

'The Scandinavians at the gates of Brussels' from Vision

Caption: In April 1971, the Swiss monthly economic publication Vision paints a picture of the three Scandinavian countries which wish to become or are hesitant about becoming members of the European Economic Community (EEC).

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The Scandinavians at the gates of Brussels

Denmark, Norway and Sweden are knocking at the doors of the EEC. The first two want full membership, the neutral Swedes are afraid of being left out in the cold once their EFTA partners are inside. While most Danes are for entry, many Norwegians are sceptical. They wonder what will happen to their farming and fisheries. And both countries are keen to preserve their own standards of social justice. The Swedes meanwhile want to be half in and half out. If it wants new members, the EEC will have to be flexible.

Scandinavia exists. It's a fact which citizens of the EEC and of Britain or Ireland tend to forget when they talk of enlarging the Community. But two of the three Scandinavian countries, Norway and Denmark are candidates for membership, and their ties with the third, Sweden, weigh heavily on their minds as they negotiate. All three in turn have ties with Finland. And all four Nordic countries must take account of the Soviet Union, anxious as ever for the disunity of western Europe.

The two Scandinavian candidates will bring to the EEC a population nearly as big as Belgium's — almost 5 million Danes, 4 million Norwegians — with high living standards, long traditions of parliamentary democracy, and a widespread sense of social justice, which they share with the Swedes, less than common in the EEC. They will also bring their own private problems, notably Norway's tiny, high-cost farming and its enormous fishing industry.

To explain the three Scandinavian countries' attitudes toward the EEC, VISION called on three journalists who cover its affairs: Kaare Toftkaer Jensen, of the Copenhagen daily *Politiken*; Halle Jörn Hanssen, of Norwegian Broadcasting; and Daniel Viklund, of the Stockholm *Dagens Nyheter*.

One conclusion to be drawn from what they write: if the present members of the EEC really want to create Europe, they will have to abandon the theory that they, who have bent their own rules often enough when it suited them, are the only Europeans entitled to say what is "European" and what is not.

Denmark takes the plunge

Denmark, we all know, is an agricultural country. Well, we're all wrong. Agriculture accounts for about 9 per cent of GNP (against France's 6, or Italy's 11); of Denmark's 1970 exports of some \$3,300 million, agriculture supplied one quarter, industry two thirds.

Denmark, in fact, has become an industrial country, and done so very rapidly. It had to: exclusion from the EEC meant the loss of agricultural export opportunities which the EFTA market could not make up for. But this has meant heavy imports of capital goods and of raw materials, and hence a heavy trade deficit: \$1,100 million last year, and an overall balance of payments deficit of \$525 million.

EEC membership would mean that the two thirds of agricultural production now exported, mostly at world market prices, would earn EEC prices: a gain of some \$400 million a year, over \$1,000 a year, even after the loss of today's state subsidies, for every person (about 10 per cent of the active population) working on the land.

Little wonder that farmers would like to join the EEC tomorrow, without any transitional period; as would the government, though it knows that, in fact, Denmark will have to keep more or less in step with Britain.

Consumers are less enthusiastic about a likely 12 per cent rise in food prices. Industry too is cautious. About half industrial exports go to EFTA countries, one-fifth to the EEC. Will industry's predicted gains in the EEC make up for heavier competition inside EFTA markets?

In any event, the problem of Denmark's Nordic ties must be satisfactorily settled. Sweden, Norway and Finland last year took over 35 per cent of Denmark's industrial exports. Sweden was far the largest single market, taking 22 per cent of the industrial total. Politically and, thanks to EFTA, economically Nordic

interdependence is today a major factor. And Denmark is more dependent on the Nordic market than is either Norway or Sweden.

Sweden also plays a major role in the political debate in Denmark. Though the EEC has declared that enlargement should not mean the raising of new trade barriers, the uncertain position of Sweden has created a fear— or a pretended fear — that Norway and Denmark could find themselves cut off by EEC membership from the Swedes much more effectively than they are already by membership of NATO.

This fear has political repercussions. Denmark is due for a general election this year, and a good deal of the argument about the EEC is aimed at purely domestic feelings: notably, at a growing neutralism among the young who prefer Swedish-style socialism to what they see as the capitalist EEC.

Fears of German influence. Other worries have a broader foundation. Many Danes, irrespective of political affiliation, dislike the idea of supranationalism, and fear a growth of German influence in Denmark.

In one respect these worries are shared by the government. Land prices in Denmark are about half German levels. The moment Denmark joins the EEC, Germans might rush in to buy up Danish farms, exercising the right of EEC citizens to set up in any country of the Community. Denmark has therefore asked the EEC to allow this right not to be applied fully in the agricultural sector until agricultural prices have been fully adapted to EEC levels.

