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Nordic Integration at the Cross-Road

The debate on a Scandinavian Economic Union has now entered its final stage. Pros and cons are subsequently reviewed by Denmark, Sweden and Norway.

More Intra-Nordic Trade within a Customs Union

Interview with Gunnar Lange, Swedish Minister of Commerce, Stockholm

QUESTION: Mr Lange, during July of this year there has been another meeting of the countries engaged in the creation of a Nordic Economic Union. Here again, as in the past, the difference of opinions of Denmark, Norway, Sweden and Finland became clear. How do you judge the possibilities for arriving at a common denominator in the question of Nordic integration?

ANSWER: I think that we have to realise that in many respects the work in the Committee of Nordic Officials has been very successful. There are very few—although, I admit, important—points outstanding that will have to be sorted out. The Swedish Government as such has not yet taken a position on the draft treaty presented by the Commission. We want to hear

the organisations and institutions of our country. We will first have a discussion in the open, in order to have a better basis for the statement of our own position.

Majority for Economic Union

QUESTION: Do you think that the political will to create a Nordic Economic Union actually exists in all countries that are participating in the talks?

ANSWER: Yes, in all countries! But this doesn't mean that the opinion in each country is unanimous. There are those who are critical with regard to a Nordic Economic Union in Sweden. And I am aware of the fact that there is more of a hesitancy in Denmark and in certain quarters of Norway. But in the long cooperation we have

had, first before EFTA and then within the framework of EFTA, we have never been more coordinated in our views than we are now. I would say that there is a majority for a Nordic Economic Union in each country.

QUESTION: The membership of Finland in the Nordic Economic Union represents a problem, due to its close links to the USSR. And Iceland would need special concessions because of its economic structure. Do you believe that the Nordic Economic Union will have a positive effect on Finland and Iceland?

ANSWER: First of all, Finland has seriously agreed to negotiate a closer economic cooperation in the North. I don't think it would have done so, unless its government realises that this collaboration offers op-

portunities for this country it otherwise would not get.

With respect to Iceland, we shall have to observe that it has not indicated its definite interest in joining a Nordic Economic Union within EFTA, but only its readiness to enter EFTA. But already EFTA would bring to Iceland some benefits, if special provisions are agreed upon, particularly in the fishing sector.

Expanded Intra-Nordic Trade

QUESTION: The creation of EFTA increased the trade relations between the Scandinavian countries considerably. Would you say that a Customs Union would again expand intra-Nordic trade substantially?

ANSWER: I think it's very difficult to say anything definite on this. The intra-Nordic trade trend is still moving upwards. But, of course, the speed could be higher within a Customs Union. Then businessmen could take closer cooperation into account, when drawing up their plans—investment plans, plans for economic cooperation, joint venture plans, and so on.

QUESTION: Sweden would like the establishment of a Customs Union by the end of 1972. Denmark, on the other hand, proposes a far longer transitional period, while Norway is inclined towards a compromise. Why have you proposed that the Customs Union should come into effect by 1972?

ANSWER: Well, this is a question of how fast we can move. The Customs Union cannot enter into effect before 1972, I would say. But then in many items there is no need for a temporary arrangement after 1972. There we can take the step at that date as the differences in tariffs are rather insignificant. In some fields, as for example iron and steel, and chemicals, we will have to discuss transitional arrangements. I admit that our interests are not exactly the same here, since some of us would like to have a rather short transitional period, while others would like to see it prolonged. However, what we on the Swedish side are opposed to is an indefinite postponement of the date at which the Customs Union will cover the whole trade field of industrial products. We want the final date agreed upon now.

Fears of Over-saturation Unfounded

QUESTION: If the Nordic Economic Union comes into effect, it will comprise a market of about 22 mn consumers. Is there a danger for the remaining countries of an over-saturation with industrial products made in Sweden?

ANSWER: That was partly feared before EFTA was created. Today everyone admits in Denmark, Norway as well as in Finland that this has not been the case. They have been very

competitive in some fields. Certainly the fears that Swedish industrial strength could slow down the economic development in our neighbour countries have been unfounded.

QUESTION: An argument brought forward to substantiate the Customs Union is the thesis that a harmonisation of tariffs to the level of EEC tariffs would strengthen the position of the Nordic countries when membership to the EEC becomes relevant. But wouldn't the Customs Union bring forward a specialisation within Scandinavia that would perhaps make it even more difficult for the four countries to join the EEC?

ANSWER: I don't agree with this. As a matter of fact, I think that both we, if we succeed in creating a Customs Union, and the EEC stand to benefit from it. It must be in the interest of the EEC to have strong trade partners. And Scandinavia stands stronger if it stands together. But economic integration is not limited to trade alone; it also comprises cooperation in production and many other sectors. Therefore I think a Customs Union in Scandinavia must be as much in the interest of the EEC as in our interest, if the EEC wants to extend its cooperation in one form or another to other countries now remaining outside of it.

QUESTION: Denmark has stated that it will join the Cus-



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toms Union if at the same time a solution is found in the agrarian sector. Sweden has always tried to separate these two fields very clearly. Why is Sweden against a Common Agrarian Market?

