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To Join or Not to Join

*Three Nordic Referendums on Membership
in the European Union*

Chapter 2

The Three Nations of Northern Europe

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After the southern member states Greece, Portugal, and Spain had been accessed in the 1980s and East Germany was incorporated in 1990, the immediate enlargement prospects of the European Community turned toward Austria and the north. The three Nordic applicants belonged to Europe's firmly established democracies. They seemed prosperous if somewhat peripheral. The land area of Finland, Sweden, and Norway equaled 45 percent of the area of the twelve-member EC, but their combined population (5.1 + 8.7 + 4.3 = 18.1 million) amounted to only five percent of that of the EC.

To continental Europe the differences between the three countries seemed negligible. In many respects they were right. In a broader perspective the Nordic countries have more in common than most neighboring countries. However, some important differences exist, and they may have played a crucial role in forming the perceptions of EU membership. In this chapter we will highlight some of the differences and similarities of the three countries. Our intention is twofold: we want to remind readers familiar with Nordic politics of the basic similarities they might overlook, and, at the same time, we want to point out the minor but important dissimilarities to readers less familiar with these countries.

The societies and the political systems

As in many countries of continental Europe, the people in these three small European democracies are represented by parliaments that are elected through some type of the list system of proportional representation, and their party systems contain a relatively large number of political parties. In the two monarchies, Sweden and Norway, the prime ministers are the focal political leaders ("Heads of Government"). Finland's parliamentary system contains a dualistic element because the people elect in a separate election the president of the republic, a "Head of State" who exercises powers of his own.

Table 2.1. Distribution of votes cast in the elections to the Finnish Eduskunta from 1972 to 1995 (in percent)

Parties	1972	1975	1979	1983	1987	1991	1995
PPJU/Communist/Left	17.0	18.9	17.9	14.0	13.6	10.1	11.2
Soc. Dem. League	1.0	0.3	0.1	26.7	24.1	22.1	28.3
Soc. Dem. Party	25.8	24.9	23.9	9.7	6.3	4.8	1.3
Finnish Rural Party	9.2	3.6	4.6	17.6	17.6	24.8	19.9
Center Party	16.4	17.6	17.3	1.0	1.0	0.8	0.6
Liberal People's Party	5.1	4.3	3.7	1.0	1.0	3.1	3.0
Christian League	2.5	3.3	4.8	3.0	2.6	3.1	3.0
Swedish People's Party ^a	5.4	5.0	4.5	4.9	5.6	5.8	5.4
Conservative Party	17.6	18.4	21.7	22.1	23.1	19.3	17.9
Constitutional PP	-	1.6	1.2	0.4	0.1	0.3	-
The Greens	-	-	-	1.4	4.0	6.8	6.5
Other parties	-	2.1	0.3	0.2	2.0	2.1	5.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(Turnout) ^b	(81.4)	(79.7)	(81.2)	(81.0)	(76.4)	(72.1)	(71.9)

^a Including Coalition of Åland^b Residents of Finland only

Table 2.2. Distribution of votes cast in the elections to the Swedish Riksdag from 1973 to 1994 (in percent)

Parties	1973	1976	1979	1982	1985	1988	1991	1994
Communist/Left Party	5.3	4.8	3.6	5.6	5.4	5.9	4.5	6.2
Social Democrats	43.6	42.7	43.2	45.6	44.7	43.2	38.2	45.2
Liberal Party	9.4	11.1	10.6	5.9	14.2	12.2	9.1	7.2
Center Party	25.1	24.1	18.1	15.5	10.1	11.3	8.4	7.7
Christian Democratic Party	1.8	1.4	1.2	1.9	2.3	2.9	7.2	4.1
Conservative Party	14.3	15.6	20.3	23.6	21.3	18.3	22.0	22.4
The Greens	-	-	-	1.6	1.5	5.5	3.4	5.0
New Democracy	-	-	-	-	-	-	6.8	1.2
Other parties	0.4	0.3	1.0	0.3	0.5	0.7	0.4	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(Turnout)	(90.8)	(91.8)	(90.7)	(91.4)	(89.9)	(86.0)	(86.7)	(86.8)