The Danish government is also afraid that the west coast of the Jutland peninsula could be transformed into a string of enormous holiday camps run by German travel agencies. It is therefore working on a scheme, which, without discriminating between Danes and other EEC citizens, could ensure that this kind of activity is firmly state-controlled.

Denmark has another anxiety, the proposed harmonisation of indirect tax levels. Its own taxes on tobacco and alcoholic drinks are very high, and it wants as long a period as possible to bring them down to more normal EEC levels.

Unlike in Norway or Britain, there is a substantial public majority for entry to the EEC: 54 per cent, according to a late-1970 opinion poll, while only 15 per cent were against, with 31 per cent don't know.

If the British and Norwegian talks fail, could Denmark enter on its own? This is generally recognised to be impracticable.

In any event, it would not get through the Folketing, the Danish parliament. The constitution demands a five-sixths majority for any transfer of national sovereignty in specific areas; and the opposition Social Democrats, the largest single party, would never support entry without Britain.

On the left wing of the Social Democrats, and in the far-left Socialist People's Party, there has been a tendency lately to make a satisfactory solution also for Norway and Sweden an absolute precondition for Danish entry to the EEC.

The final answer will be given by the new parliament after the elections, when Denmark may well again — as often — have a Social Democrat minority government.

K.T.J.

Norway shivers on the brink

Norway's application for EEC membership has acquired a new look since the fall in March of the coalition government headed by Centre Party leader Per Borten, and its replacement by a Labour Party government.

Though Borten's party (which has 20 members of the 150-member parliament, the Storting) has twice voted

in favour of applying for membership, he had recently often expressed his doubts and opposition was growing strongly among his party's electorate, most of them farmers unenthusiastic about the EEC.

His scepticism must also have encouraged the growing doubts in the country. Last autumn there was a public majority for membership. But a recent opinion poll showed only 15 per cent in favour of the present negotiations; 26 per cent for negotiations aiming at a looser association with the EEC; 15 per cent for breaking off talks altogether; with 41 per cent don't know.

The Centre Party is now taking a strong stand against membership. But the new prime minister, Trygve Bratteli, is strongly pro-European and, with votes from most of the opposition, should have the three-quarters majority needed to ratify a partial transfer of national sovereignty. And Bratteli may be able to swing public opinion back in line with that of the Storting; an important point, since it is planned to hold a consultative referendum before the Storting votes.

The obstacles: geography, farmers and fishermen. Norway's doubts about joining the EEC spring essentially from its geography. Its 120,000 square miles (more than West Germany, Holland and Belgium put together) hold under 4 million people. About 6.5 per cent of its working population is engaged in fishing or on the mere 2.7 per cent of cultivated land.

Though the majority of the population is concentrated in the south, and in towns, there are still many in the sparsely populated countryside, and along the whole coast, especially in northern Norway, which has about 500,000 people. Their main source of income is small farms, fishing or a combination of both.

The destruction of their livelihood would mean grave damage to whole communities, and the depopulation of northern Norway. For the farmers, this is a real risk. Working in most unfavourable conditions, they now get higher prices than those in the EEC, and large state subsidies, some of which are incompatible with EEC rules. Strict application of EEC rules and prices could cut the average farmer's income by up to 50 per cent. They also have much higher living standards than most EEC farmers. And they form an exceptionally well organised pressure group. Any agreement must therefore include permanent, not just temporary, safeguards for them if it is to get through the Storting.

The fishermen are more ambivalent. They know they will earn more, given free access to much larger markets and the higher fish prices in the EEC. But they fear that the EEC's fisheries policy would lay Norway's coastal waters open to the boats of other nations, gravely harming many coastal towns. Increasing numbers of fishermen and fishery experts believe that, in any case, fishing in Norway's coastal waters must from now on be strictly regulated if the fish stock is to survive. An EEC agreement must therefore provide some safeguards.

There is another, more general, reason for anxiety. Norway has a high GNP per head — almost on a level with West Germany's — and income and wealth are more evenly distributed than anywhere else in Europe. Many Norwegians fear that these standards may be harmed in the melting-pot of the EEC.

Reasons for joining: industry; shipping and defence. Norwegian industry, in contrast, especially the aluminium, paper and petrochemical industries, sees considerable advantages in joining an enlarged Community. Shipowners too are especially favourable, the more so because they want to be in before the EEC settles on a common transport policy.

The oil finds in the areas of the North Sea allocated to Norway, which should be in production in a couple of years, and the belief that even richer fields may be found off the western and northern coasts are seen as an inducement for the EEC to welcome Norway as a member.

Security arguments too are now emerging with increasing strength in the debate, thanks to growing Russian naval strength in the Atlantic, and the risk that the United States may disengage from Europe.

