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Nordic Political and Economic Cooperation: Context, History and Outlook

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Executive Summary

The Nordic countries have been brought together by the simple geopolitical fact that they are small countries with mighty neighbours. Cooperation has been necessary in order to compete with larger countries and to increase their influence in international arenas. At the same time, all grand schemes for political unification of the region have failed. Instead, the Nordic countries have succeeded in developing a piecemeal approach to regional integration, focusing on people-to-people interaction and mobility, cultural cooperation and research networks. This peculiar form of “cob-web integration” has fostered a regional identity (*nordism*) that forms an integral part of the five national identities. As a result, despite being divided in terms of NATO and EU membership, the Nordic countries form a family of nations united in a fundamental trust in one another. This has, in turn made innovative and ambitious transnational experiments such as Nord Pool possible.

However, stressing the importance of informal people-to-people cooperation, it also needs to be emphasised that Nordic cooperation benefits considerably from the fact that it takes place within the larger treaty-based European framework of the EU and the European Economic Area. Arguably, it is this mix of top-down integration and bottom-up cooperation that has made the Nordic region one of the most unified regions in the world. The lessons from Nordic cooperation inform us that, on the one hand, strong political commitment is necessary, but also, on the other hand, that cooperation in specialised fields is most effectively pursued by the relevant actors themselves. Investments in people-to-people cooperation, and especially in research networks, are likely to pay dividends.

Introduction

The aim of this paper is to provide an overview of the historical foundations, present organisation and future challenges of Nordic cooperation. The key argument is that Nordic cooperation has been most successful when it has been pursued by the relevant actors themselves (bottom-up), rather than by means of ambitious political treaties (top-down). A crucial condition for the success of this practical “everyday” cooperation is the strong sense of affinity and trust across the region, which in turn is based upon consistent generous investments in “people-to-people” activities and cultural cooperation.

The paper starts with a discussion of the historical, economic and political contexts of Nordic cooperation, proceeds with an overview of the governance of Nordic cooperation, and goes on to analyse the state of Nordic cooperation in different policy areas. It concludes with an outlook on the future of Nordic cooperation.

Context of Nordic Cooperation

Culture, Values and Sense of Affinity

The peoples of Denmark, Finland, Iceland, Norway and Sweden have a special relationship with one another. Nordic affinity is based upon geographical proximity (small countries with mighty neighbours), cultural and political similarity, and a long history of interaction and cooperation.

A key factor is the similarity of the Scandinavian languages. Swedish, Danish and Norwegian are mutually comprehensible, particularly in written form. Icelandic is usually seen as Old Norse, distantly related to the modern Scandinavian languages, whereas Finnish is of a completely different origin. However, for historical and cultural reasons, all Icelanders learn Danish, while all Finns learn Swedish in school.

Other common features include the Lutheran Christian legacy which, according to many researchers, has fostered a peculiarly close relationship between the state and church. In the Nordic societies, the civic-legal and religious-moral norms coincide, resulting in the positive effect of the Nordics being among the most law-abiding and state-trusting people in the world. However, it also gives rise to the negative effect of the Nordics experiencing certain difficulties in managing disagreement and competing value systems (Markkola, 2011; Stenius, 1997).

Also noteworthy is a fact that the Nordic countries, in the European context, were industrialised relatively later. During the phase of political and national mobilisation in the 19th century, the large majority of the Nordic citizens lived in the countryside and thus the rural population was handed a large political role at an early stage. This has had positive and inclusive societal effects; for example, the process of democratisation was comparatively peaceful for the Nordic countries (Sørensen & Stråth, 1997; Árnason & Wittrock, 2012).

The most well-known feature of the Nordic societies is their social democratic welfare state, the roots of which can be traced back to the class compromises following the Great Depression of the 1930s. The essential ingredients in the Nordic model are generous and universal social benefits financed through a high tax rate and distributed in the form of services such as free healthcare, schools and higher education (Christiansen et al., 2006; Esping-Andersen, 1990).

To sum up, the Nordics like to think of themselves as belonging to a group whose countries are regularly positioned close to one another, and often at the very top, in different international rankings relating to prosperity, transparency, gender equality or happiness. The Nordic countries still like to compare among themselves and their societies, and more often than not, there is also a strong sense of (friendly) competition between the countries.

At the same time, it should be emphasised that this “Nordicity” does not form a vivid part of the political discussion in the region. Nordic cooperation is hardly ever an issue in election debates and there is a very limited common-Nordic public sphere. The Nordics do not read one another’s national newspapers or watch programmes on one another’s TV-channels, and there is no apparent Nordic dimension to the new social

media. However, the expectation still remains that the political and cultural discussions follow the similar broad lines, that there is a basic Nordic community of shared values.

