Council in Reykjavik. The Finnish conditions for proceeding with the negotiations included clear reservations concerning the EEC. The Nordic Prime Ministers agreed in Reykjavik on a time table for signing the Treaty, which meant that this would occur around 7 March 1970. Subsequently the Nordic parliaments were to ratify the Treaty during the spring session the same year. On 24 March the Finnish government, however, announced that it could not sign the Treaty because of the other three countries' active interest in the EEC. Instead the matter was passed on to the new government to be formed after the election. The following day Foreign Minister Karjalainen expressed doubts as to whether Nordek could at all be carried out before the end of 1970.

Once again external forces have played a decisive role in formulating the market policy of the four countries. Danish and Norwegian hopes of starting negotiations soon with the EEC combined with the Finnish reservations made in January and March 1970 make it difficult to judge the prospects of Nordek being implemented. Nordek cannot be said with certainty to be a fact until the ratification documents are safely in the custody of the Foreign Ministries of the four countries.

March 25, 1970

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NOTES

¹ This account is based on Staffan Håkanson, "Nordisk samverkan — en väg mot Europa-marknaden" in Åke Landqvist (ed.), *Norden på världsarenan*, Stockholm, LT:s förlag, 1968, pp. 197—216. Halle Jörn Hanssen, "Forhandlingene om nordisk tollunion i Nordisk råd — et tilbakeblikk", *Internasjonal Politikk*, no. 1, 1968, pp. 57—72. Per Kleppe, *EFTA — Nordek — EEC*, Stockholm, Studieförbundet Närlingsliv och samhälle, 1970, pp. 52—56, 84—89. Axel Waldemarson, *Norden — finns den?*, Aktuell debatt 4, Stockholm, Almqvist & Wiksell, 1969, pp. 12—18.

² Tor Störe, *Nytten av Norden*, Stockholm, Föreningen Norden, 1968, p. 7.

³ *Utrikesfrågor* — offentliga dokument m. m. rörande viktigare svenska utrikespolitiska frågor 1967, Stockholm, Ministry of Foreign Affairs, 1968, p. 139.

⁴ *Nordisk råd*, 16th session, 1968, Oslo, p. 62 ff.

⁵ Rekommendation nr. 21/1968.

⁶ TV program on 23 April 1968.

⁷ *Forhandlingar i Stortinget*, 1968, nr. 431, p. 3446 ff.

⁸ *Folketinget forhandlingar*, nr. 13, 1967—68 (2. samling) p. 2883 ff.

⁹ *Ibid.*, p. 3026, p. 3034.

¹⁰ Sveriges Industriförbund: *Utrikesfrågor*, nr. 10, 1968.

¹¹ *Press communiqués from the Press Office of the Swedish Ministry of Foreign Affairs*, 18—19 January 1969.

¹² *Ibid.*, 1—2 February 1969.

- ¹⁵ TV interview of the Nordic Prime Ministers on 2 February 1969.
- ¹⁶ *Folketingets forhandlinger*, nr. 16, 1968—69, p. 3507 ff.
- ¹⁷ *Ibid.*, p. 3728 ff, p. 3791 f.
- ¹⁸ *Riksdagens protokoll*, Andra kammaren, 1969, nr. 4, p. 101 ff.
- ¹⁹ *Forhandlinger i Stortinget*, 1969, nr. 307, p. 2447 ff.
- ²⁰ *Nordiska rådet*, 17th session, 1969, Stockholm, p. 2358 f (rekommendation nr. 9/1969).
- ²¹ *Hufvudstadsbladet*, 18 Mars 1969.
- ²² *Forhandlinger i Stortinget*, 1969, nr. 479, p. 3831.
- ²³ *Riksdagens protokoll*, Första kammaren, 29 October 1969, p. 32 ff.
- ²⁴ *Dagens Nyheter* and *Svenska Dagbladet*, 9 December 1969.
- ²⁵ *Hufvudstadsbladet*, 18 December 1969.
- ²⁶ *Svenska Dagbladet*, 13 January 1970.
- ²⁷ *Nordiska rådet*, 18th session, Reykjavik, (snabbprotokoll) 11 February 1970 p. 1 ff.
- ²⁸ *Expanded Nordic Economic Co-operation*, Nordisk Udredningsserie 1969: 17, p. 79.
- ²⁹ *Ibid.*, pp. 102—106.
- ³⁰ *Ibid.*, pp. 80—81.
- ³¹ *Ibid.*, pp. 82—88, *Utvidgat nordiskt ekonomiskt samarbete*, rapport från nordiska ämbetsmannakommitten, Stockholm, 4 February 1970, Appendix 1, p. 1.
- ³² *Expanded Nordic Economic Co-operation*, pp. 89—92, *Utvidgat nordiskt ekonomiskt samarbete*, p. 3.
- ³³ *Expanded Nordic Economic Co-operation*, pp. 93—4.
- ³⁴ *Utvidgat nordiskt ekonomiskt samarbete*, p. 12.
- ³⁵ *Document C (70) 14, 1st revision, 30 January 1970. OECD.*
- ³⁶ Communiqué, Reykjavik, 7 February 1970.
- ³⁷ *Expanded Nordic Economic Co-operation*, pp. 118—119.
- ³⁸ *Utvidgat nordiskt ekonomiskt samarbete*, p. 9.
- ³⁹ *Ibid.*, Appendix 2.
- ⁴⁰ In some cases the organizations, in their comments on the report of the government official of 17 July 1969, refer to earlier communications generally submitted in connection the preliminary report of the officials of 3 January 1969. If the statements concerning the latter report are incomplete due to references to previous communications, the content of the earlier statements has been taken into account in the construction of the table.
- ⁴¹ Industriraadet: 28.1.69, 23.10.69
 Norges Industriforbund: 24.2.69, 9.10.69
 Sveriges Industriförbund: 15.1.69, 17.9.69 (see also note 1 table 1)
 Landsorganisationerna: (see note 2 table 1)
 Landbruksraadet: 17.10.69 (see also note 3 table 1)
 Landbrukets Sentralförbund: 10.10.69 (see also note 4 table 1)
 Sveriges Lantbruksförbund: 15.9.69 (see also note 5 table 1)
 Danske Bankers Faellesrepresentation: 19.2.69
 Den norske Bankforening: 1.10.69
 Svenska Bankforeningen: 17.9.69
 Grosserersocietetet: 4.2.69, 9.9.69, 10.10.69
 Norges Handelsstands Forbund: 8.10.69
 Sveriges Grossistförbund: 12.9.69
 Dansk Fiskeriforening: undated communication
 Norges Fiskarlag: 16.10.69
 Sveriges Fiskares Riksförbund: 19.9.69
- ⁴² *Hufvudstadsbladet*, 20 February 1970.
- ⁴³ *Dagens Nyheter*, 22 February 1969.
- ⁴⁴ *Svenska Dagbladet*, 29 September 1969.
- ⁴⁵ *Nordisk kontakt*, 1970, no. 5, p. 267 f.