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The European Idea: The Scandinavian Answer

Norwegian Attitudes Towards a Closer Scandinavian Economic Cooperation 1947-1959

Ingrid Sogner

In 1947 the Norwegian government proposed to extend economic cooperation between the Nordic countries. This suggestion launched twelve years of thorough investigations; the options considered included the establishment of a Scandinavian customs union - a suggestion never to be realized. In 1959 EFTA was instead established, with the three Scandinavian countries included among the seven founding countries. Contemporary observers claimed that the Scandinavian customs union henceforth "... at most would serve as a subject for dissertations for future researchers on Nordic cooperation". This article is based on my dissertation on the plans for a Scandinavian customs union, and the Norwegian attitude towards these.

Norway has been judged, both by contemporaries and in hindsight by researchers, to be the most reluctant among the Scandinavian countries towards Scandinavian cooperation and a Scandinavian customs union. This conclusion will be discussed and modified in this article. My argument is that Norway throughout this period pursued a fairly consistent and positive policy towards closer Scandi-

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1This article is based on my dissertation in history: Norges holdninger til nordisk økonomisk samarbeid 1947-1959, University of Oslo, spring 1992, and was financed by a grant from the Ryoichi Sasakawa Fund. Several researchers and institutions have been very forthcoming and helpful to me. First, I am very grateful to The International Peace Research Institute, Oslo, for providing me with facilities and an encouraging environment during the writing of this article. A stay at the European University Institute in Florence, and participation in the seminars of Professor Richard T. Griffiths were enormously stimulating. Finally, I am grateful to Professor Helge Ø. Pharo for taking time to read the manuscript and not least for correcting the language, even though his official role as supervisor is over.

2The Norwegian suggestion formally included all the Nordic countries, and thereby justified the term "Nordic" which defines Denmark, Finland, Iceland, Norway and Sweden. For most of the period in question, however, the talks and the plans for an extended economic cooperation only covered the three Scandinavian countries, Denmark, Norway and Sweden. I will therefore use the terms "Scandinavia" and "Scandinavian" throughout this article. The actors of this period did, however, more often use the terms "Norden" and "Nordic". This is reflected in the names of the committees established.


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navian cooperation, and that key actors within the government regarded Scandi-
navian economic cooperation as an element of the Norwegian planned economy. The Scandinavian plans can be regarded as Norway's first introduction to the new approach to economic cooperation as developed through European integration. During these twelve years of investigations, Norway's attitude changed fundamentally as regards her own economic policy, as regards closer Scandinavian cooperation, and as regards European integration. By highlighting some of the crucial questions Norway and the Scandinavian countries were confronted with in the years when the idea of European integration was introduced and developed, we also gain insight into the Scandinavian countries' approach to and eventual participation in EFTA.

1. The proposal of a Scandinavian economic cooperation and the role of the Marshall Plan

Norwegian Foreign Minister Halvard Lange set forth the idea of widening coop-
eration between the Scandinavian countries at a meeting between the Danish, Norwegian and Swedish foreign ministers on 9 July, 1947. At the end of August, at another Scandinavian Foreign Ministers’ meeting, which also included Iceland, the idea was developed, and it was agreed to set up a group of experts to examine the possibilities of extending cooperation between the four countries. The purpose of the group was primarily to look at the possibilities of mutual economic support between the countries, but the foreign ministers also agreed on the necessity for examining the conditions for long-term economic cooperation, and a key issue was the possible elimination of intra-Scandinavian customs barriers.

The Norwegian initiative was forwarded in the wake of Secretary of State George Marshall’s speech on 5 June 1947, in which he announced American willingness to contribute economically to the reconstruction and further economic growth of Europe. The European Recovery Programme, which became the Marshall Plan’s official name, was not, however, offered unconditionally. The Europeans in return had to coordinate their efforts, rather than claim individual help. The European governments consequently had to consider the American offer on two levels: did they require economic help, and what were the implications with regard to closer cooperation with other European states, i.e. a closer integration. The American proposal, with its implicit demand for coordination, led the British and the French to convene a conference in Paris in July to discuss the establishment of a European organization. Alan Milward has judged this initiative to have been presented to accommodate as well as contain the American pressure for coordination. It implied resistance to and a redirecting of the American ideas about integration, in fact fundamental opposition to US plans. I shall not deal with Milward’s thesis here.

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4 Stortingsmelding no. 87/1954; Leon Dalgas Jensen, “Denmark and the Marshall Plan, 1947-48: The Decision to Participate”, Scandinavian Journal of History, vol. 14:1, (1989), p. 63. This first initiative in July seems to have been a spontaneous idea from Halvard Lange, forwarded on that meeting without any preparation from the Norwegian side. I have not found any material on this besides the Stortingsmelding and the reference from Dalgas Jensen. The initiative was, however, followed up in August.
However, the Norwegian proposal for a widening of the Scandinavian cooperation, offers an interesting parallel to the Franco-British initiative.

Europe's trading system after 1945 was characterized by high customs levels, quota restrictions, an intricate pattern of bilateral trade agreements and non-convertible currencies, both as leftovers from inter-war protectionism and necessary means of postwar reconstruction. High tariff levels were not the main problem of European trade, because even with high tariffs, import volumes were still determined by conditions of supply and demand and the decisions of policy-makers. For the policy-makers, quantitative trade restrictions at the frontiers, supplemented with strict rationing in the domestic markets, were far more effective ways of implementing import priorities and curbing consumer demand. The economic system of the United States was ideally based on free trade, and American policymakers judged these European restrictions as the main obstacles to world trade, and consequently worked actively for the freeing of Western European trade and the liberalization of these economies. American policy towards Western Europe was therefore to demand a removal of quantitative restrictions, and to encourage the establishment of a customs union.

All the three Scandinavian countries had relatively low tariffs, though Norway's tariffs were higher than those of Denmark and Sweden, and all had a well-developed system of quota restrictions by which they controlled their trade. During the reconstruction period after World War II the Labour Party held office with an absolute majority in the Storting, and economists were well represented in its leadership, with central advisers such as Arne Skaug and Gunnar Bøe, and the leading politician in the field, the Minister of Finance, and later Minister of Trade, Erik Brofoss. In Norway, more than in most countries, economic planning was concentrated on the work with the annual national budgets, which were introduced from 1947. From 1948 on came also the long-term programmes (4-year programmes) and the economic perspective analyses. The planned economy and national budgeting became almost synonymous concepts in Norway. The National Budget was to become much more important in economic planning in Norway,

