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Blueprints of Nordic Integration.
Dynamics and Institutions
in Nordic Cooperation, 1945-72

JOHNNY LAURSEN

EUI Working Paper RSC No. 94/20

European University Institute, Florence

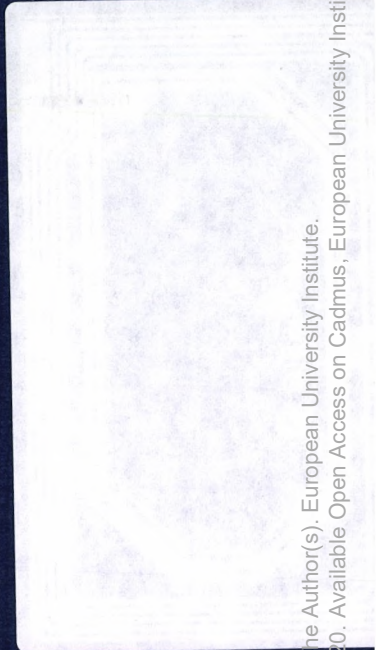
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Blueprints of Nordic Integration.
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J. Laursen

In the learned discourse on European integration, the language of historians and politicians abounds with metaphors such as the "construction" of Europe, the "building" of a union, of pillars and foundations. One can almost imagine Jean Monnet, Paul-Henri Spaak and Walter Hallstein, entering a building site, with hammers strapped to their overalls. This metaphor of a building site bustling with activity is strikingly different from the images of a Nordic cooperation, which went through its formative phase of institution-building in the same decade, the 1950's, as the European Community. The political discourse on Nordic cooperation is remarkably devoid of terms such as "union", "community" or any precise other than "cooperation". There do not seem to have been any architects, blueprints or foundation pillars in Nordic cooperation. The latter is traditionally presented as pragmatic, middle-of-the-road, void of tension and fixed political concepts. It must seem that, after 1945, the Nordic countries could not help but cooperate.

For historians and political scientists, this difference raises several questions. How did these metaphors correspond to the political reality? What were the dynamics behind these different forms of cooperation? What was the basis for the institutional solutions? And why did the Nordic countries not form a coherent political and economic force with its own institutions instead of integrating through the EEC and EFTA? These questions are not only relevant at a time where the Nordic countries are in the process of adapting their

cooperation to work inside an enlarged European Union, but also because their answers might provide a better basis for an understanding of the dynamics, restraints and different forms of multilateral cooperation in Europe. Let us, therefore, in the following paragraphs give an appraisal of the dynamics and institutional characteristics of Nordic cooperation in the 1950's, the period considered as the formative and "heroic" period of European integration. Following this, we will cast a glance on the 1960's, after Nordic cooperation had lost the creation of a Nordic common market as its archimedean point.

Research Traditions and Interpretations

Despite the importance attached to Nordic cooperation until now research into its history and institutions has been sporadic. The classic account is *The Nordic Council and Co-operation in Scandinavia* by Frantz Wendt,¹ the first secretary general for the Danish delegation to Nordic Council. It covers the development of intra-Nordic cooperation up to 1959, and demonstrates the great advance in practical cooperation in traffic, communications, etc. Considering, history, as ending with the abandoning of the plans to form a Nordic common market the story, however, leaves the reader puzzled as to the conflicts and limits of the Nordic aspirations. Wendt's book established the tradition that Nordic cooperation was pragmatic, middle-of-the-road, based on similarity between the partners and that there were few conflicts; a picture which has been more or less reproduced by many later works.²

One of the first scholars to ask how Nordic integration corresponded to existing integration theories was the Swedish political scientist Nils Andrén, who saw the Nordic cooperation ideology as being based on a combination of emotional Nordism and pragmatic-utilitarian approaches. Cooperation was

¹ Copenhagen 1959. Wendt's: *Cooperation in the Nordic Countries. Achievements and Obstacles*, Stockholm 1981, gives an up-dated overview of the period up till 1980.

² See e.g.: Sletten, V.: *Five Northern Countries pull Together*, 1967.

centred around low-policy areas and primarily moved by the institutionally weak Nordic Council. Potential for further development was anchored in a growing cooperation-ethic, such as the obligation of consultation, and in a certain spill-over like that of the Nordic passport-union and social convention following from the Nordic labour market. These dynamics, however, could be checked by higher policy areas, such as the different economic and security interests among the countries.³

Early works, such as P.-O. Jonsson's study of the Nordic customs union and G.P. Nielsson's on Denmark's European policy 1956-63, pioneered historical and empirical knowledge of the field, and were the first to give detailed accounts of the divergence of interests and policies pursued by the Nordic partners leading to the failure of the Nordic common market.⁴ If Jonsson and Nielsson heightened awareness of centrifugal forces in the Nordic group of countries, however, they still left a fragmentary picture of the dynamics and strengths of the Nordic designs. The same can be said about T. Miljan's *The Reluctant Europeans*, presenting an overall analysis of the integration policies of the Nordic countries. The book covers the period 1945-1972, but is heavily centred on the OEEC-talks on a free trade area 1956-58. Here, the author shows how the European issue released the centrifugal force of conflicting economic

³ André, N.: "Nordisk integration - synspunkter och problemställningar", *Internasjonal Politikk* 1966, p. 370-387.

⁴ Johnsson, Per-Olaf: *The projected Scandinavian Customs Union, 1945-59*, Ph. D. Thesis Florida State University 1964; Nielsson, Gunnar P.: *Denmark and European Integration. A small Country at the Crossroads*, Ph. D. Dissertation, Los Angeles 1966. More recently two MA's have appeared analysing and thoroughly documenting Norway's policy towards the Nordic plans of the 1950's and the choice of EFTA-membership in 1959-60. Hansen, S.O.: *Det norske EFTA-sporet i 1950-åra*. En studie av Norges Europa-politikk, med særlig vekt på perioden 1956-60, Hovedfagsoppgave Oslo Univ., 1990; I. Sogner: *Norges holdning til nordisk økonomisk samarbeid 1947-1957*, Hovedfagsoppgave Oslo Univ., 1992.

interests in the North resulting in a Nordic divide vis-à-vis Europe in 1972.⁵

Systematic accounts of concrete interests involved in a Nordic common market can be found in Bo Stråth's archive-based study of the policies of the Nordic industrial federations towards a Nordic common market and Barbara Haskel's *The Nordic Option*. Stråth's work map out the interests of Nordic industry to the economic cooperation plans and pointed out the tensions between the perceived national interests.⁶ Moreover, Haskel's study employs archive-material in three case studies on the Scandinavian Defense Union, The Nordic Common market and the Intra-Parliamentarian Committee on Communication and Traffic. Her main conclusion is that so few intra-Nordic institutions were developed, not because of conflicting interests, but because there was no convergence of policies.⁷ In a later work Stråth employed his findings to severely refute the tradition which viewed Nordic alignment as an alternative to the involvement of the Nordic countries in European affairs. The ups and downs of Nordic cooperation were, thus, immersed in the ebb and flow of European developments. Stråth thus sees the dynamics and limits of Nordic cooperation in the interaction with external forces, and only to a lesser degree in inherent Nordic forces. Where Haskel argues that the political dynamics for Nordic integration were lacking, Stråth's point is that the political motives were at hand, whereas the economic prerequisites for a Nordic common market were

⁵ Miljan, T.: *The reluctant Europeans*. The Attitudes of the Nordic Countries towards European Integration, London 1977.

⁶ Stråth, B.: *Nordic Industry and Nordic Economic Cooperation*. The Nordic Industrial Federations and the Nordic Customs Union Negotiations 1947-1959, Stockholm 1978.