The History of Nordic Cooperation

The cultural and political affinity of the Nordic countries is a result of the long history of manifold multilevel Nordic cooperation. The Napoleonic wars around 1800 ended three centuries of repeated conflicts between the empires of Denmark (including Iceland and Norway) and Sweden (including Finland), and marked the beginning of the process by which the region would consist of five independent states. Having been reduced into the small state category in Europe, the Nordic countries opted for a policy of peace, non-aggression and cooperation. Intra-Nordic peace has lasted for over 200 years and the region is regularly referred to as a paradigm example of what Karl Deutsch called a “security region” (Archer and Joenniemi, 2003; Deutsch et al., 1957).

A critical contribution to the establishment of a Nordic “us” was the Scandinavianist movement of the mid-19th century. Originally a liberal student movement, it soon developed into a sort of (pan-) nationalism comparable to that which produced Germany and Italy. Ultimately, however, Scandinavism failed on the issue of military solidarity when Sweden in 1864 decided not to intervene in the Danish-Prussian conflict over the Schleswig region. But a more moderate “nordism” survived and gradually evolved into a central part of the five national identities. During the last couple of decades of the 19th century, a great number of Nordic and Scandinavian associations were founded covering a wide range of voluntary organisations, professions and interest groups (Hemstad, 2008). In the first decades of the 20th century, this voluntary cooperation was gradually completed with a more formalised cooperation at the political level.

Approaching the Second World War, geopolitical concerns merged with the idea of a special Nordic social model, and the region started to brand itself as a democratic haven on a European continent plagued by totalitarianism (Kurunmäki and Strang, 2010). Once again, however, Nordic cooperation failed again to produce a formal military alliance. As a result, Finland fought two wars against the Soviet Union (1939–40 and 1941–44), while Denmark and Norway were occupied by Nazi-Germany (1940–44). Sweden succeeded in remaining neutral, balancing between its loyalties towards its neighbours and its own security concerns. These different experiences determined the ways in which the Nordic countries approached the Cold War. Discussions of a Scandinavian Defence Union fell through when the Norwegian government in 1948 opted for NATO membership, with Denmark and Iceland following suit. Restrictions put down by the Soviet Union made NATO membership impossible for Finland, but with Sweden remaining unaligned, Finland was able to distance itself from Soviet influence and pursue a politics of neutrality (Hilson, 2008; Olesen, 2004; Strang, 2016).

Despite these different security arrangements, the idea of an especially peaceful Nordic region with a unique welfare model proved to be key to the way that all five countries positioned themselves in the Cold War. This peculiar feature was labelled “the Nordic balance”. The Nordic Council (NC) was founded in 1952 and the Nordic Council of Ministers (NCM) in 1971. Foreign and security policy was exempted from the agenda,

and deliberations concerning a Nordic customs union (1950s) and a Nordic economic area (1960s) proved fruitless. But the NC and NCM were very successful in initiating cooperation on mobility, social issues, and arts and culture (Strang, 2016).

After the fall of the Berlin Wall, Nordic cooperation ended up in the shadow of European integration. Denmark, a member of the European Union (EU) since 1973, was joined by Finland and Sweden in 1995. The Norwegians turned down membership in a public referendum while Iceland did not even consider membership. The Nordics were further fragmented when Finland joined the European Monetary Union (EMU) introducing the euro in 2002, with Denmark (partly) and Sweden (fully) remaining outside. The post-Cold War period was a slump in Nordic cooperation, but all Nordic countries did join the European Economic Area (EEA) in 1994 which proved essential for the integration of the Nordic economies. More recently, official political cooperation has returned to the agenda, particularly in the area of foreign and security policy.

Indeed, looking at the history of Nordic cooperation, one is struck by its endurance. The repeated failures to produce a more formalised union at the top-political level have time and again provoked alternative cooperation measures with more practical and people-oriented agendas. This has been labelled the Phoenix effect of Nordic cooperation (Anderson, 1967; Olesen and Strang, 2016).

State of Recent National Economic and Political Development

The economic development of the Nordic countries after the Second World War has in rough numbers been quite similar despite the different market orientations of the countries. Intra-Nordic trade has fluctuated, but Sweden has always been among the most important trade partners for all its neighbours. However, export to Britain, Germany and Russia (particularly for Finland) has generally exceeded intra-Nordic trade.

Having escaped direct involvement in the war, Sweden was for a long time the most affluent. A leading manufacturer of skilled goods and machines, with a highly developed steel and forestry industry, Sweden attracted many immigrants from particularly Finland in the 1960s and 70s (at least 500,000 out of a population of 4.5 million). Indeed, Finland has always lagged behind the other Nordic countries in economic terms. The market orientation is quite similar to that of Sweden (electronics, forest and steel industries), but less diverse. Relying heavily on trade with the Soviet Union and Russia, it has also been much more vulnerable to external events. Today, the sanctions put up by the EU following the Russian annexation of Crimea contribute significantly to the struggle of the Finnish economy. The decline of Nokia and being part of euro-zone do not help.