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8 The proposal of the International Trade Organization was one attempt to liberalize the world trade, but it failed on Congressional opposition. The signing of the General Agreement on Tariffs and Trade-GATT-in 1947, between a limited number of countries, was then to provide the negotiating framework for multilateral tariff reductions. In 1948 the Organization for the European Economic Cooperation - the OEEC - was established, as the somewhat meagre result of this American pressure for coordination. OEEC had as its main priority the removal of its member countries' quantitative restrictions.
10 Erik Brofoss was both a lawyer and an economist, and highly trusted by the Prime Minister Einar Gerhardsen and the rest of the government. Arne Skaug was Director of the National Bureau of Statistics 1946-1948, Parliamentary Under-Secretary of State (statssekretær i UD) 1948-1949, Minister and Ambassador in the Norwegian permanent delegation to the OEEC in Paris 1949-1955 and Minister of Trade 1955-1962. Gunnar Bøe was Prime Minister Einar Gerhardsen's Personal Secretary 1945-1947, Assistant Secretary (byråsjef) in the Ministry of Trade 1947-1948. Bøe was spokesman for the leftwing in the Norwegian Labour Party, and very critical to the continental countries' economic policies. He became Minister of Wages and Prices in 1959, but resigned in 1962, because of the Norwegian application to the EC.
where it acquired a programmatic nature, than in the other Scandinavian countries, where it was launched later and had more the nature of prognosis. This had a centralizing effect, that led to a concentration of economic power in the government and central administration.

Norway at first rejected the American offer of economic aid. This response was both based on an economic judgement — Norway's financial situation was at this time still considered satisfactory — and because it meant aligning with one of the superpowers, which for Norway meant leaving her highly valued "bridge-building-policy". The idea of a coordinated European economic policy was rejected by Norwegian economic policy-makers, who in the short run had no intention of easing up on their thoroughly controlled economic policy. Norwegian policy-makers also held a deep-rooted scepticism towards the continental countries' economic policies.  

Lange's proposal for closer Scandinavian economic cooperation was, as we saw, first forwarded at the meeting in July which was intended to coordinate the Scandinavian countries' positions in Paris. Lange's argument was that Scandinavian cooperation would emphasize that Scandinavia did not need American aid, and that it was necessary for the Scandinavians to stand together against United States' infringement of national sovereignty. The Norwegian suggestion of a widening of Scandinavian cooperation was in other words a way to secure the Scandinavian countries a stronger position in Paris, a way to show independence, and not a proposal for cooperation as desirable in itself.

The meeting in Paris revealed that the United States had wide-ranging plans for European cooperation, both politically and economically, in the form of a European customs union. The deep gap between different European countries over economic issues was also revealed in Paris, with the British strongly opposed to the idea of a European customs union, and the French in favour. In spite of the attempt at creating a common Scandinavian front at the meeting, their different needs and interests became apparent in Paris. The difference between Denmark and Norway was most noticeable. The Norwegian Labour Party was, as already mentioned, highly sceptical of the countries on the Continent and their economic policy, and judged closer integration with them as a threat towards both the Norwegian "bridge-building policy" and against Norwegian economic policy.

The Norwegian government also felt less dependent upon Marshall aid than most other European countries. Even although the Norwegian supply of dollars was limited in the summer of 1947, Norway's position was considered far superior to the Danish one, which indeed was precarious. Denmark showed some interest in the idea of a European customs union. Because of Danish agricultural exports,
Denmark had a greater immediate interest in liberalizing international trade than many of the West European countries, including Norway and Sweden. Danish exports to Great Britain also made the Danes more interested in seeing Commonwealth preferences reduced, and to a wish to remove the existing economic restrictions in Europe.\(^\text{15}\)

It was within this framework that the Norwegian suggestion for closer Scandinavian cooperation was further worked out at the Scandinavian Foreign Ministers' meeting in August 1947. At that meeting, Denmark chose to give priority to Scandinavian cooperation and soft-pedal European cooperation. The three Scandinavian countries agreed to investigate a Scandinavian alternative.\(^\text{16}\)

Economically, Norway was relatively less developed than Denmark and Sweden. Compared with Sweden, Norway was relatively behind in sectors and markets in which they were competing. The basis for both the Norwegian and the Swedish economies was iron ore, wood products, and cheap electricity, with the addition of fisheries in Norway. Consequently the two countries were competitive on both their domestic and their export markets. Norwegian manufacturing industry feared Swedish competition, as Swedish industry was both more advanced from before the war, and less affected by war time wear and destruction. In addition, the Norwegian government had after the war invested heavily in and promoted the export industry at the expense of the domestic industry. However, under the protection of the quota system it was the home industry that had grown fastest. Denmark had a strong and strongly export-orientated agricultural production, and could easily challenge the Norwegian agriculture if the restrictions on the intra-Scandinavian trade were abandoned. However, it was clear from the beginning of the Scandinavian talks that agriculture would not be included.

When we study the Scandinavian trade figures we see that intra-Scandinavian trade was not of primary importance to any of the Scandinavian countries:\(^\text{17}\)

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The table shows that Sweden was the dominant country in intra-Scandinavian trade, and that intra-Scandinavian trade did not amount to more than 11-13% of...

\(^{15}\) Leon Dalgas Jensen, op. cit., pp. 65—66.

\(^{16}\) Leon Dalgas Jensen maintains that the Danes attended this meeting in August with the aim of getting both the Norwegians and the Swedes to accept the European custom union, but left the idea as soon as it seemed impossible, and went in for the Scandinavian cooperation instead, p. 65.

\(^{17}\) The figures are taken from Bo Stråth Nordic Industry and Nordic Economic Cooperation - The Nordic Industrial Federations and the Nordic Customs Union Negotiations 1947-1959, (Dept. of History, Univ. of Gothenburg, Almqvist & Wiksell Int., Stockholm, Sweden), p. 16.
total Scandinavian trade. Of this, 7-8% was not subject to tariffs or quotas. If we include the commodity trade, which was essentially liberalized and with tariffs not exceeding 5%, it adds up to 40% of intra-Scandinavian trade. The Scandinavian negotiations concerned the remaining 60% of the 11-13% of the total Scandinavian trade.

It seems in this context to have been the political aspects of a Scandinavian cooperation, the need for sticking together, that were decisive for Norwegian politicians at the time. The underlying economic realities provided no extra impetus, at least in a short-term perspective. The Norwegian proposal for closer economic cooperation between the Scandinavian countries represented a way to demonstrate independence towards the United States and the Western European countries, and not a genuine wish for cooperation. For the Norwegians, however, Scandinavian cooperation soon acquired an intrinsic value in itself.

Helge Pharo has shown that the Norwegian attitude towards the Marshall Plan during the autumn of 1947 changed from great reluctance towards a more positive acceptance owing to the sudden discovery of an acute foreign exchange shortage. Simultaneously, the Norwegian attitude towards the idea of closer Scandinavian cooperation underwent significant change. Norway had been given the task to formulate the Scandinavian committee's mandate. Norwegian planners rather quickly realized that Norway stood to gain primarily from an extension of the Scandinavian division of labour within a planned context rather than from a customs union. This applied both to the existing industries, and particularly with regard to new activity. This judgement was in itself not surprising. The Norwegian Labour Party government's basic orientation towards a planned economy was firm.