⁷ Haskel, B.G.: *The Scandinavian Option*. Opportunities and Opportunity Costs in Postwar Scandinavian Foreign Policies, Oslo 1976.

too frail.⁸

There are still only a few studies on the functioning of intra-Nordic politics and the multilateral bargaining, consultation and policy formulation in the Nordic club. Wendt's *Nordisk Råd 1952-1978* gives a global account of the accomplishments and institutional development of Nordic cooperation up to the 1970's.⁹ The best institutional analysis is, however, still Stanley Anderson's study on the organisational forms of Nordic cooperation. It shows how precarious and difficult it was to build authoritative institutions for even intergovernmental cooperation among the Nordic countries. After reading his book, there is little left of the image of Nordic institutional pragmatism. Institutions clearly mattered, even though the analysis gives little insight into why the organisation of secretariats etc. could be such a sensitive issue among friends and pragmatists.¹⁰

This article will, agreeing with Stråth, argue that Nordic cooperation must be studied and explained within the context of external forces. It will further propose that four components are distinguishable as constituent elements of Nordic cooperation in the 1950's and that they in this decade formed the dynamics behind the project for a Nordic common market. Two motives were offsprings of external conditions governing the international political economy in the 1950's, the other two inherent Nordic forces giving direction to the way the Nordic governments responded to the external challenges. The former were:

⁸ Stråth, B.: "The Illusory Nordic Alternative to Europe", *Cooperation and Conflict*, 1980, 15, p. 103-114; see also: Nielsson, Gunnar P.: "The Nordic and the Continental European Dimension in Scandinavian Integration: Nordek as a Case Study" *Cooperation and Conflict*, 1971, nr. 3-4, s. 173-81.

⁹ Wendt, F.: *Nordisk Råd 1952-1978*, Stockholm 1979.

¹⁰ Anderson, S.V.: *The Nordic Council. A Study of Scandinavian Regionalism*, Stockholm 1967; see also: Solem, E.: *The Nordic Council and Scandinavian Integration*, New York 1977.

1) a drive for economic modernisation and adaption to international economic conditions, 2) formation of a bargaining cartel responding to changes in European multilateral cooperation in trade and payments - the latter: 3) idealist Nordism institutionalised in the Nordic Council and 4) a Nordic social democratic approach to domestic and European economic issues. The particular dynamic provided by the former two basic forces was moulded and given direction by the particular institutional setting of Nordism in the Nordic Council, by the way it interacted with national decision-making and by social democratic and welfare-economic strategies merging Nordic cooperation, modernisation and a the making of a Nordic bargaining cartel into the common market project. Where Nordic cooperation provided solutions to these requirements, we find our fragmented blueprint of Nordic integration built on the concepts of the Nordic welfare states.

The Nordic Council

One of the first steps towards closer cooperation was the establishment of regular meetings between the Nordic foreign ministers after 1945 with a view to coordinating Nordic policies in European and world affairs. In the UN, GATT and OEEC, the distribution of influence positions took place on the assumption that the Scandinavians constituted a group. In the OEEC, for example, there would normally always be a Scandinavian member on the Executive Committee, the Steering Board of Trade and on the Managing Board of the EPU.¹¹

The trend toward the formation of a coherent bargaining group was, however, checked by a strong divergence of national interests with regard to high policy priorities like economics and security. The different economic

¹¹ To the UN see: Lindström, J.E. & C. Wiklund: "The Nordic Countries in the General Assembly and its Two Political Committees" *Cooperation and Conflict*, 1967, p. 171-187; Kalela, J.: "The Nordic Group in the General Assembly" *Ibid*, 1967, p. 158-170.

structures and the differences in industrial development and economic strength markedly hampered closer economic integration and cooperation in the reconstruction period. Immediately after 1945 the efforts to establish a common Nordic labour market had foundered due to Norwegian fears that migration of skilled labour from Norway to the economically stronger Sweden could jeopardise Norwegian reconstruction policies.¹² The decision of Denmark, Norway and Sweden to initiate talks on regional integration under the auspices of the OEEC in 1948 was, thus, less based on the possibility of the Nordic economies to supplement each other, than on the pressure of the United States for steps towards European integration. The two rounds of investigations and their ensuing reports more than confirmed the difficulties in combining the Nordic economies into a functional market organisation.¹³ Needless to say that the problems of conciliating the interests of the Scandinavians come out most clearly in the failure to establish a Scandinavian defence union 1948-49 leaving two countries to enter NATO, one to stay neutral and one to settle into a special non-aligned position.

What was it then that carried Nordic cooperation through in the face of the difficulties of conciliating substantial economic and security interests among the countries? The answer is that the persistence of the thrust towards Nordic cooperation must be seen against the backdrop of a strong political current towards Nordism built on a tradition going back to the 19th century.¹⁴

¹² Haskel, 1976, p. 156-61.

¹³ Haskel, 1976, p. 94ff.; Stråth, 1980, p. 106f.; see also: Sogner, 1992, p. 15ff.; *Nordisk økonomisk samarbejde*. Foreløbig rapport fra Det Fælles Nordiske Udvalg for Økonomisk Samarbejde, København 1950, p. 22-24, 43; *Nordisk økonomisk samarbeid*. Et felles marked, Trondheim 1954, p. 75, 82-88.

¹⁴ For the concept of inventing traditions and building concepts of community see: Hobsbawm, E.: "Mass-Producing Traditions: Europe, 1870-1914" in: Hobsbawm, E. & T. Ranger (eds): *The Invention of Tradition*, Cambridge 1983, p. 263-307.

In 1919, Norden Associations (*Foreningen Norden*) had been established to promote the idea of Nordic cooperation, but also a plethora of inter-Scandinavian non-governmental associations had been in existence before 1945.¹⁵ After 1945 this Nordic sentiment was developing into a powerful undercurrent in domestic politics and foreign policy-making. Membership of the Norden associations soared drastically in the postwar period, and e.g. in Denmark it embraced political and economic elites across the political spectrum. In 1957, the associations had approximately 120 000 members divided accordingly with 60 000 in Denmark, 25 000 in Sweden, 21 000 in Finland and 12 000 in Norway.¹⁶

As has been held by the Nordist tradition, it is thus true that Nordist idealism gave the impetus for the creation of the Nordic Council in 1952. It did so directly through the Nordic perceptions of the politicians, who took the initiative. The creation of the Council, however, also provides an example of the intricate interaction between Nordist ideals, domestic politics and external engagement by the countries, which characterised Nordic cooperation. Every major step in the direction of European or wider Western engagement was followed by moves to correct the balance between the Nordic and wider European engagements. Every major failure in the field of cooperation was followed by a certain "phoenix effect", an attempt to build modified Nordic projects on the ruins of those that failed. The formation of the Nordic Council in the wake of the breakdown of the Scandinavian defence union was an example of this; it was repeated in the making of a Ministerial Committee after the end of the Nordic customs union, in the signing of the Helsinki Convention

¹⁵ See Tønnesson, S.: "History and National Identity in Scandinavia: The Contemporary Debate", first lecture presented at Oslo University in partial fulfilment of the degree of Doctor Philosophiae, 25.10. 1991.

¹⁶ Anderson, 1967, p. 142, n. 3.

during the Danish and Norwegian applications for EEC-membership in 1962 as well as in the creation of the Nordic Council of Ministers after the failure of NORDEK.¹⁷ Stråth and G. Værnø have pointed to the domestic, instrumental elements in this phenomena, arguing that a Nordic move would placate domestic opposition to wider European engagements.¹⁸ This has undoubtedly been an important motive which should not be underestimated; neither must we, however, underestimate the motives lying behind the Nordic orientation in itself for the decision-makers.

The Nordic Council was built on the framework of the existing Inter-Parliamentarian Union. This body had set up a committee for inter-Nordic traffic and communication functioning as a liaison for coordination of legislation and bureaucratic practices. The Council largely coopted the consensual mechanisms of the inter-parliamentarian cooperation. It meets annually alternating between the capitals of the member countries. The plenary assembly consists of delegations from the parliaments of the member countries. Cabinet ministers can join the national delegations, but have no voting rights. The Nordic Council has no authority over national governments, but it can issue recommendations and address questions to the governments about the progress of cooperation. Between sessions, the Council is led by the Presidium, consisting of the chairmen of the national delegations. An important element of the Council's work takes place in the committees on social, economic, legal, communication and cultural cooperation.¹⁹

¹⁷ Finland did not join the Nordic Council until 1956.