The west-Nordic countries have traditionally relied less on large-scale industry than Finland and Sweden. For Denmark, agriculture has always been the principal economic sector, with shipping and, more recently, biotechnology and pharmaceuticals growing in importance. Shipping and fishing were traditionally pivotal to the economy of Norway, but with the development of hydropower during the post-war period, energy became more central. Since the 1990s, the Norwegian economy has by virtue of its oil

resources surpassed its Nordic neighbours. For Iceland, fishing remains the most important sector, although it has recently become supplemented with investments in aluminium industry, fuelled by hydro- and geothermal energy. The international offensive of the Icelandic banking sector ended in a dramatic collapse in 2008, from which the Icelandic society seems to have recovered remarkably well.

The political debates in the Nordic countries have throughout the post-1945 period largely concerned similar issues, and the menu of political parties is more or less the same. There is a large Social Democratic party and one or two minor socialist parties on the left, and a group of liberal, conservative and agrarian parties on the right. During the past decades, all Nordic countries have witnessed a gradual rise of an environmental movement represented in parliament by a variety of Green and left parties. More recently, the Nordic countries have experienced a major breakthrough of populist parties with a welfare nationalist, anti-EU and anti-immigration agenda. The high number of parties represented in the parliament has spurred a strong tradition of (minority and majority) coalition governments.

A peculiar feature of Nordic politics is the large responsibility given to local governments (on a regional or municipal level). Quite remarkably as well, its associations are many and strong: voluntary organisations are large and have considerable political influence. The key role of trade unions and employers' organisations in negotiating salaries and labour conditions is an essential feature of Nordic political life.

Motivations for and Principles of Nordic Cooperation

Nordic cooperation is pursued out of a variety of motivations, but many of them follow from the simple geopolitical fact that the Nordic countries are small countries with mighty neighbours. Externally, the idea of Nordic cooperation is to increase one's influence in the wider region as well as in the international arena, such as with the United Nations. Closer military alignment has, however, usually been undermined by diverging security concerns: Denmark has looked south, and Finland and Sweden east. Internally, the aim has mainly been to exchange experiences and best practices, but also to pool and share resources. In some particular fields, the idea has also been to pursue harmonisation. Moreover, in some specialised fields, the Nordic countries have, by virtue of being small countries, been forced to collaborate just in order to gather a critical mass of professionals.

The most fundamental condition for Nordic cooperation is the security community based upon a mutual recognition of one another as sovereign nation-states and on the common Nordic identity (nordism). This identity has never been strong enough to push for a formal unification of the region. In fact, all such attempts have failed ignominiously: the Scandinavist movement in the 19th century, the defence union deliberations around the Second World War, and plans for an economic union in the 1950s and 60s. Instead, the Nordic countries have had more success with a more piecemeal approach, where focus has been on people-to-people interaction, professional networks and cultural cooperation. This "cob-web" model of regional integration

(Andrén, 1967) has strengthened regional trust and served as a necessary precondition for innovative transnational cooperation initiatives such as Nord Pool.

Nordic cooperation has never been pursued with supra-national ambitions: no country has been forced by its neighbours to accept policies against its will. Instead, cooperation in the Nordic Council of Ministers (NCM) is based upon the principle of consensus, which means that cooperation is pursued only when everyone is on board. The principle of consensus is a consequence of the comparatively large common budget of the NCM, to which every country contributes. While praised for being democratic, the principle of consensus has, however, been increasingly criticised recently for being slow and ineffective, and alternative principles are being explored. Established in 2009, Nordic Defence Cooperation (NORDEFECO) is instead based upon the possibility of opting out: cooperation ventures are pursued by the individual countries only to the extent that they are willing to invest in them. NORDEFECO has undoubtedly been quite successful, but it remains to be seen how far cooperation can proceed without the continuity and long-term planning enabled by a common budget and a permanent secretariat.

The strong Nordic identity or ideology (*nordism*) entails that no country is left behind against its will. When the Nordic Council was established in 1952, Finland was unable to join because of Soviet restrictions, but the Finnish government and parliament were informed about the proceedings and welcomed to participate as soon as this was possible in 1955. It also means that bilateral cooperation ventures often expand throughout the region. Recent examples include: the Nordic Defence Cooperation (NORDEFECO) and the common electricity market (Nord Pool), both of which were originally Norwegian-Swedish experiments.