Even although the Labour Party was firmly in the saddle, it was still important for the cabinet to stress that the will to negotiate with the Scandinavian neighbours did not imply the establishment of a customs union. In the first place, Norway's economic position, relatively less developed than that of Sweden and Denmark, and with relatively higher tariff barriers, made the idea of a customs union highly disputed, also within the governing party. This was stressed by Lange both in the press and in the debate on the Speech from the Throne in the Storting in February 1948. Erik Brofoss for one stressed that the customs union was only an inferior part of Scandinavian cooperation. Furthermore, it was still not clear what kind of cooperation the Swedes and the Danes had in mind. Finally, the Labour government had to consider the Norwegian opposition, which was highly sceptical towards Scandinavian cooperation. All the centre-right parties, the Liberals, the Conservatives, the Agrarians and the Christian People’s Party, showed considerable distrust of the neighbouring Scandinavian countries, particularly when
they were run by social democrats. They were also much concerned that Norway should not again, as in the period from the 14th century until 1905, be dominated by her neighbours. The term "union" grated in Norwegian ears.

The Common Nordic Committee for Economic Cooperation (CNC) was granted its mandate in February 1948, and held its first meeting in April 1948. The mandate was wider than the Norwegian negotiators originally had wanted, but still in accordance with the plans drawn up by the Foreign Ministers' meeting in August 1947. The investigations concerning closer Scandinavian economic cooperation, including a customs union, was thereby at the same time opened and removed from the immediate political agenda: while the negotiators deliberated, the question was of limited public interest until the spring of 1949.

2. An ambiguous Norwegian attitude towards a Scandinavian cooperation?

In retrospect, the Norwegian attitude towards Scandinavian cooperation appears rather ambiguous, from the CNC receiving its mandate in February 1948 until it delivered its report in March 1954. On the one hand, the initiative to investigate an extension of economic cooperation between the Scandinavian countries came from Norway, on the other Norway also adopted the most negative attitude towards Scandinavian cooperation. How can this be explained?

The question of Scandinavian economic cooperation was taken off the agenda soon after the CNC got its mandate, and security issues took centre stage. The question of Norway's western alignment was vehemently debated within the Labour party, yet was settled relatively quickly. The breakdown of the negotiations for a Scandinavian Defence Pact and Norway's formal turn to the West by becoming a member of NATO in April 1949 left the Norwegian Foreign Ministry with the task of bridging the gap between the Scandinavian countries. Thus Norway had to take other than merely economic considerations in the discussions with Denmark and Sweden. Even Erik Brofoss, by then Norwegian Minister of Trade, realized this when he in March 1949 explicitly handed the responsibility for the decision about Scandinavian economic cooperation over to the Foreign Ministry. Brofoss did this at a time when he himself was sceptical towards the kind of cooperation being outlined by the CNC, being instead in favour of considering a closer relationship with Britain.

23 UD, 44 3/4, vol. 1. Resolution about Nordic economic co-operation, undated note: The committee was to investigate questions of common interest for the four Nordic countries' economies, such as: (1) the possibilities of establishing a common tariff as a precondition for a continued work towards a customs union; (2) to reduce the tariffs and limit the quantitative trade restrictions between the Nordic countries; (3) to expand the distribution of labour and the specialization between the countries, hereunder also new productions; (4) to expand the already existing trade political cooperation outwards.


25 UD, 44 3/4, vol. 3. Agreement between the Nordic countries (2 drafts): 07.03.49 and 12.04.49.

26 UD, 44 3/4, vol. 3. Note by Deputy Secretary Johan Melander in MFA, 02.02.49.

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Norway’s relationship with Great Britain, constituted an impediment to the success of the Scandinavian negotiations. Great Britain was Norway’s most important trading partner. The Norwegian government had in the autumn of 1948 turned to Great Britain, and suggested a coordination of the long-term programmes of the two countries. The proposal was met with great enthusiasm on the British side. According to Alan Milward, the British Labour Party had rife illusions about Scandinavia in general. The British harboured the same dislike for the economic policies of the continental countries as Norway, and the two countries had in common elements of a planned economy, support for high employment and a high investment level, and closely related views on the ends and means of economic policy more generally.

Norway, by this suggestion, sought to elicit financial support for her investment programme, but Britain saw no advantages in such a proposal, and the result was merely a British-Norwegian Economic committee. This committee met regularly to discuss problems of cooperation, in particular those of trade policies. It never acquired much importance, but contact between the two countries was established, and both parties paid close attention to the connection. The Norwegian Foreign Ministry considered this relationship with Britain of such importance in the spring of 1949, that it did not want to establish any guidelines for Scandinavian cooperation before the negotiations with Britain were settled.

Within the CNC the Danes quickly put on pressure for a Scandinavian customs union, led by C. V. Bramsnaes. He stressed the importance of first agreeing upon the customs union. Other kinds of cooperation would be discussed later. In addition, the CNC had extended its investigations to include concrete industrial questions. The Norwegian delegation had therefore been supplemented by an industrial expert, Director General Fredrik Vogt in the Norwegian Water and Electricity Authority.

In spite of being the originator of the idea of Scandinavian economic cooperation the Norwegian cabinet entertained increasing doubts as to its feasibility. At most, it should be considered a long-term project. This view was most clearly expressed in a Scandinavian cabinet-level conference at the end of October 1949. Norwegian statements caused such a stir, especially among the Danish participants, that the Norwegians temporarily had to backtrack. The Scandinavian meeting was held a couple of days before an important meeting in the OEEC, where the distribution of Marshall Plan funds for 1950 was to be discussed, and rumours had been leaked about extended support to regional groupings. The result was a Scandinavian agreement on forwarding new joint-Scandinavian projects, to be financed by

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27 Tore Jørgen Hansich, Veien til velstand; Trond Bergh Arbeiderbevegelsens historie, vol. 5, p. 293: In the period 1946-50, 20% of the Norwegian commodity imports came from the UK, and the UK received between 15 and 19% of the Norwegian commodity export.
28 Alan Milward, op. cit. p. 316.
30 UD, 44 3/4, vol. 3. Note by Olaf Solli, 19.04.49.

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These Scandinavian projects were compatible with the Norwegian government's view on Scandinavian cooperation.

At the OEEC meeting, however, the Americans pressed their demand for a common European market, without quantitative or monetary barriers. Though the goal of the OEEC was to remove quantitative restrictions on the Western European trade, at the time of the meeting most of them remained in place. In his speech to the OEEC council on 31 October 1949, the leader of the ECA, Paul Hoffman, demanded "nothing less than" Western Europe's economic integration. This was the first time the Americans put the demand forward in a public statement. The OEEC was required to produce a plan that would eliminate most quantitative restrictions and the dual pricing policies for domestic consumption and exports by early 1950. As a step towards the integration of the European economies the resulting OEEC resolution expressed the wish to establish regional economic groups among the members of the OEEC where the conditions for a closer economic cooperation already existed.

