Crisis, Capitalism and Common Policies: Greek and Norwegian Responses to Common Shipping Policy Efforts in the 1960s and 1970s

The role of regional integration in trade creation has been an integral part of the theoretical debates on the birth and expansion of the Common Market. Its resulting role as a generator of transport services, however, is a rather neglected theme in European studies. Thus, the insights of maritime history occupy only a marginal place in the field of European integration history. At the same time, the study of European Economic Community (EEC)/European Union (EU) enlargement, and integration history more generally, has only recently begun considering the transformative role of outsiders, and remains largely neo-institutionalist in its focus on the negotiations within the EC or between member states and applicants.

This article studies the response of two outsiders towards a prospective Common Shipping Policy (CSP) during the 1960s and the 1970s, adopting a business perspective and focusing on the shipping sector in Greece and Norway. In line with the objectives of this special issue, then, this article explores the fact that two leading shipping nations found the EC’s CSP limiting – fearing a protectionist and dirigiste mode of capitalism – both in times of growth and in times of crisis, and how the prospect of membership in the EC was used as a launch-pad for divergent business strategies both in the 1960s and 1970s, as a response to a global economic crisis and the emergence of new modes of capitalism. Drawing on a wide range of archival material from the regional, state and business level, from multiple countries (Britain, Greece, Norway, US), we aim to show the usefulness of studying the business sector from the periphery as a way of understanding European integration.

The article offers three overall insights, and these structure the article. First, it demonstrates why the prospect of a CSP was too regional and restrictive for Greek and Norwegian shipowners. Rather than being a story of peripheries reacting against an all-encompassing centre, it provincializes the Community, and places it within the global shipping strategies of two peripheral European countries. Moreover, the article shows that the cooperation and coordination of shipowners and their national organisations transcend the member/non-member-dichotomy. A historiographical argument is, therefore, that a sectoral

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approach to European integration shows clearly how the EC was interwoven into the fabric of economic globalisation. This was particularly true in the shipping sector. Last, we argue that globalization, the economic crisis and structural challenges of the late 1970s saw these traits come together in a ‘European’ response within an international, rather than Community, framework, which sought to find a new balance between national anchoring and global competitiveness. Here, the EC played a complementary, and relatively minor, regulatory role, rather than first violin. Therefore, the article contributes to this special issue, by highlighting the relatively autonomous interlinking between capitalist priorities at the national and the international level in view of regional integration and globalizing business practices.

**Greece and Norway: bridging literatures from the ‘periphery’**

In his *Ruling the Waves*, Alan W. Cafruny studied the rise and fall of shipping regimes, considering shipping as a “dynamic and highly conflictual system of international relations”. Cafruny contends that, despite its transnational character, shipping is all about the “national economic rivalries inherent in international relations”. Therefore, he views the prospect of a Common Shipping Policy primarily as a challenge to US maritime hegemony, also focusing on the divergent shipping strategies of those he considers the “major players” in the Common Market. More recently, Michael B. Miller’s *Europe and the Maritime World. A Twentieth Century History* has questioned the importance of market integration as a defining component of globalization. In this context, Miller placed emphasis on the globalizing dynamics of maritime transport and shipping infrastructure, focusing on liner shipping and the role of the main European ports in five countries (Britain, France, Germany, Belgium and the Netherlands). His version of European maritime history has left understudied the role of Greece and Norway, the two leading maritime powers in Europe for a good part of the twentieth century, as well as that of European integration in the making of the late twentieth century European shipping.

We selected Greece and Norway because both were peripheral European states; both sought accommodation with the European Community (EC); both were, and are, major, maritime powers; and both found a regional shipping policy too restrictive for a global industry. Thus, choosing Greece and Norway allows this article to test conventional wisdoms within European integration history and European studies. European integration history has long been narrated as the formation of a core Europe, widening and deepening to draw in its peripheries. The 1960s, for instance, saw the “inner” six (EEC) draw the “outer” seven (EFTA) into their orbit. In the historiography of EC/EU enlargements, this has resulted in a string of ‘road to
membership’ narratives. Scholars studying the European “peripheries” have also tended to focus on how states respond to the magnetic pull of the centre, detailing convergence and core policies. Those unable to adapt fully have been labelled “awkward”. Indeed, the current debates among political scientists about the ‘differentiated’ nature of the EU is both dissent from the conceptions of a simple core and periphery, while often still operating with the notion of an ideal core member state. In this landscape, this article analyses Greece and Norway as both peripheral (in terms of level of integration with the European Community in the 1960s and 1970s) and as core (to the institutionalized system of global shipping in the same period). We argue that while both engaged with what they perceived as the formation of a challenging new core in maritime politics, they did so from the perspective of being major players in a “different matrix”, that of global shipping, enabling them to imagine and effectuate different outcomes, other than being either ‘drawn in’ or ‘peripheral’. In the end, the strength of this position helped shape the European response to crisis and globalization within the shipping sector of the 1970s and 1980s.