The question of regional leadership is a delicate one. In the 19th century, Denmark, and particularly its capital Copenhagen, was the unquestionable cultural and economic centre of the region. However, during the latter half of the 20th century, Sweden emerged as a regional (if not global) frontrunner and model, epitomising all the virtues associated with the Nordic brand (prosperity, welfare state, gender equality and international solidarity). As a result, Denmark, Finland and Norway were for a long time united in a complicated “big-brother” relationship with Sweden. Recently, the position of Sweden has been somewhat weakened. On the one hand, this has certainly reduced the traditional Norwegian scepticism towards Nordic cooperation, but on the other hand, it can be argued that Nordic cooperation has historically been most successful with Sweden as a strong regional locomotive.

Governance of Nordic Cooperation

Key Organisations and Agencies of Official and Formalised Nordic Cooperation

The Nordic Council of Ministers (NCM),¹ founded in 1972, is the main organisation of official Nordic cooperation. An inter-governmental body for cooperation between the five Nordic countries, and Greenland, Faroe Islands and Åland Islands, the NCM has an

¹ <http://www.norden.org/en/nordic-council-of-ministers>

annual budget of about €125 million and is financed by tax revenues from the Nordic countries. The costs are distributed according to a scheme that roughly corresponds to the gross national income of the individual countries. In 2015, Denmark covered 20 per cent, Finland 15.5 per cent, Iceland 0.7 per cent, Norway 31.5 per cent and Sweden 32.3 per cent of the budget.

The five Nordic Prime Ministers (as well as the heads of the autonomous regions) generally oversee the NCM, but in practice this responsibility is delegated to the Ministers of Nordic Cooperation, who usually are members of the government responsible for a minor sectorial ministry. The Ministers of Nordic Cooperation are part of an executive group which, on behalf of the Prime Ministers, makes all important decisions concerning the NCM. Their work is supplemented by the Nordic Committee for Nordic Cooperation comprising senior officials (civil servants) from the national foreign ministries, which all have a Nordic office with a handful of employees, usually as part of a larger European division.

The NCM is divided in sectoral councils, each covering a particular policy area. These councils are run by the corresponding ministers from the national governments, but in practice all issues are prepared by so-called Committees of Senior Officials, which consist of civil servants from the national ministries. Currently, there are 10 Councils representing the following areas:

- Labour (annual budget in 2015: €2 million)
- Gender equality (€1 million)
- Business, energy and regional policy (€18 million)
- Culture (€22 million)
- Law (€0.2 million)
- Fishing, agriculture, food and forestry (€5 million)
- Environment (€6 million)
- Education and research (€30 million)
- Health and social affairs (€5 million)
- Finance (€0.25 million)

The NCM has a permanent secretariat in Copenhagen, with approximately 90 employees headed by a Secretary General, usually a former leading politician from one of the Nordic countries. Formally, the task of the secretariat is to arrange and prepare meetings between the national officials and ministers, but it is also expected to proactively deepen Nordic cooperation with new ideas and initiatives.

All decisions within NCM are taken unanimously, and the five governments see to their general implementation. As indicated above, the “principle of consensus” is a matter of intense debate, and in order to politicise the NCM, a rotating presidency was introduced in the 1990s. Some funds were also made available for the presiding country to launch initiatives of its own, a sum that has gradually risen to approximately €10 million.

The budget of the NCM is distributed over the different sectorial councils (see above). A large part of this money goes to the running of some 20–30 semi-independent institutions—such as NordForsk (the Nordic Research Council, €15 million from the Council of Education and Research); Nordic Innovation (€10 million from the Council of Business, Energy and Regional Cooperation); and the Nordic TV- and Film fund (€4 million from the Council of Culture)—as well as the Nordic offices, institutes and culture houses (between €0.3–2 million each) found all over the region and in the adjacent areas, particularly in the Baltic States and Eastern Europe. All these establishments are tasked specifically with furthering Nordic cooperation in particular geographic or thematic areas. Many of them also fund projects on the basis of applications handed in by researchers, innovators or artists.

The Nordic Energy Research Institute (NEF) was founded in 1999 on the basis of more project-based energy research cooperation since 1975. The annual €1 million from the NCM (the Council of Business, Energy and Regional Cooperation) is supported by funding from the national research councils. NEF is located in Oslo, Norway, in the same building as NordForsk and Nordic Innovation and has a staff of 10–12 people.

The Nordic Council (NC)² was founded in 1952 and was the main organisation of Nordic cooperation until the establishment of the NCM in 1971. Since then, the NC has been “downgraded” to being a mere parliamentary body that provides democratic legitimacy to the NCM. The NC consists of 87 members elected among the national MPs. Iceland has seven members, whereas the other four countries have 20 members each (with two of the Finnish members representing Åland, and four of the Danish representing Greenland and the Faroe Islands). The budget of the NC is on about €4.5 million, and it is run by a secretariat of 20 people in Copenhagen, located in the same building as the NCM. The national parliaments also have one or two civil servants responsible for NC-related matters.