¹⁸ Stråth, 1980, p. 111; Værnø, G.: *Lille Norden - hva nå?* Splittelse og samling i EFs kraftfelt, Oslo 1993, p. 77f.

¹⁹ Anderson, 1967, p. 26ff.; Wendt, 1959, p. 106ff.

The Council, thus, rests on weak institutional foundations. Reluctance in some countries towards ceding any kind of power to inter-state institutions was so great that the original plans to give government members voting rights was abandoned together with a central Council secretariat. The Council was instead served by secretariats attached to the national delegations. It was, furthermore, not established by treaty, but through the passage of parliamentary resolutions in Norway and Sweden. Only Denmark approved the establishment of the Council in the form of a law.²⁰ The reason why the institution, nevertheless, has been able to influence agendas and initiate new fields of cooperation, probably relates to the intricate feed-back between the Council and the Nordic sentiment in the national polities.

The hard core issues have remained firmly in the hands of the national governments, even though the borderline between the intergovernmental and inter-parliamentarian characteristics was often blurred in practice. Consultations between the parliamentarians and executives takes place in the Council committees, where ministers often take part in discussions. This is also the place where most recommendations are formulated or embarrassing proposals are blocked. Consultations also take place between the prime ministers and the Presidium concerning the work of the Council and the agenda of imminent sessions.²¹ The Council, thus during the 1950's developed its own community method aptly described by Andrén:

"The pragmatic view, without fixed political aims does not include the courageous strategy, which let wide-ranging decisions of principle follow by aimed investigations and proposals of action.

²⁰ Anderson, S.V.: "Negotiations for the Nordic Council", *Nordisk Tidsskrift for International Ret*, vol. 33, 1963, p. 22-33; Herlitz, N.: *Nordiska Radets Tilkommt*, Supplement to *Nordisk Kontakt*, 1962; Wendt, 1959, 101-104.

²¹ Anderson, 1967, p. 112ff.

Instead one starts cautiously with investigations and continues with decisions and actions only if one succeed to investigate oneself to political agreement - or if the question does not at all constitute an issue of political conflict, where national interests or external pressure draw distinct limits, which cannot be surpassed".²²

The proceedings of the parliamentarians did manage to promote substantial cooperation areas such as the Nordic passportunion in 1952 and the common Nordic labour market in 1954. A success in the economic field was the establishment of the Scandinavian Airline System in 1951 by the national aviation companies. Much of the work was done in the form of consultations leading to parallel legislation or coordinated administrative measures, and was thus particularly dependent on the formation of consensus without central intergovernmental institutions.²³

A Nordic "relance"?

Investigations into the possibilities for further economic cooperation in the North between 1948-54 were conducted according to this "method", organised as intergovernmental talks with extensive sectoral consultations and subject to Council supervision. The slow, grinding process of consensus-making, however, lacked institutional capability and political authority to attack economic cooperation on a scale capable of influencing the performance of the national economies or affecting important sectors. Despite the direct involvement of the governments, the conflict of economic interests turned out to be so strong, that the investigating committee had to report failure both in 1950 and in the

²² André, 1966, p. 377-378.

²³ To the parallel action method: Nielsson, G.P.: "The Parallel Action Process: Scandinavian Experiences" in: *International Organization: A Conceptual Approach*, (ed.): P. Taylor & A.J.R. Groom, London, 1977, p. 270-316; Wendt, 1959, p. 55ff., 66-68, 80-87.

supplementary report in 1954.²⁴

The main stumbling block had been Norwegian opposition to opening her market to a Nordic competition, which might have jeopardised her industrialisation plans. After the publication of the report on Nordic economic cooperation by the investigations committee, the Norwegian government, however, engaged in a shift to a more positive attitude. Among the reasons for Norway modifying her position in 1954 was undoubtedly the domestic and inter-Nordic repercussions of being the cause of an embarrassing Nordic failure. In 1954, the Norwegian economic reconstruction had, furthermore, developed so far that the government could consider a closer cooperation. Finally, the Norwegian objections had been aimed at freeing trade, not at other forms for economic cooperation. During the investigations Norway had also advanced the idea of more limited sectoral arrangements, production cooperation and of a Nordic investment bank. The idea was that the bank would raise cheaper capital, coordinate large-scale investments and supply capital from the strong Swedish economy. The investment bank was a concept strongly shared by the labour movements exerting tangible pressure toward cooperation.²⁵ On this basis in 1954 the Norwegian government presented to the Nordic Council a new proposal conceived by leading decision-makers as a tool to further central economic policy aims of the government. In the Council Economic Committee the relaunching of economic cooperation was rephrased in the formula of a compromise. The recommendation was passed in the plenary without problems.²⁶

²⁴ See reports cited in note 13.

²⁵ *Nordisk økonomisk samarbejde*, (udg.): De samvirkende Fagforbund i Danmark, 22. september 1951.

²⁶ Nielsson, 1966, p. 260-261; Nordisk Råd, 2. session, p. 152-153, 158. The Norwegian background in: Haskel, 1976, p. 108ff.; Sogner, 1992, p. 97ff, 105ff.

Having indicated the correspondence between national policy aims and the new platform for Nordic cooperation, we must also credit the political momentum behind the new compromise. Not only was the Nordic loyalty a powerful element in social democrat foreign policy images; a failure to promote Nordic cooperation would also largely have been considered a failure of the three social democratic governments to agree on mutual strategies to achieve economic prosperity. It was, therefore, no coincidence that the Economic Committee of the Council, which forged the compromise recommendation, was crammed with top social democrat cabinet ministers. Neither was it surprising that the government conference October 30-31, 1954 at Harpsund outside Stockholm, which formulated the final programme of cooperation by the bourgeois opposition was nicknamed "*the social democrat family gathering at Harpsund*".²⁷

The Messina Conference of the Six in 1955 is often characterised as the "relaunch" of European integration. A similar importance can be attributed to the Harpsund meeting; not because it eventually was successful like "little Europe", nor because it was marked by a greater degree of idealism than other Nordic ventures. What gave the Harpsund initiative special significance was its similarity with the early stages of the integration process of the EEC. For the first time Nordic voluntarism was combined with an institutional setting and an amalgamation of national economic policy aims into a comprehensive platform for major advances in Nordic economic integration.

An important explanation of this shift can be found in the changes of the European economy and in the requirements of the national economies. Western Europe had accomplished reconstruction and was struggling with the problems of market liberalisation, stimulating economic growth and providing

²⁷ Nielsson, 1966, p. 266.

full employment. From lack of dollars, scarcity of raw materials, and direct regulation of the economies, the Western countries were now facing the challenge of more open markets, industrial competition and economic modernisation. GATT and the OEEC had demonstrated that these wide, multilateral institutions offered a certain stable framework for trade and payments. Scandinavian experience, however, also showed that these organisations had not removed the need of - at times tough - international, economic bargaining, nor were they likely to be able to reduce trade barriers much more than was the case in the mid-1950's. This had become abundantly clear to the Scandinavians in their efforts to lower tariff barriers as part of the so-called low tariff club.²⁸ The Scandinavian home markets were too small and import-dependent to carry the building of specialised industries behind high tariff walls.