In the wake of this OEEC-meeting the British Chancellor of the Exchequer, Sir Stafford Cripps, proposed to the three Scandinavian Foreign Ministers closer cooperation between the UK and Scandinavia. Closer Scandinavian ties to the Sterling Area, were mentioned as a possibility, and the four ministers agreed to investigate this proposal on cabinet level. The immediate reactions differed among the Scandinavian countries, however, the Norwegian government being genuinely and wholeheartedly interested, whereas both Denmark and Sweden were reluctant.

This British initiative towards the Scandinavians was prompted by the threat of the so-called Fritalux project, and it responded to the American demand for regional cooperation. Extended economic cooperation between France, Italy and the Benelux countries had been discussed since 1947, and after a French initiative in September 1949 they had agreed to free capital flows and exchange rates. This Fritalux agreement was backed by the Americans who regarded it as corresponding to their views on how to free Western European trade. The British initiative towards the Scandinavians must in this perspective be seen as a tactical move vis-à-vis the United States. A payments association between the UK and Scandinavia would

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32 ECA - European Cooperation Administration - administered the Marshall Plan from the American side. This OEEC meeting both reactivated "old" Scandinavian cooperation proposals and initiated new common-Scandinavian projects. A Norwegian proposal of transmission of energy from Norway to Denmark had already been discussed for a while in the CNC, and was now taken up again, while a Swedish-Norwegian cooperation on a free harbour in Trandelag, Norway, was among the new proposals.

33 Alan Milward, op. cit. p. 303.

34 Public Records Office, Kew Gardens (PRO), Treasury T232/286. Telegram from Foreign Office to the British Embassy in Oslo 3 December 1949. In line with Paul Hoffman's speech, the OEEC Council also decided that each member was to remove quotas on half of its private imports at their 1948 level from the rest of the group by 15 December.

35 UD, 44 3/5, Uniscan, vol. I. Secret note by Lange 04.11.49.

36 RA, R0U 18.11.49, Minute by Arne Haarr, 19.11.49. I will not go into any of the deeper motives which Britain had by this suggestion, only refer to Alan Milward, op. cit. pp. 316-319, and Ingrid Sogner, op. cit. pp. 42-54. The inter-war connection of the Scandinavian countries to the Sterling Area makes the proposition quite explicable as well.


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make Fritalux look more isolated, and would point out to Washington that Fritalux could split the Western world, and leave the UK the leader of a soft-currency area.\(^3\) The connection between the UK and the Scandinavian countries was in many ways natural. The Scandinavian countries had been attached to the Sterling Area during the inter-war period, and held large quantities of sterling. Eventually, this Anglo-Scandinavian project only resulted in a cooperation committee, Uniscan, established in January 1950.\(^4\)

Though the relationship of the Scandinavian countries with the UK was reactivated after the OEEC meeting in November 1949, it was, however, the completion of the report that received most attention within the CNC. The customs union was highlighted, and other investigations were largely ignored. The report’s conclusion created heavy discussion, as the Norwegian delegation opposed the Swedish and Danish view that the customs union would be to the long-term advantage of everybody. The controversy was resolved in a fuzzy compromise: whatever advantages a Scandinavian customs union might bring the Scandinavian countries in the long run, its actual implementation would cause certain difficulties all around.\(^5\)

After the report from the CNC was put before the Scandinavian governments on 3 January, 1950, Norway was blamed for the failure of the customs union. Danish and Swedish newspapers led a frontal attack on Norway, discussing a possible customs union between Denmark and Sweden. Bramsnes, still the leader of CNC, officially confirmed Norway’s responsibility for the failure of the plans.\(^6\)

The report was discussed at the Scandinavian Foreign Ministers’ meeting in March. At that meeting the Norwegian Foreign Minister Halvard Lange forwarded a new proposal for closer Scandinavian cooperation; a Scandinavian free trade area.\(^7\) This initiative had been worked out within the Ministry of Foreign Affairs between January and March 1950, subsequent to the negative reactions within Denmark and Sweden. The officials in charge within the Ministry had expected some adverse reactions, but were highly surprised by the outburst of criticism they were subjected to.

The negative reactions on the part of the neighbouring nations fed on disappointment. The Labour government during the autumn of 1949 had appeared rather flexible. The Norwegian delegation to the OEEC had agreed to enlarge upon the Scandinavian cooperation projects within that context. These measures were taken at a time when the Scandinavian negotiators were concentrating on the customs union. The assumption must have been that Norway was seriously considering that option. When the Gerhardsen government rather abruptly turned


\(^{39}\) The Uniscan-agreement did, however, also include some freeing of the tourist currency. The Norwegian government initially also expressed hopes of a cooperation with the UK on industrial projects, but received signals that what the British government wanted was trade liberalization, an easing of quantitative restrictions and convertibility of the Scandinavian kroner into pounds, and did not push this wish. RA ROU 18 November 1949.

\(^{40}\) UD, 44 3/4, vol. 4a. Note by Olaf Solli on CNC’s meeting Dec. 2.- 6., dated 06.12.49; MFA to Ministry of Trade, 23.12.49; Nordic Economic co-operation Preliminary report to the governments of Denmark, Iceland, Norway and Sweden from the Common Nordic Committee for Economic Co-operation, January 1950; in Stortingsmelding no. 87, 1954.

\(^{41}\) UD, 44 3/4, Paper-cut file.

\(^{42}\) UD, 44 3/4, vol. 5. Various documents.

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down the positive conclusion about a Scandinavian customs union, the Danes and
the Swedes were taken by surprise, and reacted accordingly.

On the Norwegian side, however, preference given to the customs union during
the autumn of 1949 within the CNC was not understood as abandoning the rest
of the investigations, and, consequently, a negative attitude towards the customs
union did not imply a negative attitude towards Scandinavian cooperation as such.
It is, however, also questionable whether the Danes and the Swedes really were as
surprised and angered as they appeared to be, or whether they just took the
opportunity to put the blame on Norway. In either case, within the Ministry of
Foreign Affairs a more active Norwegian attitude was deemed necessary to maintain
some credibility in these questions. It was under these circumstances that Lange's
proposal for a free trade area was forwarded.

The proposal of a partial free trade area, designed by an independent committee
appointed by the Norwegian government, was positively welcomed at the Scan-
dinavian Foreign Minister's meeting in March. The three countries agreed to
investigate this proposal individually, which indicates that the Danes and the
Swedes accepted this proposal as an indication of Norwegian good will or at least
as something that could be further exploited. The responsible officers in the
Norwegian Foreign Ministry expressed satisfaction after this meeting because these
new guidelines were much more in accordance with what Norway had wanted
from the start in 1947, the commitments being less binding.