On the surface, the NC works like a parliament, with the difference that the members do not merely represent a political party, but also a national delegation. The sessions of the NC are unique in the sense that a parliamentarian from one country can ask a question of a minister from another country, and expect an answer. However, the NC does not have any formal power over the NCM (except concerning its budget) or the national governments. Its main instruments are the recommendations which, despite having a certain normative force, are regularly ignored by the national governments. This has given rise to the popular criticism that the NC is a wining and dining club for elderly parliamentarians. That said, some important innovations, such as the cooperation in foreign representation, originated from NC recommendations.

The NC convenes once or twice a year, and the main annual session is considered to be the key event of official Nordic cooperation, gathering the prime ministers, government representatives, MPs as well as a plethora of NGOs for a four-day exercise in Nordic networking. In connection with the sessions, the NC arranges a gala ceremony in which the five Nordic Council Prizes (in literature, children’s literature, music, film and

² <http://www.norden.org/en/nordic-council>

environment) are handed out. The literature prize is of particularly high esteem and recognised by the media from all over the region—not least because of this prize, the Nordic Council is a stronger brand than the Nordic Council of Ministers.

The Nordic Culture Fund,³ founded in 1966, is the major regional sponsor of cooperation in arts and culture. It is led by a board appointed by the NC and NCM, and has a permanent secretariat of 5–8 persons in Copenhagen (also in the same building as the NCM). It is financed directly by the Nordic governments, and hands out a total of €4 million annually on the basis of project applications from institutions and groups of artists in the Nordic countries.

The Nordic Investment Bank (NIB)⁴ was founded in 1976 (after several failed proposals in the 1960s and 70s). It is run by a board of governors with one member from each country. With its headquarters in Helsinki, Finland, NIB has approximately 180 employees. Since 2005, the Baltic States have joined the Nordics as full members, thus making NIB different from the other official institutions of Nordic cooperation. NIB finances large-scale projects that support the national competitiveness of the member states or the emerging markets, as well as projects that further sustainable development. The Bank has been very successful and its financial report stated that NIB would pay €55 million in dividends to the member countries.

Nordic Defence Cooperation (NORDEFECO)⁵ is not part of the official Nordic cooperation run by the NCM. It was established in 2009 when different cooperation schemes in defence policy merged into one body. The basic idea behind this merger was to save costs and increase military capability through joint acquisitions, pooling and sharing of defence material, as well as through joint exercises and common task forces.

The Ministers of Defence are responsible for NORDEFECO, and they are supported by a Policy Steering Committee of civil servants, as well as by a Military Coordination Group consisting of flag officers representing the Chiefs of Defence. NORDEFECO is a slim organisation without a permanent secretariat. It operates with a rotating chairmanship, whereby the chairing country covers the costs for the meetings (approximately €100,000 annually). All cooperation schemes and projects are financed directly through the national defence budgets, and each country participates only to the extent desired—there is no “principle of consensus.” In practice, Norway, Sweden and Finland have been the most active members, with Denmark gradually increasing its activity. Iceland does not have a military force and does not participate in NORDEFECO. However, the Icelandic foreign minister is represented at some of the ministerial meetings.

NORDEFECO is often highlighted as a model for other regions (for the Visegrad interest, see Rieker and Terlikowski, 2015; and for Nordic cooperation in other policy sectors, see Strang, 2012). Celebrated as flexible and pragmatic, its results are certainly impressive, particularly when it comes to rapidly advancing areas such as cyber defence. However, there seems to be a limit to Nordic cooperation in security policy, which has to do with the fact that Finland and Sweden remain outside of NATO on the one hand, and

³ <http://www.nordiskkulturfond.org/en>

⁴ <http://www.nib.int>

⁵ <http://www.nordefco.org>

with different interests and needs of the Nordic countries on the other. Most notably, none of the neighbouring countries seem interested in purchasing the Swedish fighter plane, JAS.

Not being part of the official structures of Nordic cooperation, NORDEFECO lacks a formal anchorage in the parliamentary body of the NC. This democratic deficit has been somewhat amended in the annual reports by the defence ministers regarding the sessions of the NC since 1997, as well as the annual roundtable discussions between the Defence Ministers, Chiefs of Defence and leading parliamentarians from both the NC and the national parliamentary committees of foreign and defence policy, which have been arranged since 2013. In general, however, Nordic defence cooperation enjoys strong popular support among both NATO supporters (who see it as a way of preparing Finland and Sweden for membership) and opponents (who see it as an alternative to membership).

Unofficial and Informal Nordic Cooperation

Besides the organisations for official Nordic cooperation, it is important to emphasise the myriad of bilateral and multilateral unofficial or informal networks and contacts between the Nordic countries—an area that is impossible to cover adequately within the realms of this paper (see Häggman, 2013).