The core of the Harpsund plan was therefore the creation of a large Scandinavian home market. The initial concept embraced a partial customs union with a common external tariff, gradual freeing of intra-Nordic trade and production cooperation among Scandinavian firms with a view to market sharing, rationalisation and large-scale production. From a Norwegian point of view, the plan offered a beneficial setting for the Norwegian plans for large-scale investments in domestic industry in areas as steel and basic chemicals. A major incentive in the projected customs union was the establishment of a Nordic steel market providing a platform for Norwegian and Swedish plans for an expansion of their steel production - concerns remarkably similar to the policies of the Belgian government to use the Coal- and Steel Community to

²⁸ Asbeek Brusse, W.: *West European tariff Plans, 1947-1957*. From Study Group to Common Market, Ph.D. EUI Florence 1991, p. 183ff.

support the aims in the coal mining sector.²⁹

The strength of the design was that it established a Nordic common market as a tool to promote important policy aims of the single governments such as providing the conditions for economic modernisation and market adaptation while maintaining economic growth and full employment. The main report of the Cooperation Committee took as its starting point the need to shift the Nordic economies away from their positions as branches of the European economy providing staple exports like timber, iron, paper, fish and agricultural products:

"A rational exploitation of the opportunities of expansion at hand for the Nordic countries provides that the countries get access to a larger home market. Except for Denmark the expansion of these countries have up till now primarily been based on production and export of raw materials and semi fabricated goods, which mainly have been based on indigenous raw material and energy resources. (...)

The prerequisite for maintenance of the growth in the economies of the Nordic countries in step with putting raw material and energy resources into use, is, therefore, that the countries more than hitherto will be able to build a processing industry, based on high industrial standards and professional competence. (...)

The technical development, however, in more of these areas generates a marked tendency to specialisation and concentration of production in large units. The requirement for building a rational processing industry will, therefore, in most cases be that the industry in the Nordic countries get access to a larger market, than those established by the single countries."

The overall concept was that the establishment of a common market with an external tariff barrier would facilitate rationalisation of the Nordic industrial production, cooperation and provide a larger home market. This was of special interest to the strong Swedish industry and to Denmark, where the dominant

²⁹ Milward, A.S.: *The European rescue of the Nation-State*, Berkeley 1992, p. 74ff. 108f. and 113ff.

economic concern in the mid-1950's was to establish a viable export industry capable of taking over the economic lead from agriculture. Denmark was in particular eager to establish a market for e.g. her expanding machine industry, light chemicals and electro-technical products.³⁰ Sensitive sectors, such as agriculture and fisheries were initially excluded from the plans, but there were Danish expectations that a common commercial policy would hinder the partners in dumping surplus butter on Danish export markets.³¹

In the course of the negotiations, the plan expanded to involve more and more economic sectors and append an increasing number of institutional refinements to the common market. The 1957 report, thus, envisaged extensive production cooperation in areas as steel, automobiles, transport equipment, machines and chemicals. A Nordic investment bank would be established in order to facilitate large scale investment projects, cooperation in research and education was envisaged together with coordination of economic policies (see below). The external tariff would require a coordination of the Nordic commercial policies, the formation of a common bargaining group in international trade negotiations in the GATT and OEEC, as well as a mutual dumping defense. The sectors involved were widened to cover 80% of intra-Nordic trade in 1957.³²

The Harpsund meeting had decided that the preparatory work should be monitored and guided by a cabinet minister appointed by each government

³⁰ See O. Müller speech to Danish industrialists: FDI 112/31-55(16): O. Müller: "Det nordiske fællesmarked med særligt henblik på jernindustriens forhold", foredrag for Foreningen af Fabrikanter i jernindustrien i provinserne, Odense 5.10. 1955.

³¹ EIS 7: B.D. (B. Dahlgaard): Notat 14.1. 1958. In 1957 Denmark exported 117 500 tons butter, whereas Swedish and Finnish exports of subsidised butter reached 29 420 and 7 310 tons respectively. That was enough to press down prices on Danish export markets: *UN Yearbook of International Trade Statistics 1958*, vol. 1, New York 1959, p. 176, 207, 476.

³² *Nordisk økonomisk samarbejde*. Beretning fra det nordiske økonomiske samarbejdsudvalg, bd. 1, Kbh. 1957, p. 24-36, 49-61, quotation p. 39-40.

as responsible for Nordic affairs. The actual work was entrusted an intergovernmental committee of top civil servants, with 3 from each country. Each country provided a secretary to the Cooperation Committee and a national secretariat. On the national level the civil servants would establish a national cooperation committee, through which consultations would be channelled. Despite the similarities with the Nordic Council "method" the new cooperation institutions signified new determination on behalf of the governments. All 9 civil servants were all absolutely leading personalities in the formulation and monitoring of the national economic policies, the economic-political mandarins of Scandinavia. The Cooperation Committee, thus, had direct lines directly into the heart of economic policy-making in the capitals.³³ The consultative procedure was, furthermore, more restricted than before in order to keep the sectoral interests at bay.³⁴ In the course of the negotiations the machinery grew very impressive. A complex network of 24 special committees was set up processing data on each commodity area, commercial policies, financial cooperation, production cooperation, tariffs etc., all in all a staff embracing approximately 20 Norwegian civil servants, more than 40 Danish, the same number of Swedes and 65 Finnish civil servants.³⁵

This machinery was not an expression of the method to use investigations as a way to promote Nordic agreement; where investigations were delayed it was not because of institutional tardiness, but because of conflicts of interests, which gradually were channelled into compromises wrought in bargains of the most deliberate "Continental" character at the level of the

³³ CEC 6/5: Protokoll fra Harpsund-mødet den 30-31 oktober 1954; Nordiska Rådet 3. session 1955, Ekonomiska Utskottet förslag nr. 5, p. 571, 499-500.

³⁴ CEC 2/7 DCNEC: Notat til regeringens økonomiudvalg om det nordiske økonomiske samarbejde, 28.4. 1955.

³⁵ Anderson, 1967, p. 111, 115-116.

Cooperation Committee and Cooperation Ministers.³⁶ The size of the machinery was a sign of the complexity of the compromises, the large overall importance to the national economies and the quest to deal with the implications of the common market by regulatory measures. To underline the fact that the customs union project was not propelled by a vague "spirit of cooperation" and pragmatism, the project from 1954 until its review by the Nordic Council in November 1958 was largely shunted off from substantial plenary debate in the Council. It was discussed in the Economic Committee, which formulated relatively non-committing recommendations for use in the plenary assembly.

Functional analysis, however, hardly suffices to explain the special traits of the cooperation machinery being built up in the mid-1950's. The institutional choices and economic strategies were also informed by the thinking of the political-economic elites in the Nordic capitals.³⁷ An important factor was a convergence of policy aims, concepts and preferred means among the dominant social democratic parties in the North. The elites of civil servants and leading politicians who came to power in the 1950's had had their political - often academic - education in a climate dominated by the quest for full employment and state regulatory policies of the 1930's.³⁸ These concepts were largely projected onto the negotiations machinery - forming the core of the

³⁶ See e.g. the compromise between the Cooperation Ministers in December 1955: MEA B.32.c: Danish Consultative Cooperation Committee, 27th session, 20.12. 1955.

³⁷ This projection of social democrat organisational and economic views onto Nordic planning was parallel to the projection of the New Deal regulatory state onto American views on international cooperation after 1945, as noted by A.-M. Burley: Burley, A.-M.: "Regulating the World: Multilateralism, International Law, and the Projection of the New Deal Regulatory State", in: Ruggie, J.G. (ed.): *Multilateralism Matters. The Theory and Praxis of an Institutional Form*, New York 1993, p. 125-156, see p. 130.

³⁸ See e.g. Erling Kristiansen's review of G. Myrdal's "Kris i Befolkningsfrågan", E. Kristiansen: "Går Europa mod Folkedød?", *Studenterbladet* 1.3. 1935, nr. 2, p. 3-4. The young Kristiansen was going to become the head of Denmark's economic diplomacy in the 1950's.

future Nordic institutions - and the common market plan. During the 1930's the future political-economic elite of the 1950's not only shared the concern of providing the economic foundations for stable democracy, but also took part in exchanges among Nordic students and academics. The men, who met at Harpsund, the cooperation ministers and the top civil servants in the Cooperation Committee, thus, knew each other from Nordic and social democrat student meetings and more often than not shared a common ground in economic and political outlook.³⁹ With regard to political contacts, the Nordic social democrat parties and trade unions furthermore had a small "Nordic international" institutionalised in regular meetings in the so-called labour cooperation-committee, which often functioned as a forum for preliminary consultation and discussion of mutual problems.