However, we also chose Greece and Norway for their dissimilarities. Their economic and political situations were very different: Norway a stable democracy with a sound economy; Greece a dictatorship between 1967 and 1974, and in a much more volatile economic situation. Equally, their shipping sectors were at odds: Champions of the “flags of convenience”, the Greeks benefited a great deal from US-backed Liberian and Panamanian tax-free shipping policies, whereas Norwegian shipping was subject to heavy taxation and strict regulation. In this context, the Norwegians often cooperated with the British shipowners, the former rulers of the waves, against what they perceived as unfair competition by the newcomers under the cheap flags. Lastly, their relationship with the EC developed differently too: Greece signed an association agreement with the European Economic Community (EEC) in 1961, and became the tenth member state in 1981, whereas Norway, reluctantly following Britain in the 1960s and 1970s and the remaining EFTAns in the 1990s, never joined the Community/Union (after two negative referendums in 1972 and 1994). Yet, the two found each other over the issue of a prospective common shipping policy in the 1960s and 1970s, following common strategies in the international arena despite the two completely different types of capitalist strategies at home. Both the Greek and Norwegian shipowners stood for the freedom of maritime transport, which formed a common ground despite friction.

Free sea trade became all the more important when they were faced with the spectre of a regional union and its prospective Common Shipping Policy (CSP). Already in the late 1950s, relevant schemes in the context of the Organization for European Economic Co-operation
(OEEC) were abandoned in large part due to Greek and Norwegian reactions. It was the creation of the EEC, however, that really forced the issue. Although the Treaty of Rome included just one passing reference to shipping (Article 84), maritime transport remained a highly controversial and at times divisive issue within the Community throughout the 1960s; a period that witnessed repeated Norwegian membership applications and the freezing of the Greek association with the EEC due to the 1967 military coup. During those years, the CSP remained a vague prospect, adding to the Norwegian shipowners’ push for membership in the Community, to shape or even prevent the common policy and the Greek shipowners’ hostility towards the European integration project.

1973 stands as a major turning point in this story. After the first enlargement and the accession of Britain to the EEC, the Commission brought a test case before the European Court of Justice (ECJ), which found that the general rules of the Rome Treaty applied to shipping; an alarm signal to the outsiders. In response to this case, the Norwegian shipowners, who had been among the main drivers of the abortive pro-membership campaign in the 1972 Norwegian referendum, and the Greek shipowners, who had proved a pillar of the dictatorship, sought coordinated action against a prospective CSP. Both the Greek and the Norwegian shipowners were fearful that the British, once they were in, would discriminate against them, abandoning their liberal principles, to take advantage of protectionist EEC tendencies in favor of their rather declining shipping industry. Although this scenario never materialized, Greek and Norwegian concerns at the time show the open-ended character of regional integration, particularly in times of crisis. Interestingly, Greek-Norwegian cooperation in this field was only possible up until the fall of the dictatorship in mid-1974, although Norway was a leading force advocating the isolation of the Greek regime on the international level. Yet, the Greek transition to democracy and the subsequent launching of the membership negotiations not only resulted in divergent strategies for Greece and Norway, but also largely shaped future EEC policy in maritime transport.

The mid-1970s saw the traditional maritime nations slipping into a severe crisis. After a period of unprecedented expansion, the Norwegian shipping sector saw negative rates (-3.39) between 1975 and 1980, and truly horrendous contraction (-6.97) between 1980 and 1985. Between 1970 and 1985 Norway went from 8.50% of the world’s total tonnage to 3.68%. Yet, the Norwegian story is one of moderate success, after ‘a period of turmoil and fundamental changes’. With radical downsizing, restructuring and specialization of the fleet, Norway managed to maintain its position as a strong seafaring nation. Greek shipowners, on the other hand, experienced stagnation and a relative slowdown a bit later, with low growth rates in the
late 1970s, and negative rates in the early- to mid-1980s, following the crisis in the freight markets and plummeting freight rates. From 1981 onwards, flags of convenience – a long standing Greek strategy – “was based on more ‘defensive’ criteria, which aimed at reducing running costs as a method of maintaining the ships’ competitiveness”, and the percentage of Greek-owned ships flying the Greek flag dropped from 77,8 per cent (1981) to 44,2 per cent (1987). Both responded to an all too familiar tale of globalization. As put by Tenold, Iversen and Lange: “Declining manufacturing employment and loss of markets have been regarded as a threat to the Western economies over the last 20 years. However, a similar transfer of hegemony – reflecting the new dynamics of globalization – has been evident in shipping since the 1960s”.24

In the following, then, we bring together perspectives from business history, European integration (and particularly enlargement) history, maritime history and the history of capitalism, to explore the complex and important role of Greek and Norwegian shipping in the formation of a ‘European’ response to the paradigmatic economic shifts of the 1970s.

**The long trajectory of the Common Transport Policy (CTP) and Shipping in the EC**

The Common Transport Policy was one of three common policies mentioned in the Treaty of Rome. Article 3 of the Treaty of Rome explicitly stated that the EC should adopt “a common policy in the sphere of transport”, and 11 articles (74-84) of Title IV of Part Two are devoted to the issue.

However, it was not until the 1980s that a real attempt to develop this policy materialised. Indeed, in 1983, the Parliament took the Council to the ECJ “for its failure to take the action required under the Treaty”. The ECJ ruled in favour of the Parliament, and urged the Council to take tangible steps towards a CTP. There were, as we shall also see, several reasons for this. Briefly, however, the period from 1958 to the first enlargement, in 1973, was marked by incremental harmonisation within the field of inland transport, bombastic planning by the Commissioner in charge of the policy, Lambert Schaus, and the blocking of the prospect of any comprehensive common policy due to a dispute among member states as to whether air and maritime transport were to be encompassed by EC policies at all.25 This deadlock was broken, as mentioned above, by a Court ruling in 1973. Following this, instead of settling on a common policy, the Commission turned towards the knotty issue of infrastructure, which met resistance from several member states. The Commission put forward several proposals – some of which were perhaps overly ambitious – and was consistently ignored by the Council. This changed
with the ECJ’s ruling, which came in 1985, and the impetus of the Single European Act. However, moving into the 1990s, the CTP remained a paper tiger.