Nordic cooperation is part of the everyday routines at every ministry, but to various degrees and taking diverse forms. These contacts are often highly dependent on personal relations among both politicians and civil servants who have become acquainted with one another during different Nordic meetings within or outside of the NCM/NC system.

The political parties and their youth organisations are all engaged in some kind of Nordic cooperation. SAMAK—the joint committee of the Nordic Social Democratic Labour Movement—was established in 1932 and has a small secretariat in Oslo. For many of the other parties, cooperation is organised more loosely.

The labour unions have a regional trade union federation (Nordens fackliga samorganisation, NFS) that gathers the national unions to common meetings and seminars. It has a small permanent secretariat in Stockholm, Sweden, with four employees.

Voluntary associations, sports clubs, scouts, churches, schools and universities all have some form of Nordic cooperation as well, but the model of organisation varies. For example, Greenpeace has a common Nordic division (without any national organisations), whereas the scouts have a Nordic umbrella organisation responsible for joint activities. Some associations do not have any formalised organisations at the Nordic level at all, but compensate for this by arranging informal meetings and study trips. Most of this cooperation takes place without the financial support of the NCM system.

The Nordic Associations (founded in 1919) are the only voluntary associations dedicated to furthering *nordism* and Nordic cooperation. The national Nordic Associations are led by a Secretary General which usually is a leading politician from the parliament. The national Nordic associations have secretariats of their own; in addition,

there is a Nordic umbrella organisation (Föreningarna Nordens Förbund) in Copenhagen with a secretariat of around 10 people. In total, the Nordic Associations are made up of around 50,000 members from the Nordic countries.

Key Rules and Treaties Governing Cooperation

Nordic cooperation is characterised by a lack of formal rules and treaties. The Nordic Council was, for example, established in 1952 without a formal treaty, but on the basis of a legal adoption in each country (Finland was able to join only in 1955). The grand successes of Nordic cooperation are usually said to be the three conventions agreed upon in the 1950s, namely:

- The passport convention of 1954–57 that guarantees free movement in the region
- The common labour market convention of 1954 that guarantees that a Nordic citizen can apply for work in the whole region
- The social convention of 1955 that guarantees that Nordic citizens are entitled to the same social provisions as natives

The conventions were very ambitious at the time, predating similar arrangements within the EU by almost 50 years. Still in effect, they have been amended several times since. They have also been appended with conventions on taxation (1989), language (1981), and education, research and culture (1971).

The Helsinki Treaty of 1962 is usually referred to as the Basic Law of Nordic Cooperation. 70 articles long, it defines the aims and forms of Nordic cooperation with regard to both the NC and NCM framework and to specific policy fields. However, the formulations of the treaty are rather vague and do not commit the government to anything (“the governments *shall seek to*”). Still in effect, the most significant amendments were made in 1972 in connection with the establishment of the NCM.

NORDEFECO is based upon a “memorandum of understanding” signed by the Ministers of Defence in 2009. Being more a declaration of Nordic goodwill than a formal treaty, it describes the formal organisation of NORDEFECO and pays special attention to the fact that Nordic cooperation should not interfere with the NATO commitments of Denmark and Norway. In 2011 the memorandum was supplemented with a Nordic declaration of solidarity, signed by the foreign ministers. Even if the declaration focuses on issues like terrorism, environmental disasters and cyber-attacks, rather than direct military threats, there was some discussion regarding the relation between the Nordic solidarity declaration and NATO’s Article 5. The general interpretation seems to be that the NATO commitments trump the Nordic declaration in all respects (Forsberg, 2013).

The non-binding character of Nordic cooperation has also become increasingly striking in comparison to the ambitious integrative and federative steps taken by the EU. Therefore, it needs to be emphasised that the Nordic countries have, during the past couple of decades, taken huge leaps in economic integration thanks to the formal and binding treaties and rules put in place by the EU and the EEA.

The lack of binding treaties is sometimes taken as an indication that Nordic cooperation is based upon democratic principles and a high degree of trust, but it is also a source of criticism, which the politicians have sought to counter with an abundance of general declarations of Nordic goodwill.

Main Fields of Cooperation

Main Fields of Intra-Nordic Cooperation

Arts and culture, social policy, law and research have traditionally constituted the core areas of Nordic cooperation. These fields were arguably selected as compensation for the impossibility of cooperation in foreign and security policy during the Cold War on the one hand, and the failures of the grand schemes of Nordic economic integration during the 1950s and 60s, on the other (Mai, 2016). At the same time, there was an idea that this was an investment in cultural belonging and a sense of “us” which would eventually pay dividends also in “hard areas” (Strang, 2016).