A main concern of the Scandinavian activity in the OEEC and in the payments cooperation in the 1950's had been the establishment of a coordination of economic policies facilitating economic growth and full employment. This came up in the mutual Scandinavian stand towards a hardening of the payments arrangements under the EPU and towards convertibility of the European currencies against the dollar.⁴⁰ Cooperation in achieving employment and economic growth was intensively discussed in the inter-labour consultative framework during the mid-1950's.⁴¹ The maintenance of full employment by means of Nordic economic cooperation was a crucial aim with the Nordic design. A common market required a coordination of economic

³⁹ See for the Danish case: Laursen, J: "De nye mandariner i dansk markedsdiplomati. Jens Otto Krag og embedsmændene, 1953-62", *Vandkunsten*, forthcoming May 1994.

⁴⁰ OEEC 22/1(40): OEEC Council of Ministers, minutes 231st session, 29.-30.10. 1953; OEEC 45/76(345): Note: The hardening of the European Payments Union, 16.2. 1955.

⁴¹ LO 572/55: Protokoll fört vid arbetarrörelsens nordiska samarbetskomités möte i Stockholm den 19.-20. november 1955; ABA/SD 331: Nordisk samarbetskomités möde Stockholm 23.3. 1959.

policies in order to avoid that e.g. different levels of wages, tax policies, and interest rates should distort intra-Nordic competition. Combating unemployment and recessions would be much easier on the basis of the more diversified economic structure of a Nordic market than of the national ones, and the financing of counter-cyclical economic measures was considered more rational on a common basis.⁴²

A step towards Nordic integration, thus, would have significant implications on the domestic discussions of economic and industrial policies. It would certainly strengthen the continuation of regulatory functions of the state in the economy, as these would be components of a larger Nordic machinery. The pursuit of a policy aiming at economic growth and full employment as first priority would likewise be fortified together with the position of the parties advocating such a policy.⁴³

Europe Strikes Back

If certain functional and political dynamics brought the project afloat during 1954-56 momentous inner tensions between national, sectoral and political interests remained to be overcome by the advocates of the project. Many of these complications involved the external exchanges with non-Nordic trading partners.⁴⁴

One example of the difficulties of fitting the Nordic external

⁴² Nordisk økonomisk samarbejde, 1957, p. 49-52, quotation p. 51.

⁴³ Grethe Værnø has in a wider postwar perspective spoken about: *"The North should be a social democrat experiment. (...) An intensified Nordic cooperation would develop and bolster a Nordic cultural community in the broad meaning of art and social science. By joining the terms "Nordic identity" and "Nordic welfarestate-model" this political-ideological models of society would get more legitimacy and generality and it would become grounded as an integrated part of a common Nordic identity."* Værnø, 1993, p. 66.

⁴⁴ CEC 8/11: UM: Notat om det nordiske marked og et vesteuropæisk frihandelsområde, 15.1. 1957.

economic relations together was the Swedish and Norwegian wishes for tariff protection for raw materials and semi fabricated goods covered by their investment plans, in particular steel. This would on the other hand increase the costs of an import-dependant Danish industry. In 1954-55 Denmark had several clashes with the Coal- and Steel Community arguing that exports of coke and steel to Denmark were charged overprices, which hampered the ability of Danish industry to compete with Continental firms. Participation in a Nordic steel market would considerably harden the conditions on which Denmark could conduct her exchanges with the Six.⁴⁵

Other problems included the opposition of Norwegian industry to open the home market to Scandinavian competitors in e.g. machinery. Such problems were further complicated by the entry of Finland in the negotiations in 1956, adding the problems of her vulnerable industry. Also institutional questions caused heated disagreement, which disproved the notion that the Scandinavians shared the same attitude to integration. Norway and Denmark wanted authoritative central institutions which would be able to monitor and coordinate policies and press Nordic integration ahead, whereas Sweden, relying on her superior economy, wanted to avoid central bodies such as a central Secretariat General. Not least the Norwegian and Danish members of the Cooperation Committee E. Brofoss and O. Müller saw a regulated and organised Nordic market as a necessary tool to achieve important policy objectives on a common basis.⁴⁶

The conflict of interests became critical, when the process toward

⁴⁵ MEA B.32.d: DCNEC: Et fælles nordisk marked for stål, 16.9. 1955; MEA B.32.d: UM: Notat om et fælles nordisk marked for jern og stål, 17.11. 1955.

⁴⁶ MEA B.32.c: DCNEC: Uofficielt referat af mødet i expert-gruppen for ikke-elektriske maskiner den 15.11. 1955 i København; FDI 112/31-55(12): Danish Consultative Cooperation Committee, 37th session, 18.10. 1956.

the Treaties of Rome 1956-57 gained momentum and the U.K. responded to the European challenge by launching the idea of an OEEC-wide free trade area embracing the EEC. These changes in the external environment brought strong centrifugal forces to bear on the Nordic market plan. Denmark being heavily dependant on agricultural exports to the U.K. and the EEC, now requested Nordic support of her claim to include agriculture in an OEEC free trade area. As Sweden and Norway upheld extensive protection of their own agricultural markets, this was more than difficult. Norway had a similar problem with regard to fisheries. The Norwegians also wanted to retain their own high tariffs as a basis for the gradual tariff reductions in the OEEC, instead of the lower Nordic external tariff.⁴⁷ In April 1957, a Danish delegation met for the first time with EEC-officials discussing terms of membership and association. The Danish Economics Minister, J.O. Krag, launched the idea of Denmark acting as a bridge between a Nordic market and the EEC.⁴⁸

The Nordic project, nevertheless, managed to make the passage through these shallow waters, on the revised premise that a Nordic market might serve as a large-scale training ground for Nordic industry before the more gradual free trade area came into force.⁴⁹ The project was kept afloat by several means. As mentioned above, it was not between 1956 and autumn 1958 submitted to full Nordic Council review, new cooperation areas were

⁴⁷ MEA B.32.d: Notat om et nordisk marked og et vesteuropæisk marked, 3.9. 1956; UM 73.B.68.h: Danish Consultative Cooperation Committee, 43rd session, 25.3. 1957; Ibid: 44th session, 16.4. 1957.

⁴⁸ UM 73.B.66.c: Referat af møde med Interimskomiteén tirsdag den 16. april 1957 kl. 12.00.

⁴⁹ FDI 112/31-55-56(11): Protokol fra mødet mellem de nordiske samarbejdsministre i København den 9. oktober 1956.

introduced⁵⁰ and the governments took on a more non-committed stance. It was, however, clear that the continuation of the project was a question of priorities. In Denmark, for example, the bourgeois opposition and farmers saw EEC-membership as a more preferable economic strategy. It was not the showdown among the Nordic partners, however, nor incompatibility of the customs union with an OEEC-free trade area, that finally wrecked the project, but the breakdown in the OEEC between the EEC and the British.⁵¹

At the eve of the European market schism in November 1958, the Nordic Council met in order to review the plan, which now embraced 6 volumes of reports. Under the weight of the impinging European schism, the Council simply voted to entrust the further destiny of the project to the governments, which now were sliding into conflicting positions vis-à-vis the European divide.⁵² Denmark wanted to retain the link with the EEC, and to the French-German axis in particular, Sweden-Norway were drifting toward an institutionally loose free trade area with the U.K. and Finland wanted to stay outside the blocks. In the summer of 1959, the Nordic common market project was finally traded for the looser EFTA-cooperation.