Within the sub-field of shipping, the EC member states responded to the same pressures. Already in the 1960s, it was the double threat of a cheap international labour pool and increasing flag discrimination and use of flags of convenience. From the 1970s, more comprehensive protectionism from third countries, and particularly the US deepened the structural challenges. The need for a specific common policy, however, as argued by Patel and Schot, was relatively little, since pre-existing international agreements already ensured the necessary institutional and legal framework. As Commissioner Schaus readily admitted in 1967:

“Legally, Treaty article 84 paragraph 2 lays down that it is up to the EEC Council to decide whether, and how, common policy provisions are to be adopted in this field, and the Council has not so far discussed the matter. Practically, the member states are tied by world-scale agreements and conventions.”

In the late 1970s and early 1980s, the EC – as the rest of the world – saw a rapid decline in maritime traffic. Thus, the member states came together to shape a coherent policy centred around a set of principles aimed at boosting EC competitiveness, but also – as in the so-called Hyundai Affair of 1988, when the Commission imposed anti-dumping duties on the transport company from South Korea, due to unfair pricing practices – sought to level the playing field by targeting distortions of competition. In the late 1980s, such measures developed into a clear Commission strategy aimed against South East Asian competition, and prioritizing EC ownership, flags and sailors. Yet, in the mid-1990s, as articulated in the European Commission’s “Towards a New Maritime Strategy” (1996), the EC could, despite several initiatives, note only that “shipping under EC flags and seafaring employment [had] been constantly shrinking”. The “continuing decline of EC shipping” prompted, at the time, yet another “re-assess[ment of] the common shipping policy of the Community”.

Thus, in the decades under scrutiny in this article, there was no common policy on shipping. Nonetheless, the Greek and Norwegian responses to its prospect, their coordination with other maritime nations within the EC, and not least the European response to challenges in international shipping sheds light on changes in the global economy and the EC’s role in the crisis ridden 1970s. Rather than settling on a common policy, the EC member states, and the maritime non-member states, such as Norway and Greece, settled on a mediation between traditional maritime policies and accommodation with the globalized labour pool and
production lines of shipping to survive the slump of the late 1970s to mid-1980s and to counter new structural challenges, and competition from Asia.

The 1960s – Norwegian and Greek policies towards the prospect of a CTP

In the early 1960s, Greece and Norway were both leading maritime nations, but followed different trajectories with regard to the Community. The Greek government negotiated an association agreement in 1961, opting clearly for a membership. The Norwegian government, while reluctantly following British, Danish and Irish applications for membership in 1961 (Norway in 1962) and again in 1967, was relatively content with the European Free Trade Association (EFTA). This is the context in which the two shipping sectors operated.

The Norwegian shipping sector grew into a major industry from the mid-1800s onwards, and by 1875 Norway was the third largest shipping nation in the world. Between the late 1930s and the 1960s it was consistently fourth. Between 1945 and 1965 the shipping sector contributed with two-thirds of the new jobs created in Norway, sailing in – by the late 1950s – approximately one-third of Norwegian imports. As the Norwegian Shipping Association (NSA) underlines, it was a “currency-creating industry”, which made it possible to maintain an imbalance between import and export, “by sailing in currency” to pay for imports. The merchant fleet was, the NSA held, “Norway’s floating empire”.

But the Norwegian shipping sector was also a political force to be reckoned with; it had unusually close ties to the Norwegian foreign policy elite and particularly to the Ministry of Foreign Affairs (MFA). The shipowners also held sway with the ruling Labour Party. Accordingly, successive Norwegian post-war governments generally left the shipping sector to itself, while “pressing continuously, in every intergovernmental forum available, for maximum freedom of international shipping.”

However, the relationship was not without friction. Since its creation, in 1909, and particularly in the post-war decades, the NSA had fought Norwegian authorities and their “rigid management of regulations and distinctly Norwegian rules”. The animosity peaked in the immediate post-war era as the NSA fought what it perceived as the Labour government’s planned economy. The shipping sector was disproportionally penalized, the NSA argued, through import and contracting restrictions imposed by the government due to an acute currency shortage. In the early 1960s, the shipowners still argued that they suffered under the “heaviest shipping-taxes in the world”, championing the cause of keeping government interference “to an absolute minimum”. Norwegian shipowners, in short, were staunch supporters of private enterprise and opposed governmental interference.
Accordingly, throughout the 1960s and early 1970s, the shipping sector pursued one overarching goal: a global and liberal shipping sector. In this context, the first British application was seen as an opportunity for Norway to follow in its slipstream, and pull Norway in a more liberal direction. Specifically, it was a way of pressuring the government to loosen its contracting restrictions on shipbuilding, and for the government to revise its ‘taxation-mentality’. A Norwegian EC-membership could be “a very important step towards a return to liberal views and a liberal policy.” However, the Norwegian shipping sector also had ‘negative’ reasons to join the Community, as it feared that the Common Transport Policy about to be articulated by the Commission would include a regionalized Common Shipping Policy. “As a full member of the EEC Norway would”, the shipowners argued, “together with other shipping nations, be able to influence the Community’s view on shipping questions – the relationship between the member states and to the world at large.” The MFA was in agreement, with a Norwegian membership “we would de facto be able to veto this kind of [regional] shipping cooperation between the EEC-countries if we would want to”. For both the reasons mentioned above, the entire shipping community’s view was that Norway “should apply for full membership, as soon as possible.”