The Norwegian government still considered the customs union a part of Scandi-
navian cooperation, but obviously had a different time schedule for implementing
it from that of Denmark and Sweden. Abandoning the customs union in 1949—
1950 did not imply giving up Scandinavian cooperation as such. The Labour
government strongly supported a Scandinavian division of labour and joint Scandi-
navian projects, and looked forward to a Scandinavian customs union in the future.
Brofoss in particular emphasized the long-term commitment.

Danish and Swedish policies have not as yet been the subject of archive-based
historical analysis. Thus I have only been able to analyse their policies very
tentatively on the basis of material available in the Norwegian archives. We do
not know what the motives were for the strong pressure in favour of the customs
union at the time. They may have been based on a genuine interest in it as such
or they may have been more to do with the US dollars offered at the OEEC meeting
in November 1949. Whatever the goals, which most probably were not identical
for the two countries, the Danish and Swedish delegations both withdrew from the
negotiations once the Norwegians declined the customs union.

A Norwegian proposal for a Scandinavian free trade area in March 1950 was
intended to restore Norway's credibility in terms of Scandinavian cooperation. At
the same time the Norwegian government pointed out that cooperation had to be
considered in a long-term perspective. The Norwegian proposals involved business
cooperation and trade issues, and as such implied a postponement of actual

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43 UD, 44 3/4, vol. 5. Letter from Lange to Arne Skaug, Norway's delegate in Paris (OEEC), 16.03.50.;
and RA, Government's conference 09.03.50.
44 See note no. 43.
45 UD 44 3/4, vol. 5. Minute of a meeting in MFA, 27.03.50, between representatives from different
Ministries and members of the CNC.
decisions, which was what the Norwegian negotiators above all wanted from the discussions.

The CNC was given a new mandate after a Scandinavian Foreign and Trade Ministers' meeting in November 1950. It was much in line with the Norwegian committee's suggestions in March 1950. This time around the CNC was to investigate the fundamental and technical problems involved in abolishing the tariff rates between the Scandinavian countries within certain sectors or for certain commodities. The CNC was to investigate areas where cooperation could be of common Scandinavian interest, and as such be the subject of further analysis. This joint statement seemed to imply that the Norwegian point of view had been accepted in the Scandinavian forum. No commitment was made to the customs union, only the preconditions for establishing a customs union were to be investigated. The Norwegian negotiators were very satisfied with the outcome.

The new agreement proved temporary, and it is tempting to consider it a result of a lack of interest on the part of the Swedes and Danes once the customs union was given up. As far as Denmark was concerned a growing interest in the continental plans for agricultural cooperation, "the Green Pool", also played a part. In terms of ideology and culture the Scandinavian countries were quite close. Such factors, however, did not contribute to solving Denmark's agricultural export problem. Danish interest in Scandinavian cooperation was therefore conditioned by the need to avoid endangering access to British and Continental markets.

The atmosphere in the CNC during the new round of discussions, was acrimonious and unproductive. The rivalry between the Danish and Norwegian delegations, particularly that between C. V. Bramsnes and Fredrik Vogt, was not conducive to constructive analysis. As opposed to the preceding period, the Norwegians were active whereas the Danes and the Swedes adopted a waiting attitude. The Norwegians were the only ones to take up the tasks demanded by the CNC from the delegations - a wide and thorough investigation and surveying of all the different industries in question.

As a member of the OEEC, Norway had to join in the process of trade liberalization, but remained sceptical towards the continental countries and their plans for further European cooperation. In the period between 1950 and 1954 various elements of sector planning were being introduced, and these were more in line with Norwegian thinking on cooperation. But the Scandinavian option was still accorded priority in Norway.

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46 UD, 44 3/4, vol. 5. Letter from H. Lange to the Norwegian members of the CNC, 27.11.50; and St. meld. no. 87/1954, pp. 5-7.
47 UD, 44 3/4, vol. Note by Olaf Solli, 24.08.50.
49 UD, 44 3/4, vol. 6. Note to the Foreign Minister by Olaf Solli, 29.09.50.
50 Sectoral integration was limited to specified key-products or areas, and thereby a form of cooperation not so full of conflicts. The Schuman Plan is one example that was established, but other plans were proposed without being formally introduced, such as the Stikker Plan, the Pella Plan and the Petche Plan. For a thorough analysis of the various sectorial proposals, see the contributions in Richard T. Griffiths, op. cit.
The former Danish Prime Minister Hans Hedtoft’s suggestion in the late summer of 1951 to establish a Nordic interparliamentary council created much debate, especially on the Norwegian side. It did eventually result in the Nordic Council, which held its first meeting in February 1953. When we compare the opposition against the Nordic Council with that against Scandinavian economic cooperation, we see that it originated in the same quarters in Norway, within the non-socialist parties, and that it was rooted in a fear of giving away elements of national sovereignty.  

About the same time as the proposal of the Nordic Council was forwarded, the Danish delegation in the CNC again tried to press for a Scandinavian customs union. This time the Norwegian delegation was better prepared for the pressure. After heated discussions, the Norwegian government realized that the problems had to be solved on the political level, and the CNC was at last asked to deliver its final report. The report was handed over to the Scandinavian governments in March 1954. However, it presented two conclusions: one by the Norwegian members of the CNC, and the other a joint one by the Danes and Swedes.  

The Norwegian experts were, with few exceptions, opposed to a “common Scandinavian market”. Positive signals, however, came from the Norwegian fish processing industry, which considered a bigger market an advantage. In this field, Norway was met by Danish and Swedish opposition, because of Norway's strong position. In other words, not only Norway, but all three nations were acting mainly in their own interests, and they were all considering the question in a mainly short-term perspective. The will to compromise was not strong at this stage.  

What could be called the two-faced, or ambiguous, Norwegian attitude towards Scandinavian cooperation, is, however, not the correct label for the Norwegian approach. What from the outside appears as ambiguity, with Norway taking the initiatives, but at the same time being the most negative, turns out to be a comprehensive view with a wide-ranging perspective, reaching much further than the Danish and Swedish plans. This Norwegian attitude had been in development throughout the years from 1947, and in 1954 it was expanded even further.  

3. Norwegian pragmatism  

The year 1954 stands out in the Scandinavian negotiations. The question of closer Scandinavian cooperation again became a hot topic in the press and the Storting. The domestic Norwegian clashes of interests reached a new level of intensity. In the course of five months, the Labour government abandoned its negative stance expressed from January through March 1954, and at the meeting of the Nordic

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51 On the establishment of Nordisk Råd, see Håvard Narum Hvordan Nordisk Råd bis til, "Hovedfags"-thesis in history (autumn 1972, Oslo).

52 Among the solutions that were being considered in the Norwegian Foreign Ministry, was a new Norwegian proposal for a Nordic customs union - on a sectoral basis!