We must conclude our review of the Nordic common market plan 1954-59 by observing that the plan did exhibit certain inherent Nordic dynamics toward a Nordic common market, but also by noting that exclusive national interests vis-à-vis the wider European cooperation in the end prevailed, when the European environment changed and other market arrangements such as EFTA offered solutions to important economic problems. It is difficult to disagree with

⁵⁰ See the supplementary report: *Nordisk økonomisk samarbejde*. Tillægsberetning fra det nordiske økonomiske samarbejdsudvalg, København. 1958.

⁵¹ The end of the free trade negotiations: OEEC 24/3(80): OEEC Council of Ministers, 423rd session, 15.12. 1958.

⁵² Nordisk Råd, 6. session, Oslo 1958, p. 187, 1828-1831, 1890-1893.

Stråth's point that Nordic cooperation must be seen in the perspective of European developments, as well as his warning against the fallacies of seeing Nordic cooperation as an alternative to Europe. His observation that the Nordic cooperation at most could hope to become an element in European cooperation, however, can be supplemented with the qualification that the way and the institutional form by which the North would become an element of European cooperation might have been decisively influenced by the common market project. The institutional dynamics both internally as well as with regard to forming a coherent block probably might have become momentous, had the scheme survived.

This interpretation, however, builds on the presumption that the function of the Nordic common market, and in particular the customs union, would have functioned as a motor for Nordic unity in economic diplomacy. The example of the - far from conflict free - history of the EU, shows the force of establishing a bargaining cartel built on a set of hard-fought compromises. After the creation of EFTA - which in reality would bring about intra-Nordic free trade - this motor was removed from the Nordic design. What was left was the institutional hull and bridge of the Nordic vessel: the institutions, cooperation in research, concrete mutual production projects, etc.

An institutional reform to salvage the remains of the cooperation was presented to the Nordic Council in 1959. It involved a Nordic Council of Ministers in charge of forging the remaining cooperation areas, the establishment of the Cooperation Committee as a civil servant Council (read: Commission) and a central Secretariat in Helsinki, tying Finland - which was not joining EFTA - to the other Nordics. Freed of the garment of free trade and liberalisation of intra-Nordic trade, a strengthening of inter-Nordic institutions with both regulatory and centralised features was without broad appeal to other than the governments proposing the scheme. As the necessary consensus could not be

mobilised for the proposal, it died a silent death in the Nordic Council, basically at the opposition against central, regulatory agencies. The Council reaffirmed its support to some of the concrete cooperation measures in the market plan, the Cooperation Committee was maintained, and out of the ashes of the institutional reform rose a Ministerial Committee (not Council) - fundamentally an institutionalisation of the meetings between the cooperation ministers. The Council Economic Committee, finally, established a Nineman-committee to work between Council sessions.⁵³

Beyond the 1950's

If between 1957-59 there had been a window of opportunity to establish Nordic cooperation as the platform for the relationship of the Nordic countries to wider European and international cooperation, then it was definitively closed with the advent of EFTA. One of the main reasons was the tension between the two European market blocks, EFTA and the EEC, and the different orientation of the countries in the European divide. Another was that the would-be locomotive of Nordic cooperation, the creation of a common market, was shifted into the framework of EFTA. The major issues in European market affairs were lifted out of the Nordic circle into the group of Seven, and in this forum there was little basis for an inner Nordic bargaining group. The Scandinavians disagreed internally on issues as agriculture, acceleration of tariff reductions and the relationship to the EEC.⁵⁴

The high noon for this "individualism" came with the British

⁵³ FDI 112/31-59(29): Forslag til oprettelse af et Nordisk Ministerråd og Samarbejdsudvalg for økonomisk samarbejde (n.d.); Nielsson, 1966, p. 487-488; Nordiska Rådet, 7. session, 1959 Stockholm, p. 1995-1997, 2034-2035.

⁵⁴ Scandinavian intra-EFTA policies is described in: Archer, C.T.: *The Politics of the United Kingdom-Scandinavian Trade Relationship within the Context of the European Free Trade Association*, Ph-D. Aberdeen 1974, p. 349ff., 365ff.

application for EEC-membership in 1961. The conflict between a Nordic and a European orientation brought about by this move caused a particularly painful dilemma to Danish decision-makers. Whereas Denmark economically was heavily dependant on trade with the U.K. and the EEC, the sentiment in the governing centre-left coalition was strongly Nordic. In the social democrat as well as in the radical liberal party, a powerful resurgence of Nordist loyalties threatened to hamper the Danish EEC-application. The government was in the position where in order to achieve high priority economic aims, it was executing a change in foreign policy orientation against strong sentiments among its own supporters, yet highly welcomed by the bourgeois opposition. The parliamentary mandate for the negotiations with the EEC, therefore, carefully noted that the interests of other EFTA-states should be taken care of and that Nordic cooperation should be further developed.⁵⁵

During spring and summer the Nordic social democrats had tried to establish a common platform on the issue, but Danish and Swedish interests remained inimical. Denmark headed for full membership, whereas Sweden wanted EFTA to negotiate as a group with the EEC with a view to association. The disagreement triggered an uncomfortable cooling off period in relations over the Øresund, which reached a low,⁵⁶ when Danish diplomats in June 1961 refused to pledge a "musketeers oath" of unconditional EFTA-solidarity in the so-called London-declaration. Danish and British diplomats, thus, carefully avoided making any commitment, leaving Sweden in a position to block or

⁵⁵ Folketingstidende 1960/61: appendix B clmn. 1119-1120, 4820: main features of the parliamentary debate Ibid clms 3383-3386, 4674-4686, 4700-4707, 4723-4784.

⁵⁶ LO 488/61: Den nordiske arbejderbevægelses komité for europeiske integrationsproblemer. Referat fra møte i Oslo 30. juni 1961; Hansen, O.: "Politisk kuldebølge mod os fra Sverige", *Politiken*, 7.6. 1961; LO 740/61: Møde i Falkenberg den 7. august hos Gunnar Sträng. Note by Ejler Jensen.

delay enlargement of the EEC.⁵⁷

In the autumn of 1961, Swedish parliamentarians reacted to the awkward impasse in Nordic relations by proposing a Nordic convention fortifying the progress made in Nordic cooperation. This was more than awkward for Danish diplomacy as it was in the opening phase of negotiations with the EEC. The Danish cabinet was concerned that the Nordic initiative should not hamper entry into the EEC, but also harboured Nordic loyalties and wishes to rectify the "balance" between the North and Continental Europe. Whereas Denmark had been the most eager to expand the authority of the Nordic institution at the creation of the Nordic Council, ten years later it still favoured a Nordic treaty, but now only in a form compatible with EEC-membership. The convention text worked out by the civil servants, was therefore vague, containing few explicit obligations apart from the commitment to consultation. The Helsinki Convention signed by the Nordic countries on March 23, 1962, nevertheless significantly bolstered the cooperation. For the first time since the creation of the Nordic Council, the consultative framework and concrete achievements were codified. Amidst the strained relations, other bonds also reasserted themselves. Important elements in the negotiations between Denmark and the EEC on the economic union aspects concerned welfare and labour market issues with connections to Nordic cooperation such as the Nordic labour market. When Norway handed in her application for EEC-membership in 1962 consultations were established coordinating the Nordic stand on these issues.⁵⁸

⁵⁷ EFTA-Bulletin, vol. II, no. 7, 1961, p. 8-9; Information by Jens Christensen, 18.2. 1994.

⁵⁸ CEC pk. 31, nr. 1: Cabinet Economic Committee 16th session, 9.1. 1962, 20th session 13.2. 1962; Nielsson, 1966, p. 540-543; Anderson, S.V. "The Nordic Council and the 1962 Helsinki Agreement" *Nordisk Tidsskrift for International Ret*, 24, no. 4, 1964, p. 278ff.; the Helsinki Convention is reproduced in Anderson, 1967, appendix D, p. 174-181; UM

Despite the enduring power of national priorities in the foreign policies of the Nordic countries and despite the loss of a common market as "federator", it is thus striking that the Nordic cooperation in the 1960's not only endured, but also continued to buzz and grow as an underwood below the high policy strategies towards European cooperation.