The first time the question of Norwegian membership of the EEC was raised – in 1961 – the shipowners kept a rather low profile, opting not to go public with their support, trying instead to influence the Labour government’s policymaking processes. In 1967, there was all the more reason to join. The Treaty of Rome, they argued, was a framework agreement that gave access to establish rules for specific business sectors. For international maritime transport, no such common rules were established, and it was unclear when, if ever, they would come about, let alone what they would be like. However, the EEC had developed rapidly in other, bordering fields, such as freedom of establishment, freedom of movement of workers and company law. All of this had an indirect impact on shipping. The NSA, for one, noted with dread that in these fields there was a clear tendency towards dirigisme.

It was, all things being equal, easier to assess the consequences of non-membership than membership. Norwegian shipping was best served by the continued breaking down of trade barriers, which lay the foundation for greater international trade, thereby giving greater business opportunities to shipowners. “The alternative to a Western European Common Market”, the NSA warned, “could be an economic and political divide in Western Europe, which in itself raises frightening perspectives”. Within the shipping sector, the risk of a split was greater in 1967 than in 1961, as OECD-based shipping cooperation – originally based on
the principles of non-discrimination and non-regulation – was proving increasingly difficult to maintain.\textsuperscript{41}

The EEC-countries, experiencing a relative stagnation in the development of their fleets, were opting for increased regulation and discrimination – a reason for great concern. These developments, and proposals from the Commission and talks among the Council of Ministers, could mean that a Common Transport Policy, including shipping, could become a reality sooner rather than later. Therefore, Norwegian shipowners concluded: “It is far from certain that the drafting of common rules for member states’ international shipping policy will be based on the principle of non-discrimination, \textit{at least not if the member states remains the same as today}”. If the EFTA countries could join the Continental bloc, they could “prevent such developments”. The EFTAns, including Finland, had a fleet of approximately 47 million grt. (gross register tonnage), while the EEC-countries had a fleet of only ca. 23 million grt. The UK and Norway alone had a fleet of 38 million brt. With these numbers in mind, Norwegian shipowners saw it as only natural that they should shape a future common policy. Accordingly, the Norwegian government sought to reach an agreement in principle with the British, “that if and when we go into the EEC, shipping will be treated as liberally as possible and we shall not support the creation of a large shipping secretariat like those dealing with coal and steel.”\textsuperscript{42} To this came the possible positive effect that an enlarged Community could, perhaps, pursue a more global and liberal shipping policy, making the EC a powerhouse capable of combatting flag discrimination with greater strength than single countries could.\textsuperscript{43} Interestingly, though the Greek shipping industry was a different kind of beast on the international stage, it shared many of these views.

In the early post-war period, the Greek government and Greek shipowners were major recipients of US liberties, the wartime cargo ships used to revive sea trade.\textsuperscript{44} The Greek beneficiaries though, registered the vast majority of their post-war fleets under foreign flags.\textsuperscript{45} Very soon, Greek shipowners diversified, expanding their activities to oil transport and whaling, while also doing business with the Eastern bloc, breaking even the US embargo in Cold War hotspots, such as the Korean peninsula and China.\textsuperscript{46} This combination of opting for cheap flags and risking where everyone else abstained from business, although it did not always favor quality, soon resulted in an impressive growth of the Greek-owned merchant fleet. From 2.4 million grt in 1949, the total Greek-owned fleet increased to about 22 million grt in 1967, only to double by 1974 (45.3 million grt).\textsuperscript{47}

Greek shipping firms adopted a highly internationalized organization and structure, maintaining offices in all major maritime cities and most often headquartered in London and
New York.\textsuperscript{48} Greek shipowners, however, could also rely on the favorable treatment of the Greek state. In times of crisis, or in the case of hostile measures imposed by foreign governments in their host countries, they used Greece as a shelter, either moving back there or launching industrial ventures in sectors of interest to their shipping activities, such as shipbuilding and oil refining. Conversely, the war-torn Greek economy benefited not only from shipowning capital inflows, but also from invisible receipts from shipping; a crucial factor in counterweighting a lingering (and growing) trade deficit, which was a constant source of balance of payments problems.\textsuperscript{49}

In this context, the Greek shipowners maintained a double organizational model with partly overlapping membership: the Greek Shipping Cooperation Committee represented the London-based firms and the Union of Greek shipowners, acting as the principal voice of Greece-based shipowners. On the one hand, the Committee was a significant actor in economic diplomacy in bilateral British–Greek relations, acting in cooperation with the Greek embassy in London and maintaining direct contacts with the Greek Ministry of Shipping. On the other, the Union played a key role in Greek politics, forging close ties with the incumbent Greek government and influencing key policy decisions.\textsuperscript{50}

1961 was a turning point for Greek shipping in relation to the Common Market. The impact of European integration on shipping had not been part of the public debate in Greece before the signing of the association agreement with the EEC.\textsuperscript{51} Although the agreement had no references to shipping,\textsuperscript{52} it was clear that, sooner or later, maritime transport would be affected by the whole process. Interestingly, Greek shipping circles, too, hoped that the prospective EEC membership of Britain and Norway – Greece’s biggest European rivals in world shipping – would act as a shield against discriminatory practices on behalf of the Community.\textsuperscript{53} Back in the 1950s, the Greek shipowners, who had been fervent advocates of non-discrimination, perceived British and Norwegian hostility against the flags of convenience as a major threat.\textsuperscript{54} In fact, in a mixture of fear and jealousy, the Greeks had always considered the Norwegians as a role model in global shipping, admiring the modern fleet and its high-level organization and management.\textsuperscript{55} Along these lines, Greece’s participation in the European integration project was considered a challenge for the modernization to the Greek fleet.\textsuperscript{56}