ANSWER: This question should be qualified slightly different, if I may say so. The Danes themselves realise that the solution to their agricultural problems cannot be found within a Nordic Economic Union. They have lost markets in the EEC, and we cannot provide a substitute for that in the North. That the Danes realistically understand. But we also admit that a close economic cooperation in previously defined terms cannot leave agriculture entirely outside. And for that reason there have been discussions and negotiations on official level to find a plan for an agricultural arrangement which can be included in the Nordic Economic Union.

Sweden as Main Financier

QUESTION: Sweden has been assigned to play the role of the main financier in the future Nordic Community. Do you have any objections against the suggested financial arrangement within the Union?

ANSWER: That we will be the main financial contributor to defray the total costs is quite natural, since the Swedish per capita GNP is higher than the one in the other countries. So, of course, this means that we will be called upon to contribute to the funds more than any other single Scandinavian country. The question is only how much, as the price can also be too high. It is very difficult to estimate the advantages or benefits of the Nordic Economic Union; they are hard to measure. We have a realistic feeling, though, that the Union will speed up cooperation that before has already gone so far inside EFTA. But the exact measurement of these benefits is very difficult.

Therefore our contribution to the costs must remain within realistic realms.

Cooperation in Other Fields

QUESTION: The establishment of an atomic syndicate and closer research cooperation within the Scandinavian countries has been discussed. What concrete plans have been drawn up in this respect?

ANSWER: This question aims at a field which is not directly my responsibility. All I can say to this is that we are still working on these plans. Sweden has a close cooperation between industry and the state in nuclear research, and we have probably more advanced research in this field than the other three countries. Nevertheless, we feel that in both industrial and more basic research our resources are too small. Therefore we would gain, if the Scandinavian countries put their resources together. A better allocation of resources would be the result.

QUESTION: A very interesting aspect of the Nordic Union is the planned cooperation in development assistance. A joint committee will determine the yearly budget and prepare different projects. Will this lead to a more efficient aid to developing countries?

ANSWER: If it didn't we would leave it out. We already have some concrete examples for joint ventures, for instance in Tanzania and Kenya, where all Scandinavian countries contribute to and administer the projects in question. We are therefore not planning to enter a new path but continue on the old.

Sweden and the EEC

QUESTION: Could you define the Swedish position with regard to the willingness of the Swedish Government to join the EEC?

ANSWER: We have said all along that we think that we are

rather mature economically to take part in an endeavour of far reaching cooperation in the economic field, as represented by the EEC. The only requirement that we mean must necessarily be fulfilled is that we will under no condition deviate from our neutrality policy, as it has been defined and applied. If this is possible then the question of the form of cooperation becomes of secondary importance. And this is not only the position of the present Swedish Government, it is also the position of all political parties represented in parliament, with the possible exception of the small communist party.

QUESTION: Sweden would like to achieve about 80 p.c. self-sufficiency in the agrarian sector. Would this not mean that it would be very difficult to achieve an arrangement with the EEC?

ANSWER: I don't think that the aim of 80 p.c. self-sufficiency is a very great problem. We have today between 90 and 100 p.c. self-sufficiency. Consequently, if there is a reduction to 80 p.c., then there will be also greater possibilities to export agricultural products to Sweden, both for Denmark and for the EEC. Although Sweden will not be as interesting a market for outside agricultural exports as the United Kingdom, it will not be self-sufficing. I should mention that the farmers and their cooperatives are very enthusiastic about joining the EEC. They do not fear joining the Community of the Six.

Relation between Nordic Union and EEC

QUESTION: Should EEC-membership of Norway, Denmark and perhaps Sweden become reality in the near future, would the Nordic Economic Union then have to be dissolved, or could it go on existing in the same way as the Benelux-Union exists within the EEC?

ANSWER: That is my opinion. If this would not be the general feeling I don't think there would be such a strong wish as it exists now for creating a special Union in the North.

QUESTION: But since Finland would in all probability not join the EEC, it still would be a different situation than membership of Benelux to the Community.

ANSWER: All 3 Benelux-states are individual members of the Community, as a matter of fact. If you have the same tariff walls in the Nordic Customs Union as in a wider EEC, the problems would not be so difficult as to impede a solution.

Chances for the Union

QUESTION: What would be the consequence of the failure in the next future to arrive at a Nordic Customs Union?

ANSWER: Well, if we don't arrive at a Customs Union now, then it is not very likely that we will ever come to it. When one doesn't know the exact development, one can only say that the chances for the creation of a Nordic Customs Union are fifty to fifty. As a matter of fact, I think, they are more than that. So many things have been ironed out in the course of the negotiations and discussions on official level that not very much remains. I admit that the outstanding differences are difficult to overcome. They are, however, not insolvable.

I think personally that we cannot afford to lose this chance to strengthen the cooperation. There would be no catastrophe if the Nordic Economic Union failed. The Scandinavian cooperation will in any case continue to grow. But since I believe that unfortunately it will

take quite some time before the EEC is ready to take on new members and to make arrangements with other outside countries, if a Nordic Union does not come into effect, then the speed of cooperation in the North could become slower. This is why I would regret if we did not succeed.

QUESTION: Within what period do you think that the decision for or against a Nordic Economic Union will be taken?

ANSWER: In my opinion the basic decision will be taken within a year. That does not mean that the whole plan will become reality immediately after. In certain fields we need transitional periods, as I said. However, Scandinavia will decide, in one way or another, upon the Nordic Economic Union in the course of the next year.

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