Several attempts were made in the early 1960's to reinvigorate Nordic cooperation institutionally, in particular from the Nordic Council. The lack of cooperation tasks of importance to high priority aims, however, left the governments reluctant to hand over their freedom of manoeuvre to reenforced Nordic institutions. Instead progress was seen at "low policy" areas such as improving direct contact between the administrations. In the economic area, the Cooperation Committee and the Committee of Ministers continued their activities. The Nordic countries established collaboration in the OECD, and a new field of cooperation was found in the area of coordinating aid to developing countries. UN cooperation was also reenforced in the 1960's. In 1965 the countries met with a common position paper at the creation of UNCTAD.⁵⁹

The explanation of this obstinate perseverance is probably found in the political pressure from the Nordic Council and political Nordism. It was not only the Nordic Council that continued to push Nordic cooperation once it had become established. Also the new institutions and the cooperation proposals brought before the Council obstinately lived on, again and again returning to the desk of the decision-makers. The cooperation, thus, developed a slow, self-propelled institutional pull which at times could be driven by a Nordist "stampede" in the sense that the cooperative institutions interacted with the

108.B.2/Dan: Schema du rapport du President du Comité des Suppleants au Ministres, 25.3. 1962.

⁵⁹ Anderson, 1967, p. 120ff.; *Nordisk Kontakt*, 1967, no. 1, p. 63-67; Fischer, P. & N. Svenningsen: *Den danske udenrigstjeneste 1770-1970*, København 1970, Bd. 2, p. 376f.

domestic political scenes. This might not always be in full accordance with the official government stand on economic or European issues, but it is also worth noting that the Nordic hum also was heard in the central administrations. In many cooperation areas, there was a strong convergence of the predominant interests and values as for example in the social policy issue in the EEC-negotiations, in Nordic policy vis-a-vis the developing countries and in the quest to keep together a Nordic block able to secure influence in international fora. Nordic cooperation, thus, endured as a subsidiary trend next to the prevailing national focus in the policies of the Nordic governments towards international cooperation.

During 1964-66 the Nordic Council witnessed increasing pressure on the Cooperation Committee and the Ministerial Committee to take action toward closer economic cooperation in the North. The Council abounded with initiatives toward a strengthening of the cooperation with for example tariff harmonisation. In 1966, the Cooperation Committee presented the Nordic Council session in Copenhagen with a report, which pointed out that cooperation could continue under the prevailing forms, but that a dynamic required the inclusion of cooperation areas proposed by Council member-proposals in agriculture, fisheries, trade policy, capital cooperation and tariffs. According to the civil servants this dynamic could be infused only by a package solution balanced between the members interests.

There were still tough clashes of interests in the area of agriculture, tariffs etc., but when the external conditions in the mid-1960's again shifted, these inherent forces soon unleashed a new push toward closer cooperation. In 1964, the British government responded to the increasing economic problems by imposing a 15 % surcharge on industrial imports, thereby releasing a crisis of confidence of the Nordics to EFTA. The same year at the opening of the Kennedy Round of GATT negotiations, the Nordic countries experienced strong

pressures from the big trading nations on Nordic trading interests. This pressure facilitated the creation of a Nordic bargaining group, capable of establishing themselves as a trade block to be reckoned with and listened to.⁶⁰ These negotiations considerably prepared the ground for further cooperation in tariff harmonisation. Finally in 1967 the EEC-enlargement was reopened. Denmark and Norway reactivated their applications, whereas Sweden handed in an "open application". The second veto blocked the EEC-issue, but it was now apparent that EFTA sooner or later would dissolve, a tendency inherent also in the completion of the liberalisation of industrial trade in EFTA in 1968. This left the EFTA-cooperation with little dynamism.⁶¹

The decisive momentum for a new attempt at Nordic cooperation came from the leader of the European Office of the Danish Foreign Ministry, Jens Christensen. The proposal is interesting because it illuminates the intricate nexus between domestic and Nordic politics in Denmark. Christensen presented the idea to the social democrat prime minister in late 1967. The latter accepted it, and it was used in the social democrat party election campaign at the end of the year. The newly elected bourgeois government, which came to power early 1968, however, embraced both strong Nordic and strong EEC-oriented elements from the liberal party representing farming interests. During the Nordic Council session in 1968, the Danish government somewhat to the consternation of the partners (as well as to parts of the Danish cabinet), presented Christensen's proposal for the creation of a Nordic economic union. At a summit April 22-23 in Copenhagen, the Nordic prime ministers agreed to start negotiations for such an increased economic cooperation. The work was monitored by the Cooperation Committee and the Ministerial Committee. In June 1968 a special committee of

⁶⁰ To the surcharge: Archer, 1974, p. 588-594.

⁶¹ Scandinavian relations in the 1960's are discussed in Archer 1974; to EFTA's development: *Building EFTA: A Free Trade Area in Europe*, Geneva 1968.

four top civil servants was set up to lead the investigations.⁶²

The NORDEK might be considered just another "Indian summer" of utopian Nordic hopes, had it not been for the fact that it, contained a logic of its own, like the common market plan in the 1950's, and provided an agenda for merging important policy objectives of the countries into a relatively coherent platform. Jens Christensen's Nordic "tiger-leap" presented risks to major sectoral interests and could hamper important foreign policy objectives, such as Denmark's quest for unabridged EEC-membership. From the point of view of discussing determinants of foreign policy-making, it however presents an interesting example of how a political initiative not just passively reflected structural rationality, but contained potential for a change of the framework for cooperation.⁶³ Christensen's aim was to change the entire setting of European market politics by building a Nordic block able to establish a relationship with the EEC on its own. From the Danish view, it was not conceived as an alternative to a European orientation, but as a common platform for the relations with the EEC. The creation of a Nordic economic union was further seen as a tool for increasing the capabilities of the Nordic governments to promote and control economic growth and market adaption - in the long view to enter the European Community.

⁶² There are as yet no archive-based studies of the NORDEK-negotiations. See: Wiklund, C.: "The Zig-Zag Course of the NORDEK Negotiations", *Scandinavian Political Studies*, 1970, p. 307-336; Nissborg, A.: *Danmark mellan Norden och Väst*, Uppsala 1985; G.P. Nielsson: "The Nordic and the Continental European Dimensions in Scandinavian Integration: NORDEK as a Case Study" *Cooperation and Conflict*, 3-4, 1971, p. 173-181..

⁶³ An illumination of the uncertainty, ambiguity and inner dynamics of the NORDEK-project once it had been launched can be seen in the contributions to the discussion in: *Konferencen om "Danmark og den europæiske integration i efterkrigstiden" på Christiansborg mandag den 10. februar - onsdag den 12. februar 1992*, Statens Humanistiske Forskningsråd, København 1993, p. 54ff.; Christensen's "tiger-leap" is an example of the point made by Kratochwil, F.: "Norms versus Numbers: Multilateralism and the Rationalist and Reflexivist Approaches to Institutions - a Unilateral Plea for Communicative Rationality" in Ruggie, 1993, p. 449.

The scheme, therefore, was conceived significantly different from earlier Nordic approaches in particular by the Danish initiators. Like the EEC-process, the scheme involved careful packet deals, phased development with coordination between the sectors and strong institutions designed as policy-makers. Cooperation should be secured by a Council of Ministers, a Committee of Officials, sectoral Cooperation Committees for each area of cooperation and a Secretariat after the lines of the European Commission.⁶⁴

On 17 July 1969, the final report was issued containing a draft treaty for the Organisation of Nordic Economic Cooperation and already by February 1970 it had been approved by the governments and the Nordic Council at the Council session in Reykjavik. The reopening of the question of EEC-enlargement, however, again caused a radical shift in the external environment. In some respects, it helped the progress of NORDEK-negotiations as was the case with Sweden, in others, as the Finnish case, they increased the worries over the NORDEK-treaty. Also this new venture failed at narrow national considerations and European changes when the Finnish government informed the partners that Finland could not at present sign the treaty early in 1970.