From the mid-1960s on, Greek shipowners, however, would not be able to influence developments directly on the EEC level. In April 1967 a military coup resulted in the freezing of the Greek association and further discussions on open or new issues (such as maritime transport) were precluded.\textsuperscript{57} Nevertheless, this very period witnessed not only the rapid growth of the Greek-owned fleet, but also the emergence of the Greek flag as a flag of convenience.
This development signalled, in turn, the “repatriation” of Greek shipowners, thus doubling the ratio of the Greek flag over the Greek-owned fleet under foreign flags from 0.5, in 1967, to 1, in 1973.\textsuperscript{58} Moreover, between 1967 and 1974 shipowning investment in manufacturing constituted 50% of foreign investment in Greece. As a result, shipowning capital came to control about 25% of Greece’s top hundred companies in manufacturing in 1973, dominating industries such as oil and shipyards.\textsuperscript{59} In this context, the Greek shipowners, a powerful group since the early 1950s, emerged as a major pillar of the dictatorship and, infamously, the Union of the Greek shipowners declared Georgios Papadopoulos, prime minister and head of the junta, lifelong honorary chairman of the organization in 1972.\textsuperscript{60}

\textbf{Enlargement – an ‘open seas’ alliance}

The first EC enlargement saw the doubling in size of the Community’s combined merchant fleet. That sea transport had not been a pressing matter before the enlargement, despite the provision in Article 84(2) of the Treaty of Rome making common rules applicable to that domain, was perhaps not so surprising. Most of the Community’s tonnage was engaged in trade with countries outside the EC. Moreover, for a Community consisting entirely of Continental European countries, there were many more urgent problems of land transport to deal with first. However, in the enlarged Community, with three new member states, two of which had major shipping sectors, the continued inactivity needs explanation.

The British Department of Trade and Industry, for one, saw “no need for an early activation of Article 84(2) to create common rules applicable to shipping.” Their reasoning was, simultaneously, the most succinct summary of Norway’s global strategy.\textsuperscript{61} For one, the shipping interests of the member states varied, although not dramatically. With one of the world’s largest fleets of general cargo ships, the British, like the Norwegians, were mostly involved in so-called ‘cross trades’ – trades between (two) third countries. Cross trades were also important to Denmark and the Netherlands, while the French and German fleets were engaged primarily in their respective national trades. This divergence was one basic reason as to why it would be difficult to agree upon a fixed common policy. However, this did not mean that the member states disagreed on major questions of shipping policy, and the British thus argued that what could be agreed upon was a global ‘open seas’ approach:

\begin{quote}
It has long been our view that the industry is at its most efficient when it can carry on its daily business free from interference by individual governments, whose interests will rarely coincide exactly with those of other governments along the world’s trade routes. This view is broadly
\end{quote}
shared by the other members of the Nine, although they may have different interpretations of how such an ‘open seas’ policy can best be achieved.  

Thus, the British held, there was already a common approach to merchant shipping matters. That this was the case owed much to the existence of several international bodies at government level, which already served to co-ordinate the maritime interests of EEC countries. These included the Consultative Shipping Group (12 Western European countries and Japan), which met regularly at official level (and occasionally at Ministerial level); the Maritime Transport Committee of the OECD, which also included the US, Canada, Australia and New Zealand; and the Inter-governmental Maritime Consultative Organisation (IMCO), the specialised agency of the United Nations (UN), with responsibility for the safety of life at sea and the prevention of marine pollution from ships, and which helped produce maritime law conventions. The harmonisation of shipping policies had already been taking place in this dense web of institutions, rendering a regional Community policy redundant.

The prospective enlargement attracted the Greek shipowners’ attention in the early stages of the accession negotiations. Considering the newcomers as a counterweight to the growing German and French protectionist tendencies in maritime transport, Greek shipping circles considered the EFTAn’s entry into the Community a positive development. Surprisingly, the Norwegian referendum gave the Greeks the chance to interfere with the EEC plans for a CSP in a more direct manner. If the Norwegians could not be part of a British-led liberal initiative, they could be useful partners in an outsiders’ alliance against any protectionist measures in the field.

In 1973, Greece was still under military rule and there was no prospect of a rapid entry into the Community. Moreover, the Union of Greek shipowners was the only major business association that had taken a negative stance towards membership. The rationale behind this skeptical attitude was not clear, but the point was that the (hypothetical) adoption of discriminatory practices and the freedom of establishment in the context of a common policy in maritime transport would harm Greek shipping. Furthermore, the argument went, Greek shipping firms would also suffer from an increase in labor costs in the case that Greece joined the Community, since the freedom of labor movement would exacerbate crew scarcity. Nevertheless, this was a policy under discussion at the time and it was not meant to be formulated before Greece’s entry into the Community in 1981.