53 In the report from the CNC in March 1954, as in many other contexts at that time (and now), the concepts were mixed up and used in a confusing way. In the report "a common Nordic market" was used as a collective term for what the CNC, according to its mandate, had investigated, namely a "partial" or "limited Nordic free trade area", and not something synonymous with what was defined as a "common market" according to GATT’s definitions.

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Council in August 1954 promoted a resolution favouring a customs union. The centre-right parties at the same time engaged in active opposition.

Norway's economic position in 1953-1954 encouraged the government to take this step, and Minister of Trade Erik Brofoss was the driving force behind this turn of policy. A huge deficit on the trade balance and a lack of investment capital forced the cabinet to take action. A solution was found in extending Scandinavian cooperation, which would involve Swedish investments, as well as increased capital flows from Great Britain. This was not an entirely new strategy, as we have seen it was previously attempted by Brofoss. Discussions were moved up to cabinet level, however, rather than being pursued within the CNC. This was a deliberate move to achieve a kind of cooperation more in accordance with actual Norwegian needs.

The new Norwegian offensive in the spring of 1954 was primarily aimed at promoting joint Scandinavian projects. The reasons were twofold: the lack of capital, and the fear of the termination of EPU as a payments' association. Brofoss was still very much opposed to the idea of a Scandinavian customs union, and still primarily a promoter of increased Scandinavian division of labour. This Norwegian preference had generally given way to Danish and Swedish interests and pressure for a customs union during the previous negotiations. In the spring of 1954 Brofoss changed his line of argument somewhat. A progressively stronger Germany had come to be considered a threat, and it appeared that the Norwegian government on this basis was winning support for its cooperative proposals.

Labour's modernization policy had met with opposition from the centre-right parties, as well as from within the Labour Party. This was partly opposition in principle against the substantial public sector engagement, and partly opposition against making the manufacturing industry the country's main source of income. In 1954 the country still needed a massive injection of capital, especially for the export industry. The government was bent on rationalizing the industrial sector. The so-called ashtray industries which expanded under the cover of postwar protection, represented an obstacle to change. Increasing productivity through liberalization and cooperation was seen as a means to change the industrial structure of Norway.

Brofoss had for some time maintained that the basic structural problem in Norway was the need for new capital, which by far exceeded the country's ability to save. Cooperation with Sweden would provide more capital for hydroelectric power generation than would be possible if Norway were to operate on a national basis. In Brofoss's opinion it would be feasible to find some capital in other Scandinavian countries through cooperation on specific projects, but primarily it would be easier to gain capital from the World Bank for joint Scandinavian projects.

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54 In 1953-1954, the question of making the British pound convertible, was discussed seriously. This would mean the conclusion of the The European Payments Union. See Sally Dore, "The European Payments Union", Paper for 1992 in Historical Perspective (Brussels, July 1989).

The EPU had, after the conclusion of the Marshall Plan, constituted the basis for Norway's investment policy, so from the Norwegian point of view, the convertibility of the pound was threatening. There had, however, been some talk of a Scandinavian inclusion into the Sterling Area, both on the British and on the Norwegian sides.

55 Trond Bergh, Arbeiderbevegelsens historie, vol. 5, p. 163.
than for national ones. From the autumn of 1953 to the end of March 1954 the Norwegian and Swedish governments discussed possible projects.\textsuperscript{56}

The situation in the spring of 1954 was similar to that of 1949-1950. At both times the Norwegian government was finally forced to take a stand, and the CNC to produce a report. On both occasions the Norwegian delegation refused to accept a customs union, but waxed positive about Scandinavian cooperation otherwise. The difference lies mainly in the greater intensity of Norwegian opposition in the spring of 1954. Detailed investigations of trade flows had shown to what extent Norwegian interests would suffer in a Scandinavian customs union. However, these findings were toned down when the Norwegian government took the initiative in the spring of 1954. The new approach was considered crucial by the Norwegian government. Thus it once more had to modify its negative attitude towards a customs union. In August 1954, at a meeting of the Nordic Council, the Norwegian government once again accepted a Scandinavian customs union in principle. Agreement was reached so as to prepare the ground for a Scandinavian common market covering the widest possible range of products, to lift the investigations on to a governmental level, solve concrete investment and production problems, and cooperate on research.\textsuperscript{57} However, the agreement still demonstrated the difference between Norway on the one side, and Denmark and Sweden on the other. The Norwegian delegation emphasized investment and cooperation in production, while the Danes and the Swedes emphasized trade liberalization.

The outcome of the meeting caused an uproar in Norway, and the decisions were modified at a cabinet-level meeting in Harpsund, Sweden, in late October 1954. The Norwegian government could not ignore the opposition from the centre-right parties and business circles. However, the resolution calling for a Scandinavian customs union was maintained in principle. With this modification the opposition was pacified. The point of departure for the new round of negotiations was much like the one in 1947: a resolution was passed on a Scandinavian customs union, even although the Labour government primarily wanted cooperation on specific projects.

The investigations about Scandinavian cooperation continued as decided in Harpsund. The CNC was dissolved, and a new cooperation committee - the Nordic Economic Cooperation Committee (NECC) - was established. A "Cooperation Minister" from each of the three Scandinavian countries was appointed, a decision which moved the negotiations up to cabinet level.\textsuperscript{58} The NECC immediately began work on its two tasks. First, it was to elaborate a framework for a Scandinavian common market covering the widest possible range of products, to lift the investigations on to a governmental level, solve concrete investment and production problems, and cooperate on research.\textsuperscript{58} However, the agreement still demonstrated the difference between Norway on the one side, and Denmark and Sweden on the other. The Norwegian delegation emphasized investment and cooperation in production, while the Danes and the Swedes emphasized trade liberalization.

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allowed to investigate the iron and steel industry, the electro-metallurgic, chemical metal, and semi-manufactured metal industry, totalling 70-75% of the inter-Scandinavian trade. These were all commodities of special interest to Norway, and of only limited interest to Denmark. The Danish delegation therefore wanted to include the machine industry into the investigations. The Norwegian delegation only reluctantly accepted this, after having heavily stressed that only investigations were authorized. According to both the Danish and the Swedish delegation, the NECC also had a mandate to investigate other industries. The Norwegian delegation refused to accept this point, referring to opposition from Norwegian business and public opinion.59

It has been maintained that the Scandinavian question was dead after the NECC received its new mandate, the reason being the Norwegian government’s lack of interest. My conclusion is the opposite. My claim is that Norway was especially interested in the Scandinavian question around and after 1954, and made a relatively good bargain in Harpsund with the exception of having to accept the principle of the customs union.