Table 2.3. Distribution of votes cast in the elections to the Norwegian Storting from 1969 to 1993 (in percent)

Parties	1969	1973	1977	1981	1985	1989	1993
Communist Party and Red Alliance	1.0	0.4	1.0	1.0	0.8	0.8	1.1
Socialist People's Party/Socialist Left Party	3.5	11.2 ^a	4.2	5.0	5.5	10.1	7.9
Labor Party	46.5	35.5	42.3	37.1	40.8	34.3	36.9
Liberal Party (Venstre)	9.4	3.5	3.2	3.9	3.1	3.2	3.6
Liberal Party (DNF)	-	3.4	1.4	0.6	0.5	-	-
Christian People's Party	9.4	12.3	12.4	9.4	8.3	8.5	7.9
Center Party	10.5	11.0	8.6	6.6	6.6	6.5	16.7
Conservatives	19.6	17.4	24.8	31.8	30.4	22.2	17.0
Progressive Party	-	5.0	1.9	4.5	3.7	13.0	6.3
Other parties	0.0	0.5	0.2	0.1	0.3	1.4	2.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(Turnout)	(83.8)	(80.2)	(82.9)	(83.2)	(83.8)	(83.2)	(75.8)

^a Communist/ SPP alliance in 1973

Unlike Denmark, these representative democracies have very seldom invited their people to vote directly on any one national issue. Since the early referendums on prohibition – in 1922 in Sweden, in 1919 and 1926 in Norway, and in 1931 in Finland – there had been no referendums at all in Finland and only one in Norway (over EC membership in 1972). Sweden held national referendums in the 1950s on right-hand driving and the national pension system as well as one in 1980 on nuclear power (cf. Chapter 5). In addition, Sweden and Norway have had several local referendums.

The three party systems have their peculiarities, but they also share remarkable similarities. Their structure is based on the left-right dimension which has been especially dominant in Sweden. At least since the 1920s the party systems of Finland, Sweden, and Norway have had five components in common: all have had a communist/left socialist, a social democratic, an agrarian/center, a liberal, and a conservative party. An ethnic party reflecting the concerns of Swedish-language speakers is the sixth traditional component in Finland's party system, while a Christian party has been well established in Norway (formed 1933) and, since 1970, also in Finland. Both in Sweden and in Norway the respective Social Democratic labor parties have been strong enough to compete realistically for a one-party dominance in the parliaments. In Norway there was a Labor majority in the Storting from 1945 to 1961 and in the lower chamber of the Swedish Riksdag in the periods 1940–44 and 1968–70.

Although the left-right dimension is the main characteristic of these party systems, each system also reflects additional political and ideological dimensions, some of which may actually be more relevant for the EU issue (cf. Chapter 11). The distinction between the new left and the old left is certainly relevant in Norway and Sweden. In all three countries the interests of the primary producers have been organized politically, and in all of them traditional moral values are defended by political parties (see Chapter 10). Tables 2.1, 2.2 and 2.3 display the electoral support for the various parties in the general elections over the last decades.

The party systems have become more diversified since the 1970s and 1980s. For the first time in 70 years Sweden experienced the birth of a new parliamentary party when its environmentalists gained representation in 1988, and in 1991 the Christian Democrats (founded 1964) and the short-lived New Democracy Party entered Sweden's Riksdag. The new element in Norway was the right-wing populist Progressive Party which entered the scene in 1973. The Rural Party of Finland's "forgotten people" scored a major victory in 1970, and the Eduskunta included several very small parties in the 1970s. In 1983 The Greens achieved representation, and in 1995 a new right-wing party turned two Ph.D.s into MPs. Unsuccessful miniparties have also nominated election candidates in all three countries.