Yet, during this very period significant Greek-Norwegian initiatives took place, showing a strengthening of bilateral ties in international organizations. Intertanko, the main
voice of independent oil tanker owners with strong Greek and Norwegian representation, was established in Oslo in 1970, while the first Council meeting took place in Athens the following year.66 Moreover, in 1973, Det Norske Veritas, the Norwegian insurance market, launched a Greek committee under leading Greek shipowners.67 One of the central members of this committee was the Greek representative in Intertanko’s board, Ioannis Kulukundis, chairman of the London-based Greek Shipping Cooperation Committee and board member of the R&K, a Greek-owned shipping firm, based in New York, which had forged a strategic alliance with the Norwegian firm Star Shipping Bergen.68

The Norwegian Strategy: The EC as the protector of the liberal order

Thus, the Greek and Norwegian shipping sector found each other over common issues in the late 1960s and early 1970s. Both had reasons to back the British views on the future of the Community’s maritime policy and sought to influence the EC to work towards this aim. The Norwegian shipping sector had particular reasons for this, as it pursued an extremely expansive strategy at the time. It invested in ever-larger ships, took advantage of the relative abundance of capital in Norway, and thus neutralized the negative effects of high Norwegian costs of employment.69 Indeed, between 1965 and 1975, Norwegian shipowners increased tonnage from 15,641,000 tons (already 8.50 per cent of the world’s total tonnage) to 26,154,000. The growth rate between 1970 and 1975 was 6.21 per cent.70 However, already in the late 1960s, and certainly in the early 1970s, there were clear signs that this strategy might be difficult to uphold, while keeping to Norwegian regulations, taxes and manning. The early 1970s marked “the end of the post-war ‘golden age’ in shipping”, with demand stagnation and absolute decline in tanker transports. Traditional maritime nations like Norway were, moreover, increasingly threatened by new expansive actors, Flags of Convenience and the fast-growing Asian nations, some of which evaded taxes and regulations, and all of which undercut prices on manning.71 Add to this protectionist measures by everyone from Brazil to the US72 – the fear was that the EC would follow suit.

The Norwegian government, therefore, not only wanted the EC to remain as liberal and global as possible in their shipping policy, but also wanted to prompt the EC to use its trade negotiations as a vehicle to fight protectionist tendencies in third countries.73 Thus, the government pushed for a maximalist interpretation of the evolutionary clause in the FTA, to be able to discuss as many aspects related to the trade agreement as possible.74 It also emphasised, on the insistence of the shipping sector, that the EC and Norway had a common cause in fighting the spreading of discriminating and protectionist measures.75 In the end, the
Commission rejected institutionalised consultations, as the Norwegian government had little to offer in return, and because the Community still operated without a Common Shipping Policy. Nonetheless, contacts were frequent and close.

In conversation with the Commission, civil aviation and maritime director Vittorelli could reassure the Norwegians that the Commission’s proposals with regard to a common shipping and aviation policy would not be received positively by the Council. “The Member States pretty much follow the view of the Shipowners, as before”, Vittorelli claimed, the British being the clearest exponents a free policy, while the French stuck to their traditional line of keeping shipping nationalised, with growing support from the Germans. The Commission would conduct further studies, and agreed that flag discrimination probably was one area where a common position could be reached. Equally, the Commission tried to fight protectionism in their trade negotiations. But, as was the case of Argentina, particularly developing countries and emerging economies were quick to rebut that the EC should respect their sovereign right to protect their national merchant fleets from being outcompeted in their own ports.

This was the expression of a much broader struggle. Since the establishment of the United Nations Conference on Trade and Development (UNCTAD) in 1964, the so-called ‘Group of 77’ had fought the industrialized countries to secure a larger share of trade on their own hands. Equally, as Henrik Sornn-Friese, René Taudal Poulsen and Martin Jes Iversen write, these countries “saw liner conferences as an unjust remnant of colonialism and therefore demanded that international liner shipping should be controlled by the United Nations (UN)”. Thus, they argued that only 20 per cent of liner cargoes should be allocated to so-called cross-trading, while the rest (80 per cent) should be divided equally between the exporting and importing countries respectively. The Nordic countries, Britain and the US, a new alliance forged over a common enemy, vehemently opposed this and fought for free market access. Later, “those fears proved to have been exaggerated”, Sornn-Friese, Poulsen and Iversen conclude:

In 1979 the European countries agreed that UNCTAD rules should apply within the Organisation for Economic Cooperation and Development (OECD) and that the developing countries would have preference over 40 per cent of their trade, while 60 per cent would be subject to open competition. With this provision (‘the Brussels Compromise’), the code was ratified in 1983. […] Containerization had changed the nature of liner shipping and liner networks, and the code never gained the significance that had been anticipated.
In the early 1970s, however, Denmark and Britain, inside the EC, lobbied fiercely for a Shipping Policy that fought such tendencies. However, emphasis should be put on the fact that they did this as part of a broader web of maritime nations, clearly recognized by the Commission, and indeed highlighted by the Norwegian government in mixed committee as a “close and fruitful collaboration between shipping nations” that it hoped would “continue in the years to come”.

In this context, the Commission sometimes acted as an interlocutor between countries outside, and countries inside, the EC. Vittorelli, for instance, assured the Norwegian MFA that the EC would support a protracted UNCTAD-process, and that the “softest countries, France and Germany – would have a hard time convincing the other EC countries to retreat from the principle of non-discrimination.”