Cooperation in social policy was particularly lively during the period of rapid expansion of the welfare state in the 1950s and 60s, and gained additional strength because of the geopolitical ambition of establishing a welfare block in the Cold War conflict between capitalism and communism. Cooperation in the field of law started in the late 19th century and was often coupled with an explicit ambition of harmonising Nordic law. Since the accession of Finland and Sweden to the EU, cooperation in social policy and law are both in decline (Kettunen et al., 2016; Letto-Vanamo and Tamm, 2016).

Cooperation in arts and culture is based upon the affinity of the Scandinavian languages and a general sense of “Nordism”, and continues to be a prioritised area within the NCM framework. Nordic cooperation in research has been pursued for similar reasons, but arguably with a stronger emphasis on pooling resources and gathering a critical mass of people working in specialised fields. In some cases, the idea has also been to come up with solutions to challenges with a transnational dimension. A special success story in this respect was the NMT and GSM standards for mobile telephony, which were developed in the 1970s, 80s and 90s, and which were applied in large parts of Europe and beyond.

Nordic cooperation has also been quite successful in **environment protection**. A significant breakthrough was the establishment of the Nordic Ecolabel (the Nordic Swan) in 1989, which has become one of the world’s most successful ecolabels, covering a wide range of consumer products, from soap to hotels.

Since the end of the Cold War, **security policy** has gradually become the most thriving field of Nordic cooperation. The reasons were originally economic as the national defence ministries were struggling with the equation of rising costs following technological sophistication on the one hand, and decreasing shares of the national budgets on the other. More recently, following the Russian annexation of Crimea and repeated Russian violations of Nordic airspace, Nordic cooperation has to an increasing extent become motivated by security threats.

Another recent development is the integration of **the Nordic economies**. Historically a difficult area for Nordic cooperation, economic integration has been facilitated within larger European frameworks, such as the EU and the EEA. At a corporate level, the Nordic region has formed an extended domestic market, which companies use either defensively in order to avoid becoming absorbed by multinational companies, or offensively as a stepping stone to operations in larger European or global markets. The Nordic customers have grown accustomed to Nordic dairy products (Arla Foods), banks (Nordea), media houses (Schibsted or Bonnier), telecom operators (TeliaSonera) and forest industries (Stora Enso).

The moves toward a common Nordic **energy market** need to be understood as part of this wider economic integration. It was not a result of an articulated political ambition at the top political level; rather, it was pursued by the relevant actors themselves in order to meet the challenges of globalisation and Europeanisation. It was also based upon investments in **Nordic energy research** since the 1970s, which was motivated by several reasons listed above (pooling resources, gathering a critical mass of expertise, and forging transnational solutions).

Least Successful Fields of Intra-Nordic Cooperation

It has often been argued that Nordic cooperation has succeeded in “soft” areas such as welfare, law, and arts and culture, but failed in “hard” areas such as security policy or economy. Today, this seems to be the opposite. Cooperation and integration are flourishing in security policy and the economy, whereas cooperation in law and welfare is struggling.

Divergent economic interests have also hindered cooperation in such sectors as fishing and agriculture. Arguably, energy policy can be added to this because despite the common energy market. There have been many failed attempts at cooperation in areas such as energy research and large-scale projects (e.g. gas-pipes across the region and the case of Volvo–Statoil) (Tønneson, 2002). No country has so far been prepared to abandon its national energy strategies in favour of a common Nordic approach.

Discussion

To sum up, it seems that Nordic cooperation has been most successful during times of rapid development. Cooperation in law and in the social sector was particularly active in periods of legal codification (the late 19th century) and expansion of the welfare state (the 1950s and 60s). The Nordic Ecolabel was a success because it pushed the limits of the national environmental conscience. Lately, economic globalisation and advances in IT, defence and energy have been made cooperation more favourable.

Also, external pressure, be it in the form of economic challenges or perceived security threats, has also facilitated Nordic cooperation, and been key to the rise of Nordic defence cooperation. Similarly, Nordic energy cooperation was initiated in reaction to the oil crisis of the 1970s.

A final observation is that Nordic cooperation tends to work better among the relevant actors themselves than at the top political level. The grand schemes for

cooperation and integration fail with astonishing regularity, while cooperation continues to advance in everyday practice.

Main Fields of External Cooperation

The Nordic countries have a strong history of cooperation on an international scale: some scholars have even argued that the whole idea of a specific Nordic region was construed abroad (Götz and Haggren, 2009). A unified Nordic foreign policy was impossible in the Cold War period, but the Nordic countries succeeded in creating a common Nordic brand of peace and solidarity through cooperation in international organisations such as the International Labour Organization (ILO) or the Organisation for Economic Co-operation and Development (OECD). The UN has been of particular importance. Generous with foreign aid, the Nordic countries have also stood for one-fourth of all UN peacekeeping soldiers. The Nordic countries often negotiate a common position in the UN, and they generally support one another's initiatives as well as candidacies for international posts (such as a place in the Security Council).