In one sense Sweden is reminiscent of a two-party system.² Both the elections and the forming of governments have followed a bloc pattern: there is the Socialist bloc of two parties and the non-socialist bloc of others, and the Swedish voters have an idea as to which two party leaders compete for the leadership of the next government. Only the first "new party" in 70 years, the Green Party, cannot be placed in either bloc. In 1991 the premiership was won by the Conservative Party leader Carl Bildt at the forefront of a non-socialist four-party coalition through the helm was reclaimed by the Social Democratic party chairman Ingvar Carlsson after the election of September 1994.³

Finland did not pay much attention to the political scientists' theories of coalition formation when the Conservatives and the Social Democrats formed their coalition government in 1987, leaving the Center Party in opposition. A similar pattern was repeated after Finland's 1995 election: the five-party government headed by the Social Democratic leader Paavo Lipponen included both the Conservative Party and the Left Wing Alliance (former communists) and, in addition, the Swedish People's Party and The Greens, but once again it excluded the Center, the party of the prime minister of the Center-Conservative coalition government from 1991 to 1995.

From 1935 until 1965 the Norwegian Labor Party formed shifting majority and minority governments. When the Labor Party was finally defeated, it came as a result of the four non-socialist parties' determination to forget old differences and join forces. The coalition government fell apart when membership of the EC became an issue in 1971. The parties of the center (the Liberals, Christian People's Party, and the Center Party) formed a minority "No" government after their referendum victory in 1972. The center government was short lived, and in the 1980s Norway witnessed a return to the two-bloc situation of the sixties. In the 1990s the story repeated itself: The four-party non-socialist government disintegrated in 1990 due to the upcoming EC issue, and the "No" parties of the center formed a new minority government in 1997.

In addition to political parties, many other types of organizations have functioned as mobilizers of the electorates. The 1970s showed clearly the importance of voluntary organizations in Nordic democracy, in all sectors and on all levels of society. The Nordic countries were indeed "among the most thoroughly organized in the world" (Eliassen 1981:609). The conclusion remains justified, and many civic organizations play a direct or indirect role in politics and elections, too. But the structures, roles, and functions of the organizations are not alike in Finland, Sweden, and Norway.

The economic groups – trade unions and business and agricultural organizations – are so important in all three countries that some observers are inclined to label them neo-corporatist political systems. In two of them the labor force is unionized very highly: up to 85 percent in Sweden and

77 percent in Finland. The Norwegian figure of 57 percent also ranks high in international comparisons. The central trade unions have been traditionally close to the Labor parties, especially so in Sweden. The Conservatives, in turn, share many of the goals of the organizations of industry and employers, and the Center parties were called agrarian or farmers' parties until the 1950s in Sweden and Norway and until 1965 in Finland.

The Nordic societies have developed as Western-oriented liberal democracies. They adhere to an old tradition of both the freedom of the press and transparency in public administration. The press has a long history as the "fourth estate" of national political systems, and the Nordic people remain quite active readers of daily newspapers: in 1993 the world's five highest total circulations per 1,000 inhabitants were those of Norway (608), Japan (576), Finland (512), Sweden (490) and Switzerland (404) (World Press Trends 1994). Although the old-time party organs have largely vanished due to the discontinuation of many party papers, and due to the transition of the formerly party-linked papers to independent political reporting, the press often determines the political agenda and takes an active role in the ongoing political debates.

When radio broadcasting was developed, it followed the typical European public service pattern. Since the 1920s the programs have contained news and political debates soon thereafter. The number of national radio channels is four in each country. In addition, each country has regional and local radio stations.⁴ Television became a prominent mass medium in the 1960s and commercial TV stations have complemented the publicly owned TV-broadcasting in Finland since 1957, in Sweden since 1989, and in Norway since 1992. In 1994 Finland's YLE (Yleisradio Oy) and Sweden's SR (Sveriges Radio) operated two nation-wide public service TV channels, while Norway's NRK (Norsk Rikskringkasting) started its second channel in August 1996. There was also one nation-wide commercial channel in Finland and two such channels in Sweden and in Norway.⁵ They were complemented by local and nationally linked cable-TV services and satellite channels. Although the introduction of commercial channels has increased the volume of entertainment enormously, the news coverage (including news on political matters and debates) has expanded as well. In all three countries the average TV viewing time is about two hours 20 minutes a day (Media Trends 1995:37-39).