**Greek Shipowners and the EEC: The European Option becoming Central**

Greek shipping was all about local (Greek island) ties in a global context. This was the organizational model that, along with innovations regarding the size of ships and acquisition of bank credits for building them, allowed shipping tycoons, such as Aristotle Onassis and Stavros Niarchos, to build their global business groups. Moreover, Greek shipowners of that ilk were players in a global arena: Onassis moved to Europe, launching a huge shipbuilding program in West Germany, after his standoff with US authorities because he did business with the communists during the Korean War. Later on, he exercised a vendetta with the oil majors after striking a deal with King Saud for the transport of Saudi Arabian oil, while he negotiated with Nasser over the construction of the Suez–Mediterranean pipeline in the aftermath of the Suez closure. Although Onassis was far from typical, most leading Greek shipowners had a global scope too. They were a key factor in the success of the US embargo against Cuba, while others questioned the US-led embargo on Chinese ports and came to dominate the Chinese freight market (with the Norwegians ranking second); a few of them entered key passenger lines (such as the UK-Australia line), infuriating the British, one or two profited, by breaking the embargo during the Rhodesia war, while others established contacts with oil-producing Arab countries.

In this context, the EEC was dealt with as a regional organization of secondary importance as long as London (the base for quite a few Greek shipping firms and a pool of credit for all of them) remained outside the Community. Britain’s entry would increase the Community’s weight in world shipping, but it would also act as a counterweight to the adoption of a restrictive regional common policy in maritime transport. Yet, the mid-1970s were not exactly a period for business as usual: the sharp fall in the tanker freight market due to the oil
prices shock was shortly followed by the new Labour government’s measures against foreign shipping firms, in view of the serious problems of the British economy. These developments were perceived by the London-based Greeks as hostile moves and further boosted the already strong ‘repatriation’ tendencies in Greek shipping circles. Moreover, the fall of the dictatorship in 1974 and a generally smooth transition to democracy revived Greece’s European prospects, as the conservative government, enjoying a vast parliamentary majority, initiated accession negotiations with the EEC.

Despite the global scope of Greek shipping, their relationship with the Greek state formed another key aspect of the Greek shipowners’ strategy. A dense web of direct and indirect incentives, including tax exemptions, cheap loans and government guarantees, not only allowed Greek shipowning capital to expand beyond Greece’s borders, but also offered the Greek shipowners the chance to invest part of their profits in Greek manufacturing, thus diversifying their activities. Diversification, in turn, was a crucial asset both in their competition with other shipowners and uneasy partners in other areas within a sector, as was the case with the oil majors in the oil supply-transport-refining chain. The battle over control of Greek refineries between Onassis, Niarchos and, later, Stratis Andreades, the chairman of the Union of Greek shipowners, in the late 1960s–early 1970s, was the prime example of these business strategies. Such strategies involved the leadership of the dictatorship in the shipowners’ competition and largely defined the fate of the colonels. Before that, shipyards and airlines had been the bone of contention among shipowners based outside of Greece; shipowners also pioneered the privatization of the Greek banking sector.

The impact of the transition to democracy and prospective EEC membership was naturally to be of major concern to the Greek shipowners. In view of their support of the dictatorship, the conservative government embarked on a more interventionist economic policy, involving nationalization of key industries and closer control over the banking system. Such policies included the takeover of Onassis’s airline, Niarchos’ refinery and Andreades’ business group. In early 1977, Jack B. Kubisch, the US Ambassador in Athens, contended:

The Embassy believes that GOG economic policies appear measured and reasonable, and that certain observers here and abroad have made too much of the recent Andreadis and Niarchos takeovers and other implications for the investment climate generally. In our view, these were special cases, and do not represent any creeping tendency toward statism, but rather are part of an honest attempt by the GOG to remove some of more glaring inequalities of free-wheeling capitalism à la Grecque. There is indeed a tendency toward somewhat more government control over economic forces than many of Greece’s flamboyant entrepreneurs are used to, or would like
to see, but GOG policies and objectives are not out of line with the pattern of most western industrial democracies. In our view, the GOG, in attempting to rationalize and modernize the economy, prepare for full EC membership, and achieve reasonable social goals, remains well within the context of traditional western economic/social philosophy.\textsuperscript{92}

Greek business – Greece’s ‘flamboyant entrepreneurs’– responded to this policy, by citing the prospective accession to the EEC and the need to adjust to the Community’s free market spirit.\textsuperscript{93} Interestingly, the Greek shipowners followed this line of argument, taking a more positive stance compared to their guarded attitude during the dictatorship. Despite differences in the tone, which sharpened at times, the Greek shipowners came to accept the need for membership, but they continued to identify the potential scarcity of crews (due to the freedom of movement of labour), as the single most important threat from Greece’s entry.\textsuperscript{94} Yet, an important source of concern was removed at the latest stage of the negotiations, as the Greek government and the Community agreed to postpone the application of the freedom of establishment and relevant measures regarding maritime transport until the end of the long transitional exemptions provided for Greece.\textsuperscript{95}

What we see, then, are (shifting) liberal alliances on shipping policy that cut across member/non-member divides, and even across certain fundamental differences of policy, for example regarding flags of convenience, already directed towards existing IOs and regimes, and global in scope, dissolving regional efforts, and emphasizing instead the EC as an instrument of liberalization with regard to third countries. In this seascape, there was no room, and indeed no need, for a ‘dirigiste’ CSP.