Despite the decisive turn of the Nordic countries to settling their relations with the EEC individually in 1970-1971, it was characteristic that the failure of NORDEK was followed by new growth in the Nordic institutional underwood. The Nordic Council session in 1971 showed great concern about preserving the existing cooperation after future Danish and Norwegian membership of the EEC. The institution of a Nordic Council of Ministers, originally intended to be a central institution in NORDEK, was, therefore,

⁶⁴ See: *Udvidet nordisk økonomisk samarbejde*. Rapport fra det nordiske embedsmandsudvalg, Stockholm 1969; also: Christensen, J.: "Danmark, Norden og EF 1963-1972" in: B. Nüchel Thomsen (ed.): *The Odd Man Out?* Danmark og den europæiske integration 1948-1992, København 1993, p. 135-152.

salvaged from the ruins of the Nordic plans. A meeting between the Presidium and the prime ministers on 2 November 1971, established that the Council of Ministers taking over the tasks of the Ministerial Committee should monitor and promote Nordic economic cooperation and function as a liaison with regard to international economic cooperation. The Ministerial Council in October 1971 established a Commission for Nordic Economic Cooperation and in February 1972 moved to establish a general Council of Ministers secretariat in Oslo.

The most momentous change in the Nordic cooperation was Denmark's entry into the European Community.⁶⁵ In the Nordic speeches and official statements this radical departure was papered over with the concept of Denmark acting as bridge between the North and the EEC. In many respects the prospects of Danish-Norwegian membership of the EEC spurred the institutional strengthening of the Nordic cooperation. The Council of Ministers was particularly assigned the role as a forum for coordination of Nordic policies in European politics. A renewed Helsinki Agreement incorporating a strengthening of the procedures of the Nordic Council and its Presidium was signed February 13, 1971, and the Presidium equipped with a central secretariat in Stockholm. In January 1972 a Nordic Cultural Agreement came into force involving the establishment of a secretariat for cultural affairs in Copenhagen. At the Nordic Council in 1973 the Council of Ministers presented a programme for Nordic initiatives within areas as industrial cooperation, energy, environment and regional policy.⁶⁶ Despite Danish efforts to fulfill its new role as bridge, e.g. by establishing a Nordic liaison office in the European office of the foreign

⁶⁵ Amstrup, N. & C.L. Sørensen: "Denmark - Bridge between the Nordic Countries and the European Communities?" *Cooperation and Conflict*, 1-2, 1975, p. 21-32.

⁶⁶ Wendt, 1981, p. 44-48; see also: Seip, H.: "Den reviderede Helsingforsavtalen og følgene for det nordiske samarbeidet" in: *Nordisk kontaktmandsseminar arrangeret af det danske Udenrigsministerium Århus den 13-14 maj 1975*, p. 15-23.

ministry, Nordic cooperation was now decisively attached second priority by a member country.

Conclusion

In comparing the integration process of the EEC to the cooperation of the Nordic countries, we have attempted to sketch the outline of an answer to the counterfactual question, how a Nordic common market of the 1950's or an economic union of the 1960's would have looked, had they succeeded. As we have seen above, these projects exhibited traits similar to those of the EEC-integration. Both were conceived as compromises merging important policy aims of the member governments, and both contained institutional elements differing markedly from what has up till today been hailed as the Nordic way of cooperating. If the Harpsund-conference was a small Nordic Messina-Conference, then the Cooperation Committee was not very different from the Spaak-Committee. And we will remember that the negotiating machinery of the Bruxelles-negotiations of the Six provided the basic framework of the EEC-institutions, just as the Nordic machinery would have done.

Was there anything special in Nordic cooperation in the 1950's and 1960's or was it just part of the general phenomenon that groups of countries organised themselves in a system of multilateral institutions in the postwar era? The concept of multilateral institutions, such as has been defined in recent literature, is certainly appropriate in the sense that it embraces not only the formal institutions of Nordic cooperation.⁶⁷ Nordic cooperation was more than

⁶⁷ Ruggie, J.G.: "Multilateralism: The Anatomy of an Institution", in: Ruggie, 1993, p. 14. According to Ruggie "...multilateralism is an institutional form that coordinates relations among three or more states on the basis of generalized principles of conduct: that is, principles which specify appropriate conduct for a class of actions, without regard to the particularistic interests of the parties or the strategic exigencies that may exist in any specific occurrence.". Ibid, p. 11; See also Keohane, R.O.: "Multilateralism: An Agenda for Research" *International Journal*, 1990, 45, p. 731-764, p. 731ff.

the Nordic Council understood as an international organisation. Strictly speaking it was not even an international organisation in the sense that it did not until the establishment of a common Nordic secretariat have an existence of its own. It was, however, also something of broader scope than functional regime formation in the area of passports, social affairs and traffic. A concept appreciating Nordic cooperation of the 1950's must embrace the intergovernmental links, their interactions with the institutions of the Nordic Council, the influence and limits of the Nordic Council as a consultative body, the nexus between domestic politics and further Nordic cooperation and the way the struggle about market policies in the 1950's and 1960's was linked to the domestic political economy of the member countries.

At the same time, we can ask whether Nordic cooperation can be seen as a multilateral institution on its own. From the above, it is abundantly clear that Nordic institutions grew and waned with the development within a wider European and Atlantic multilateral framework. Since at least the late 1950's Nordic cooperation eventually became subordinated wider multilateral frameworks in European politics. Within these overall conditions the institutions of Nordic cooperation, however, did exhibit adaptive and reproductive capacities. They did so to the degree that Nordic cooperation also after enlargement of the EEC in 1972, was also able to continue functioning as a strong sub-current in the European policies of the Nordic states. Compared to the EEC, which eventually managed to establish its own dynamic as the dominating form of multilateral cooperation in the political economy of Western Europe, the most crucial difference was this overarching influence of external developments in the European and international cooperation on the Nordic developments. In the end, the fatal blows to the grand designs of Nordic cooperation were dealt by changes in the external framework, which exposed internal tensions and divisions in Nordic cooperation.

It is important to note, however, that the Nordic cooperation had a dynamic of its own, which at times offered the potential to establish a Nordic grouping not as an alternative to Europe, but as an alternative to the European policies formulated by the single Nordic governments. A fundamental dynamic to the cooperation came from what has been termed "expectations of diffuse reciprocity",⁶⁸ i.e. expectations that the concessions in the cooperation over time would yield returns to all states involved. The analysis of the modernisation component in the Nordic common market plan of the 1950's confirm the interpretation by Sørensen and Milward that the functional role of international cooperation in reinforcing national policy objectives were prerequisites for a country to enter a deepening of integration or engage in further interdependence.⁶⁹ Our findings point to the enduring influence of national economic motives in Nordic economic cooperation, and to the concern to mould Nordic policies such that national goals and interests were maximised within the international political economy.

Our analysis, however, also confirms that among the major motives for entering, these institutions for regional cooperation were a complex group of political and conceptual factors. We have pointed to the importance of the political value-systems and projections of political world-views onto the "blueprints" of the institutions, the interaction with domestic politics and to the self-propelling character of the institutions, once they were created. It would be wrong to base an interpretation of the foreign policies of the Nordic countries on too rational expectations with regard to economic strategies. As we have seen

⁶⁸ Ruggie, 1993, p. 11; the term comes from Keohane, R.O.: "Reciprocity in International Relations", *International Organization* 1985, 40, p. 1-27, cited p. 20ff.

⁶⁹ Milward, A.S. & V. Sørensen: "Interdependence or integration? A national choice" in: Milward, A.S. & V. Sørensen (eds): *The Frontier of National Sovereignty. History and Theory 1945-1992*, London 1993, p. 1-32, 5-6, 12ff.

political motives, bargaining tactics and economic-political strategies often merged into complex situations where more alternative, competing roads of action were open.



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