Social change has been rapid in the Nordic societies: like many other developed countries they experienced internal mobility and urbanization when transforming from agricultural to industrial, and then to service-dominated and information societies. Educational reforms have elevated the formal education of the young age groups far above that of the seniors. The formerly very significant cleavage between the "blue collar" and "white collar" workers became less pronounced: there are people who maintain a subjective class identification with either the working class or

the middle class, but the divisive predominance of the classes has declined. However, many of the social changes have been neither simultaneous nor quite similar in the three countries, and notable differences remain in their cleavage structures. They will be described below in Chapters 8 and 11.

One difference in the recent experiences with foreigners concerns the volume of immigration. During the 1960s and 1970s, internal mobility within the Nordic Council area brought some 400,000 Finns to Sweden. The Swedish labor force and, consequently, Swedish society, also absorbed the most immigrants from southern Europe, while Finland received relatively few foreign immigrants. There have been corresponding differences in the numbers of refugees. All three countries have accommodated refugees, but the numbers have been higher in Sweden than in Norway and much higher in Norway than in Finland. While immigration from North America and Western Europe has not caused much controversy, immigration from other areas has become a much debated issue.

Oftentimes these countries were labeled as notable examples of the welfare state concept. Indeed, their citizens became used to benefiting from comprehensive social services; according to a popular Swedish expression the state nursed its citizens "from the cradle to the grave", or, as the French put it, "from the womb to the tomb". Many citizens have taken a great pride in the relatively generous welfare systems. Social programs did not develop similarly in the three countries. The strong position of the social democratic parties is evident in Sweden and Norway, whereas the Finnish welfare state has more in common with the welfare systems in Germany and France (Esping-Andersen 1990). However, social security was not more comprehensive in the Nordic countries than the social programs in certain other countries of Western Europe. And the other side of the coin was the cost factor. Welfare expenditures were covered by heavy tax burdens in all three countries. All three countries experienced cutbacks in welfare expenditure during the eighties and nineties, but more so in Sweden and Finland than in Norway.

Sovereignty and national security

The facts of geography and history are the basic determinants of the three countries' national security policies. Norway faces the Atlantic and the Arctic Ocean with a 2,650 kilometer coast line; the Finns sail to the ocean through the Baltic sea. Sweden is the largest country, occupying a central location amongst the Nordic countries, while Finland shares a 1,270 kilometer land border with Russia. All three countries have a long history of lively contacts with the rest of Europe.

Sweden, like Denmark, gives the impression of taking its long-lasting in-

dependence for granted: the country annually celebrates a "National day" (on 6 June) rather than a "Day of Independence" like Finland (6 December), Norway's "Constitution Day" (17 May) also has the overtone of emphasizing the achievement of national independence. Finland gained independence in 1917, having been an autonomous state (or "Grand Duchy") within the Russian Empire since 1809, while Norway celebrates its disengagement from centuries of Danish rule and the break-through of its domestic democracy in 1814 as a more important national achievement than the dissolution in 1905 of its union with Sweden.

And the Nordics are hardly bothered by any "inferiority complex". When asked for the purposes of this study how proud they were of being Finnish/Swedish/Norwegian, 90 percent of the Norwegians showed national pride. This was high enough to be matched in 1994 only by the Irish and the Greeks within the EU countries (Eurobarometer 42, B.51). The pride felt by the Swedes (88 percent) and the Finns (86 percent) did not lag much behind. And when the Finnish and Norwegian interviewees heard the statement, "No matter whether Finland/Norway is right or wrong, I will always support my own country," 77 percent of the Finns and 71 percent of the Norwegians agreed.

The three countries experienced the Second World War very differently. Norway was occupied by Germany (1940-45), Finland defended its independence through three wars (1939-40, 1941-44, 1944-45) losing the lives of 87,000 soldiers and thousands of civilians, while Sweden remained an outsider between its two neighbors. Since the war, each of the three countries has been determined to defend its national security and independence, basing their defense forces on compulsory military service.

The conscription service in Finland lasts from eight to eleven months, in Sweden from seven to fifteen, and in Norway between six and twelve months. The service is later followed by reserve training on refresher courses. The wartime strength of the Finnish defense forces is 500,000 men, Sweden can mobilize 729,000 and Norway 255,000 men (IISS 1995). The military expenditures of these countries varied in 1992 between USD 2.6 billion in Finland and USD 5.9 billion in Sweden; their percentages of the gross national product were 2.2 percent in Finland, 2.6 percent in Sweden, and 3.4 percent in Norway (SYF 1995:606).