**Divergent responses to the global**

Greek and Norwegian shipping followed converse trajectories with regard to their European prospects throughout the long 1970s. From Norwegian prospective membership in the late 1960s to exclusion in view of the NO vote in the 1972 referendum, and Greek exclusion because of the colonels’ dictatorship to membership in view of the swift democratic transition, both Norway and Greece faced the spectre of a protectionist common shipping policy in 1973–74. The diverse paths of these leading maritime nations were combined with a major asymmetry. By the late 1970s, the Greek and Norwegian merchant fleets had responded to the multiple crises of that decade in pretty much the opposite way in terms of performance. In 1970, with 19.3 million grt, the Norwegian flag ranked fourth on the list of the largest fleets, while the Greek flag was seventh with 11 million grt. In 1980, the Greek fleet had nearly
quadrupled (39.5 million grt), occupying third place and closely following Japan (41 million grt), whereas the Norwegian merchant fleet had stagnated (22 million grt), slipping to seventh place. Taking into account another 12 million grt Greek-owned merchant ships (a good part of which were under the Liberian flag which still ranked first on the relevant list), it soon became clear that the Greeks had surpassed the British and the Norwegians, their major European rivals in cross-trade. Meanwhile, oil had taken over as the currency creating sector in Norway, as the shipping sector struggled to get out of a haunting structural crisis and too high costs of production. The solution was the introduction of the Norwegian International Ship Register (1987), which cut operating costs for vessels flying the Norwegian flag by allowing Norwegian registered ships to hire low-cost crew. Moreover, those companies that survived the shipping crisis, which had hit the ‘gamblers among gamblers’ (the Norwegians) particularly hard, “diversified their investments, primarily through investment in new and innovative specialized vessel types such as car carriers, chemical tankers or gas carriers”.

Yet, this development was not representative of the general economic tendencies in Norway and Greece. The Norwegian economy benefitted from the oil boom having recently become an oil-exporting country, whereas Greece’s balance of payments was severely hit by the 1973 and 1979 oil prices shocks. Despite economic difficulties and political concerns for the former pro-dictatorship Greek shipowners, this period was characterized by a spiralling registration of their ships under the Greek flag, not least because of uncertainty in international markets. By contrast, the collapse of the tanker market in the aftermath of the oil crisis, was a key factor in the scale of the problems the shipping sector faced in Norway, a country that benefited from increased oil revenues, not least because the oil boom had triggered investment in the tanker industry.

This seemingly paradoxical asymmetry stresses the bearing of the state and the national economy in the sector, even though shipping is a cosmopolitan business. In the context of this complex relationship, where international markets form the arena and the domestic environment the base for the development of shipping firms, shipowners emerge as the archetype of the global capitalist. Exerting influence at home and based on nationally-devised incentives, shipowning capital came to take advantage of opportunities across borders, acting as forerunners of globalization. Greek and Norwegian shipowners, in particular, coming from two peripheral European economies, engaged with cross-trades, pioneered overseas activities and evolved into global business groups. This expansion, however, had not been a linear process. Though from opposite ends, both Greek and Norwegian shipowners came to deal with
the process of regional integration and the prospect of a common shipping policy from this perspective.

What is striking, then, is that the response of the EC countries, Greece and Norway to the economic downturn, and the new competitors from South East Asia of the mid-1970s onwards, was a continued coordination of previous international regimes, and a ‘placing’ of the EC as complementary actor and regulator within this framework. The traditional maritime nations, such as Britain and Norway, and the ‘flags of convenience’ competitors, such as Greece, both sought to accommodate what the British called the global ‘open seas’ approach to new economic and strategic realities. For many European countries, including Norway, this meant introducing international registers to regain a balance between national hiring and ownership and international competitiveness. For others, like Greece, it could mean a continued decoupling from national infrastructure. Still, as the Commission’s 1996 report concluded:

“In summary, the measures taken by the EC and the Member States to increase the competitiveness of EC flags have thus far not been able to reverse the flagging out and loss of employment, although some alternative registers seem to show promising features.”

Concluding remarks
This article has argued that the global liberal outlook of the major European maritime powers and the international framework already in place, made any strictly regional policy superfluous. Equally, we have shown that alliances among shipowners and associations ran across the member- and non-member division, and was informed by global economic considerations such as the oil shock, competition from South East Asia and structural changes in the sector. In this context, we argue, the Commission acted as an interlocutor alongside a liberal alliance, with particular European aims. This alliance was an unlikely one, seeing Greek-Norwegian (sometimes wavering) hopes placed in Britain, as a possible guarantor of a liberal shipping regime within the enlarged Community in the early 1970s. In the end, the European response to the crisis and the structural changes of the 1970s proved unsatisfactory, and only those – like Greece – who fully embraced the ‘new’ rules of the game reaped the benefits of the structural changes.

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Notes on contributors

Haakon A. Ikonomou is a historian and Postdoctoral Fellow (2016-2018) at the School of Culture and Society at Aarhus University. Haakon holds a PhD from the European University
Christos Tsakas is a historian and a Hannah Seeger Davis Postdoctoral Fellow 2018–19 at Princeton University. Christos holds a PhD from the University of Crete, and before moving to Princeton, he held postdoctoral positions in Berlin and Florence. As an external researcher at the Institute for Mediterranean Studies/FORTH he initiated the IMS archives and oral history project, documenting post-war Greek industrialization.

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4 Among others, see Economides and Ker-Lindsay. “Pre-Accession Europeanization”, 1027–44; Schimmelfennig, The Community Trap, 47–80; and Schimmelfennig and Sedelmeier, eds. The Europeanization of Central and Eastern Europe.
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7 On the general argument, see introduction to this special issue, and the chapter by Alexis Drach. See also Bussière “Régionalisme Européen et Mondialisation”, 5–10.
8 Cafruny, Ruling the Waves, 1–2.
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