These, briefly, are Norway's individual arguments for and against joining. Obviously the result of the talks

with Britain, and the arrangements made for Sweden, must affect the issue too. If a fair agreement can be reached reasonably quickly in Brussels, then there should be a three-quarters majority in the Storting. If, on the other hand, the negotiations drag out, so that ratification may even be left to the new parliament due to be elected in the autumn of 1973, then the prospects of Norway joining the EEC are slim indeed.

H.J.H.

Sweden dips its toes in

There are various ways of arguing about the Common Market when you are not in it. One is to be realistic, because it exists. Another is to be dead against it, because you do not like it. A third is to preach the gospel of European unity. Most Swedes who matter choose the first way, some the second, and very few, if any, the third.

Broadly, Sweden looks at its relations with the Common Market in terms of economics, politics, neutrality, Nordic cooperation, and success or failure of the British negotiations.

Foreign trade is a must for Sweden. 70 per cent of its exports would go to an enlarged EEC of ten countries. Industrialists, exporters, leading politicians thus see an agreement with the EEC as a necessity. The problem is the means, not the end.

For Swedes, the EEC means the European *Economic* Community, excluding, by implication, the political, maybe military, union beyond the horizon of tariffs, and supranationality. When it comes to federalism, the Swedes understand de Gaulle better than Jean Monnet.

They do so because the credibility of their neutrality is a primary consideration. Seen as *realpolitik*, backed by a heavy defence bill, neutrality stands confirmed by geography, history, peace in two world wars, and a stability in Scandinavia to which NATO can have no objection.

Denmark, Norway and Finland are Sweden's neighbours. With two of them, Sweden shares a nearly common language, with all three longstanding coordination, a high degree of political consultation, a free common labour market and the inter-Nordic free trade achieved in EFTA which has meant, for all four, an economic interdependence hitherto unknown. It seems, to the Swedes, against reality and commonsense that all this should not be preserved in a reshaped Europe.

A Swedish agreement with the EEC depends on British entry. Britain is not always an ideal EFTA partner. But its presence in Brussels is seen as a long-term guarantee for political commonsense there; and, of course, there is also the British market. If the British application should fail, many Swedes would not be too disappointed: Sweden would retain its present EFTA advantages, instead of having to negotiate for something new.

Doubts and fears. This is the general background against which Swedish dealings with the EEC have to be seen. An application for association in 1962 was hedged with neutrality reservations. De Gaulle's veto on British entry in January 1963 prevented any negotiations. In 1967, when European integration again seemed to be on the move, and East-West tensions on the downgrade, there was a shift in the position.

Sweden then asked for the widest measure of cooperation with the EEC compatible with neutrality, adding, as an afterthought, that membership might not be excluded. No negotiations followed because of the second French veto. Last year, the 1967 approach was repeated. It has since been specified to mean a desire for customs union with the EEC, common agricultural policies, and, more or less, membership of the Coal and Steel Community. An agreement on these lines — which would include full participation in the EEC farm fund and the EEC farm price and support system — would demand some new form of institutional cooperation with the EEC, since Sweden would have no representatives in the EEC's decision-making institutions. But neither the Swedes nor the EEC have yet worked out any clear ideas of what this could mean.

This request, more far-reaching than those of the other EFTA neutrals, is unlikely to be put to any negotiating test before British entry is achieved, and not at all if the British application fails again.

In the spring of 1970 the new Swedish Prime Minister, Olof Palme, showed signs of considering a full membership application. But since then, the trend has not been favoured by internal political developments.

Last September's elections weakened the Social Democratic party and thus Palma's authority. One consequence was a freer run for the anti-Marketees, from extremist left-wing youth groups to staunch believers in traditional neutrality like the powerful Finance Minister, Gunnar Sträng, on the Social Democratic right.

The former, numerically weak, but with some importance for the internal balance of the government party, denounce the EEC as reaction and contend that Sweden's role is in the world, not in Europe. More important, however, are the attitudes on the Social Democratic right wing. These also reflect opinions in the non-socialist parties. Fears of a too far-reaching loss of sovereignty in economic, financial, monetary and social policy, implying that Brussels could put brakes on the development of Swedish social standards and policy — far more egalitarian than those of most European countries — have been aroused by the EEC's plans for economic and monetary union. Further, Swedish participation in EEC foreign policy consultations is regarded as excluded. Hence Palme's announcement in March that Sweden would not go for full membership.

Many questions therefore remain wide open. Above all — it is sometimes forgotten in Sweden — there is also the attitude of the EEC to consider. In that quarter, little time has naturally so far been given to the Swedish question. When it comes up, the EEC condition for an agreement may turn out to be that Swedish neutrality, in some aspects, must be negotiable, while the Swedes cling to the idea that it is the treaty of Rome that must be negotiable. Somewhere between those two extremes lies the possible compromise on the Swedish question. In any event, the enlarged EEC which will take the final decision will look rather different from the EEC as it is today.

D.V.