The post-World War period was dominated by the Cold War and the conflict between the two military blocs. All five Nordic countries were situated in the border zone between the blocs. Each government considered national security to be a concern of primary importance, and so did other state institutions. The establishment of the North Atlantic Treaty Organization was of great importance for the Nordic countries regardless of their formal relation to the military alliance. Full support behind the national security policy was judged to be vital, and political parties were not supposed to attempt vote-gains by confronting the official policy.

During the German invasion the Norwegian government-in-exile entered into a wartime alliance with Britain. In 1948-49 the government rejected the primarily Swedish idea of a Scandinavian defense union, because it could not provide security and military equipment from the United States on acceptable terms. The alternative was the Atlantic Pact of April 1949, and from the early 1950s Norway's defense became deeply integrated into the NATO military structures. However, the Norwegian authorities turned down some of NATO's plans and initiatives, partly due to negative reactions in public opinion and domestic politics, and partly in an effort to reassure the Kremlin leadership that Norwegian territory would not be used for launching attacks against the U.S.S.R. The result was a series of self-imposed restrictions, or a system of unilateral confidence-building measures.⁶

The Swedish government had to give concessions to Germany during the war, and in the immediate postwar period the wartime experiences strongly supported a continuation of Sweden's policy of "armed neutrality." The country was well prepared militarily during the 1950s and 1960s, but defense expenditures were reduced in the early 1970s because of economic realities and the new era of détente between the major military blocs (1970-77). However, the situation changed in the fall of 1981, when a Soviet submarine, armed with nuclear weapons, went aground inside restricted Swedish waters. The support for a strong military system continued to be high but there was no general support for a substantial increase in the defense budget.

Since the Second World War Finland's security policy has been based on the assumption that Finnish territory would not in itself represent an objective or cause for another war because the country is located aside from the strategically more important areas and, consequently, a separate war against Finland alone is deemed unlikely. But Finland has been prepared to defend its entire territory and to prevent the use of its territory for strategic objectives located outside the country. The primary aim in Finland, as well as in Sweden, is that the existence and preparedness of native defense forces would in themselves deter the intentions of a possible aggressor.

Upon the demise of the Soviet Union, the NATO alliance went through a metamorphosis. The London summit of 1990 formed the basis of a reappraisal of NATO's role in a new Europe. It included the adoption of a new strategic concept, a new force structure, and a new command structure. In the opinion of the Norwegian government, the new circumstances made demands for adjustments in security policy. In November 1992 Norway became an associate member of the Western European Union. It committed itself to taking an active part in out-of-area operations, and cooperation with Russia began to flourish in many directions.

Norway had been, especially in the 1970s, concerned with NATO's fluctuating commitments, and again in the new situation the most important

goal of Norway's security policy was to forestall the deterioration of NATO commitments to Norway. In the early 1990s it was reasonably successful in maintaining the commitments: most agreements concerning reinforcements and prestocking of heavy equipment did survive, although with reduced levels and more costs to be resumed by Norway. However, the Northern Command at Kolsås near Oslo was deactivated in 1994, to be replaced by a Northwestern Command in England, and Denmark was transferred to NATO's Central European Command.

Considering the long reliance on "the policy of neutrality" which had made cooperation with NATO a political non-issue, membership in the so-called Partnership for Peace caused very little controversy in Sweden and in Finland. When it was presented as a part of the new joint East-West conflict prevention and peacekeeping system in Europe, most Swedes probably felt that their country could substantially contribute to it.

After the Eastern bloc and the Warsaw Treaty Organization were dissolved, the political decision-makers and the electorates may have viewed the military situation with some disorientation and loss of guidance. The newly independent nations and the democratization of the former WTO countries were very much welcomed, but the unpredictability of Russian developments makes political and military stabilization of the sensitive North European area an important component in security policy strategies. It has been in the interest of all Nordic countries to support the positive developments and to have Russia integrated to the rest of Europe.