Since the end of the Cold War, Nordic foreign policy cooperation has conquered new areas, such as foreign representation. The Nordic countries have a joint embassy complex in Berlin (*Nordische Botschaften*), and a division of labour is discussed in parts of the world where there is a limited need for five separate embassies. They have also recently made some collective efforts in nation-/region-branding, promoting Nordic companies abroad, and attracting foreign investments to the region.

Least Successful Fields of External Cooperation

The success of Nordic cooperation in the international arena needs to be moderated by stressing the lack of Nordic coordination in transnational security alignment. Denmark, Iceland and Norway are founding members of NATO (1949), while Finland and Sweden remain unaligned. The background for this is to be found in the different experiences of the Second World War.

Nordic cooperation in European affairs has also been an area of little success. The Nordic countries have never formed a united block in the EEC, EFTA or EU, and cooperation between Denmark, Finland and Sweden within the EU has also until recently been rather limited. This lack of coordination can be attributed to the diverging security and economic interests described above. Moreover, Denmark and Sweden in particular have large opposition groups critical of the EU that have to be taken into consideration.

The Nordic countries' different positions with regard to NATO and EU have been the source of much debate by those who feel that it constitutes a major impediment for closer Nordic cooperation. However, some observers also point to the fact that with the European Economic Area agreement of 1994 and the NATO Partnership for Peace-programme in which Finland and Sweden are core members, the difference between member states and non-members of both the EU and NATO is becoming less distinct.

Discussion

To sum up, external Nordic cooperation seems to work best in fields which have a more moral-political character, compared to those that require more formalised alignment. While negotiating for a joint Nordic position in security or economy policy has repeatedly proved impossible, the Nordic countries have enjoyed remarkable success in aligning on questions of disarmament, peacekeeping, foreign aid and human rights. In this way, they have established a joint brand, i.e. that of being “norm entrepreneurs” (as termed by apologists; see Ingebritsen, 2002) or “moral imperialists” (as termed by critics).

Assessment and Outlook

The future of Nordic cooperation is closely intertwined with the future of the EU. Today, a strong federative EU of 28 equally integrated member states seems unlikely. Instead, the possible scenarios are either an “EU *à la carte*” of different forms of attachment, or a return to a looser “EU of cooperating nation-states”. Both scenarios allow for a strengthening of Nordic cooperation. Indeed, in contrast to the situation several decades ago, the EU is now more likely to be increasingly supportive of regional cooperation and integration initiatives.

With the economic and political struggles of the EU on the one hand, and the perceived security threats in the region following Russian mobilisation on the other, Nordic cooperation has returned to the political agenda. However, there seems to be some hesitancy in terms of determining how to navigate a debate that includes a neo-Scandinavian position on the one hand (Wetterberg, 2010), and a results-oriented NORDEFECO approach on the other (Stoltenberg, 2009).

In addition, there is the question of whether the current institutional setup is ideal for pursuing new initiatives of Nordic cooperation. The official organisations—the Nordic Council (NC) and the Nordic Council of Ministers (NCM)—have so far been unable to capitalise on the Nordic renaissance, and the two great successes of Nordic cooperation at the moment are not associated with the NC and NCM. Defence cooperation is pursued within the realms of NORDEFECO, while Nordic economic integration has been facilitated through the EU. As a result, there is a growing dissatisfaction with the Nordic organisations, and calls for revamping the NC/NCM-system are frequent.

In an increasingly global and transnational reality, Nordic cooperation needs to succeed at the top political level. At the same time, however, the Nordic countries need to recognise that one of the main strengths of Nordic cooperation is the manifold multilevel contacts between actors across the region—and that these relations are the result of a long history of generous investments in Nordic institutions and networks in fields like research, arts and culture. As an organ for top political cooperation, the NCM is slow and bureaucratic, and many initiatives would be bettered pursued elsewhere. But as a facilitator for “cob-web integration”, the NC/NCM-system continues to be relevant. Indeed, the grand successes of Nordic cooperation have come about not by

means of political negotiation and bargaining at the top political level, but as a result of informal and unofficial cooperation among the relevant actors themselves.

Nordic cooperation in energy policy is a case in point. It shows how the strong cultural affinity of the Nordic countries can facilitate cooperation in areas where the provisions for cooperation and the interests of the five countries seem far apart. It also illustrates how areas of rapid technological development tend to be more easily pursued jointly, than areas with strong established national traditions. Finally, Nordic cooperation in energy can serve as laboratory of transnational cooperation. The Nordic region has unique cultural and political preconditions for forging transnational solutions, which can serve as a prototype for all-European solutions, and as a model for other regions in the world.

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