For Denmark it was important to secure access for her agricultural products on the continental markets, both as a short-term and a long-term target. After 1951, Denmark had therefore been interested in the continental agricultural plan, "the Green Pool", at the expense of Scandinavian cooperation. However, it proved impossible to reach any agreement over "the Green Pool". Denmark had also flirted with the ECSC during 1953,60 Sweden, on the other hand, maintained a low profile, towards both continental cooperation and Scandinavian cooperation. Sweden's main target was a more liberal trade regime. In the Scandinavian negotiations, however, it was difficult for Sweden to push that goal strongly because of her more advantageous position. Sweden's role in the Scandinavian negotiations in consequence appears rather low key, at least within the cooperation committees, compared with that of the frequent and loud antagonists, Denmark and Norway.

The NECC delivered its first report at the end of December 1955. The concrete proposals in the report covered eight fields of trade, representing 45% of inter-Scandinavian trade. The Scandinavian governments were not to consider the report before further investigations were completed. However, the report was seriously considered in the Nordic Council, where the Norwegian centre-right parties voiced their objections, and wanted a decision taken on the issue already at this point. The Danish, the Swedish and the Norwegian governmental representatives, on the other hand, were all very positive towards the report from the NECC, and wanted to continue the effort.

Much of the Norwegian opposition against Scandinavian economic cooperation was based on the fear that Norwegian business would suffer. The Norwegian Federation of Industries (Norges Industriforbund) held the opinion that a Scandinavian market would be too limited.61 It looked instead to wider European, North Atlantic or global liberalization. The opposition also expressed fears of British reprisals if Norway involved itself deeper with the Scandinavian neighbours. Such

59 Bo Strath, op. cit., p. 127.
60 Vibeke Sørensen, "How To Become...", pp. 7-20.
61 See for example EB Box 151, Letter from NI to the Ministry of Trade 15.12.49, confirmed in letter 20.10.58.

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fears were unfounded, however, as the Minister of Trade Arne Skaug tried to convince the opposition.  

The most ambitious idea on the part of Brofoss was that of a Scandinavian iron and steel combine, which was to make the Scandinavian region self-sufficient, independent of the continental steel trusts, by merging Swedish and Norwegian steel industries. This implied a wide-ranging division of labour, including specialization as between iron and steel companies, and represented a clear attempt at cartel-building on a Scandinavian basis.

The proposal met with strong Swedish opposition as the Swedish iron and steel industry feared that the Scandinavian governments were trying to establish control over the process of production. The Swedish government, on the other hand, viewed this cooperative attempt positively.  

Denmark, too, accorded priority to the Scandinavian plans between 1954 and 1956, and viewed it as advantageous if the Scandinavian countries as a region could become independent in steel production, with cooperation in production as a first step. Scandinavian steel production was, however, not sufficient to meet demand, so Danish opinion was that a Scandinavian common market should not maintain tariffs against third countries.

Even though Denmark in this period gave priority to the Scandinavian plans, the Danish government did conduct discussions with the High Authority of the ECSC about Danish association. However, the conditions set by the High Authority did not fit into the Scandinavian plans and Denmark also feared that her traditional trade with the UK could be adversely affected by this agreement, so the attempt was abandoned in March 1956.  

It seems, in other words, that all of the Scandinavian countries gave priority to the Scandinavian plans at the time when the EEC entered the arena.

Norway's relationship with the OEEC had generally been good since its inception in 1948, mainly because of its intergovernmental practices which concurred with the Norwegian view on international cooperation. As a consequence, although somewhat reluctantly, Norway had also adhered to the OEEC's plan for quota reductions since 1948. The tariff problem, however, was still a contentious issue, both on a Scandinavian and on a European level. At the Scandinavian level, the relatively higher Norwegian tariffs, which in addition had been raised in 1952, reduced even further the interest of Norwegian industries in a closer Scandinavian economic association, and increased that of Danish and Swedish industries. At the European level, the OEEC's plan for quota reductions was considered unfair by European low tariff countries - the Benelux countries and Switzerland in addition to the three Scandinavian countries. High tariffs in many ways neutralized the effect of quota elimination. This "Low Tariff Club" had therefore pressed the OEEC to shift its focus from import restrictions to the tariff issue, and in July 1956 the "Low Tariff Club" had come so far as to introduce their automatic tariff

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62 Skaug was Minister of Trade from January 1955, after having been leader for the Norwegian delegation to the OEEC in Paris from 1949. Skaug must have had this information from British officials.

63 Bo Stråth, op. cit., p. 128.

reduction plan.65 This was done at a time when the six countries, Belgium, France, Italy, Luxemburg, the Netherlands and West Germany, already had agreed to create a customs union in May 1956.

The agreement on establishing a customs union between the six, but also the automatic tariff reduction plan, triggered the British proposal for an industrial free trade area covering the OEEC countries. The proposal was meant to derail the tariff reduction plan, and undermine the EEC.66 The British proposal of the larger OEEC-based free trade area did not seem so interesting to the Norwegians at first. The positive attitude that the Norwegian government soon adopted, however, was based on a judgement that Norway could not categorically refuse a proposition from her most important trading partner and political supporter, the UK.57

The NECC had already from August 1956 emphasized that the Scandinavian countries had to cooperate in the negotiations on the wider free trade area.68 The idea of Scandinavian cooperation within the larger European framework seemed in many ways natural, and there was therefore no reason for interrupting the Scandinavian investigations, which, according to the plans, were to be concluded in the course of the spring of 1957.69

The Norwegian government still gave priority to the Scandinavian investigations during the autumn of 1956, even though it also actively participated in the European discussions. In these circumstances Erik Brofoss tried to get the government to advance a decision in the Scandinavian negotiations, but the government did not want to rush into any kind of decision.70 The government's information about the British attitude towards the Scandinavian plans, did not indicate that it needed to take any decision yet.71

4. The parallel plans

The range and the intensity of the wider free trade area negotiations during the spring and summer of 1957, however, brought home to the Scandinavian negotiators that their plans for cooperation had to be seen in the light of the European ones, and not the other way round. None of the Scandinavian governments wanted to take a decision in any of the negotiations before both alternatives were fully investigated, which prevented any decision from being taken in the Scandinavian

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70 UD, 44 3/4, vol. 15. Note by Dagfin Juel, 1 October, 1956, Forholdet mellom et nordisk marked og et vesteuropeisk marked (The relationship of a Nordic Market and a West-European Market). Dagfin Juel was the Norwegian representative in the OEEC working group no. 17.
71 Both the British Board of Trade and the Foreign Office had carried out investigation as to whether the UK had anything to fear from the possible Scandinavian cooperation, and the result was negative. This information must have been forwarded to the Scandinavians. See for example PRO FO371/122093, Letter to A. H. Lincoln in Copenhagen from T. Brimelow in FO, 19.9.56.
In February 1957, the British in vain tried to get a resolution in principle on the wider free trade area, and then in March the Treaty of Rome was signed. This meant in reality that "the Six's" governments were immobilized until the treaty was ratified.

The Scandinavian negotiations were largely completed by October 1957, and the report from the NECC was handed over to the Scandinavian governments. The plans for a wider free trade area had, however, created a situation where a solution to the Scandinavian question had become totally dependent on the progress of the European plans. The European process in October 1957 got a new lift, when the OEEC Ministerial Meeting carried a new resolution which moved the negotiations on to a governmental level, with the establishment of the Maudling Committee and the inclusion of agricultural products.

Immediately after the completion of the report and the new wave of activity within the OEEC negotiations, the Scandinavian governments decided to extend the Scandinavian investigations to include the remaining 20% of inter-Scandinavian trade, so that the two sets of plans covered the same areas. Any decision in the Scandinavian negotiation was thus officially postponed, and it was to take more than a year before the Norwegian government made another move. This passive Norwegian attitude was explained by the need to wait for the completion of the European plans, in line with the Scandinavian agreement.

The extension of the Scandinavian negotiations meant the inclusion of fish and agricultural products. This hardly mitigated the Scandinavian conflicts, it rather brought them more clearly to the surface. The work of the NECC was further complicated by the fact that the questions were under investigation in the Wider free trade area negotiations, and especially since the deadline for a Scandinavian common market was set at 1 January, 1959. The additional report from the NECC was completed in September 1958, so that a Scandinavian solution was premised on the assumption that a European Free Trade Area was to be established. The Scandinavian proposal did, however, contain some reservations. In the industrial sector these were not of any importance. In the two sectors of agricultural and fish products no agreements were reached. The Norwegian government still did not want to take any decision in the Scandinavian questions.

After the negotiations for a Wider free trade area reached a deadlock in November 1958, the Nordic Council once again intervened and decided that the Scandinavian negotiations were to be resumed. The Scandinavian governments had still not given up the Scandinavian alternative. At the same time, the countries that had been most in agreement with one another within the wider free trade area negotiations, the three Scandinavian countries, Britain, Austria and Switzerland, started non-committing talks regarding a smaller free trade area.

The Scandinavian governments did not shelve the Scandinavian alternative until July 1959, even though the governments gave priority to the European negotiations.

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Ingrid Sogner

A Scandinavian solution had adherents in high positions in Norway also after EFTA became the most attractive alternative. None of the Scandinavian governments dared to press a Scandinavian solution within EFTA, but continued to emphasize the importance of Scandinavian cooperation even after the resolution on EFTA.

5. Conclusion

The event that triggered the investigations about a Scandinavian customs union was the Marshall Plan and the American demand for a closer European cooperation. When the Scandinavian countries in the summer of 1947 sat down to examine the possibilities of creating a customs union, however, it was not done to accommodate the American demands for regional integration, or because of the possible economic advantages of the Marshall Plan, rather the opposite. The Norwegian initiative was caused by the wish to contain American pressure, and supported by a firm belief in its own economic strength. It was forwarded to secure relative Norwegian and Scandinavian independence, not as a means for cooperation in a larger context.

Alan Milward has judged the Norwegian proposal for closer Scandinavian cooperation as "no more than a way of saving face and refusing to admit to the world the reality of profound Scandinavian disunity".75 Milward does have a point, but appears to have underestimated the force of ideals and long-term economic goals of the Scandinavian governments.

During the autumn of 1947, even before the Scandinavian investigations got under way, the Norwegian government saw positive advantages in extended Scandinavian cooperation on a broader basis. One of the reasons for the more positive turn of the Norwegian government was the shortage of hard currency uncovered during the summer, but the government also saw long-term advantages in extended Scandinavian cooperation in the sense of specialization, distribution of labour and of production on a larger scale. These goals were, however, as yet only vaguely formulated. The Norwegian Labour government was never interested in a Scandinavian customs union at any given moment during these twelve years of investigations and planning. This becomes clear when we look at Norwegian policy in isolation - it stands out as a policy of consistency. Confronted with both the pressures from Denmark and Sweden and other external demands, however, the Norwegian policy functioned as highly confusing and full of contrasts.

The Norwegian hope for broadly based Scandinavian cooperation, yet without a customs union, grew inversely in proportion to Danish and Swedish pressure for a customs union, in the sense that when the Norwegian government concentrated on the Scandinavian plans, it also had to adopt a pragmatic attitude in order to achieve some of its own ideas. The end result was the acceptance of the customs union. This happened both in 1948 and in 1954, though most evidently in 1954.

The development of the Norwegian attitude towards closer Scandinavian economic cooperation within the twelve years the question was considered, can be broadly subdivided into three periods. The first period extended from the end of

75 Alan Milward, op. cit. p. 251.

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1947 to 1953—1954. The Norwegian government then concentrated on reconstruction and internal economic problems. The planned economy approach of the first postwar years also contained elements of protectionism, and implied a hesitant attitude towards the Scandinavian plans that were based on removing trade barriers.

From about 1953 to 1954, the Norwegian government took a far more active role in these questions, trying to fit the Scandinavian prospects into their planning, emphasizing a Scandinavian "home market". With that approach the Labour government showed far greater willingness to compromise. The long-term goal of greater efficiency and export-led growth was given stronger support in terms of opening the economy.

The next shift took place, perhaps not surprisingly, when the Wider European Free Trade plans presented a new challenge for Norway. The new possibilities were first realized during the spring and summer of 1957. Within the context of the greater OEEC-based free trade area, the Scandinavian solution remained alive, but in a secondary place.

The firm Norwegian refusal to join a Scandinavian customs union, created the impression of Norway as wholly negative towards Scandinavian cooperation. In fact, elements within the Norwegian government, the Labour Party and the higher echelons of the bureaucracy gradually developed wide-ranging plans for Scandinavian cooperation, and Norway appears to have been more preoccupied with the process of the Scandinavian alternative than was Denmark. Denmark leaned more towards the continental plans than both Norway and Sweden because of the importance of agricultural exports. When at times Denmark concentrated on the Scandinavian alternative, the pressure was towards a customs union. It is, however, unclear as to how much of the Danish pressure for a customs union was in fact directed by the Danish government and to what extent it was private pressure from C. V. Bramsnaes. Sweden, on the other hand, had everything to gain from closer Scandinavian cooperation, but was careful about putting overt pressure on Norway and Denmark. In addition, we saw that some Swedish industries were reluctant to being exposed to government regulation within a framework of Scandinavian production cooperation.

The failure of the Scandinavian plans was determined by the often incompatible ideas and divergent interests of the three countries. Internal Norwegian opposition certainly played its part, but the alleged negative attitude of the Labour government cannot be substantiated.

One of the points of this article has also been to show the gradually changing international context. This is a point which the Scandinavians, though strong-headed and self-centred, did not fail to observe. By the time the Scandinavian plans were in a condition where they could be implemented, the context was gone.

The Scandinavian investigations cleared the ground for the establishment of EFTA, and in the course of two years of EFTA cooperation intra-Scandinavian economic cooperation in many fields had reached the levels the negotiators had sought during the preceding years. As early as 1963 Sweden overtook Great Britain to become Norway's most important trading partner.