Foreign policy

Finnish politicians have often emphasized that national defense is one of two areas of the country's security policy, the other area being foreign policy. The latter was carefully defined as "Finland's active peace seeking neutrality policy" and it became very much personalized with the label "Paasikivi-Kekkonen line" in recognition of the presidents J.K. Paasikivi (1946-56) and Urho Kekkonen (1956-81). Mauno Koivisto (1982-94) occupied the presidency in a renewed domestic and dramatically changing international environment. As one Finnish scholar put it, "Now we know that almost everything did change in Koivisto's era: both in the ways foreign policy was carried out and spoken of, and in the content of foreign policy" (Vaahtoranta 1994:6).

Paasikivi stressed how foreign policy requirements stood above the domestic scene. He asked for a broad consensus and he was at times much disturbed by an overly outspoken press and by some unpatriotic maneuvers of the Finnish communists. It gradually became a dogma in Finland that the constitution trusts the president with central responsibility for foreign policy.

During Kekkonen's long presidency his power in foreign relations began to shadow domestic politics, too, as the president and his close supporters found opportunities to interfere in internal affairs with the use of the foreign policy of "branding an ax". Justifications for the concentration of power in foreign policy were the importance of trustful personal contacts when dealing with foreign leaders, especially those of the Soviet Union, and the Russian suspicions of any changes in the relations with Finland. This line of thinking culminated in the extension of Kekkonen's third term (1968-1974) with four extra years, supposedly a necessary signal toward the U.S.S.R. that Finland's association with the EEC did not mean any West-bound sidestep from the predictable neutral policy line.

Mauno Koivisto's aim was to lead foreign policy through the Government and its Foreign Affairs Committee, and the roles of the prime minister and the minister of foreign affairs grew more central. His successor from 1994, Martti Ahtisaari, has actually been willing to reemphasize the role of the president. Who should represent Finland in the summit meetings of the EU became a real issue with some humorous connotations: it has not been completely solved, although the EU can provide Finland with two plates at the European Council's dinner table.

Finland signed the Armistice with the Soviet Union in 1944 and the Paris Peace Treaty in 1947. The Treaty of Friendship, Cooperation and Mutual Assistance, concluded in 1948, helped to stabilize relations with the U.S.S.R. In the treaty Finland assured that it would have taken defensive action if there had been an attack on Finland or on the U.S.S.R. via Finnish territory. In 1955 Finland became a member of both the United Nations and the Nordic Council. Its first membership in the UN Security Council was in 1969-70.

Throughout the Cold War Finland was very cautious not to compromise its neutrality. For example, it did not join the European Free Trade Association as a full member, but became only an associate member in 1961. Full membership was achieved as late as in 1989. Discussions on membership in the EC/EU were also largely initiated by outside events: Austria's decision to apply for membership in July 1989, Sweden's similar decision in October 1990, and the failure of the coup attempts in Moscow in August, 1991.

Sweden has maintained its neutral foreign policy line continuously since the Napoleonic wars. Also when Denmark, Iceland, and Norway joined NATO in 1949, Sweden decided to continue on its own. It based its national security policy on the principle "non-alignment in peacetime, neutrality in times of war". The United Nations Organization provided the nonaligned country with many opportunities to contribute to conflict prevention, peace-keeping and humanitarian actions taken on the global level. The Swede Dag Hammarskjöld served, after Norway's Trygve Lie (1946-53), as UN Secretary General until he was killed in 1961 during a

peace-mission to the Congo. Over the years, Sweden has put great emphasis on the UN disarmament negotiations, especially those which have concerned nuclear weapons.

The Nordic countries have fully supported the global peace process within the framework of the United Nations; often the UN has been called a "cornerstone" of Norwegian foreign policy. For long periods of time 25 percent of all UN military forces came from the Nordic countries. By 1995 about 33,000 Finns, more than 65,000 Swedes and over 40,000 Norwegians had served with the UN in peace-keeping and peace-making operations. The UN activities stimulated an international trend which also paved the way for the formulation of extensive complementary bilateral foreign aid and development programs. "International solidarity" has long been an important element of Sweden's foreign policy. During the debate on Sweden's membership in the EU this tradition was actually used both by the proponents and the opponents of membership.

In addition, Finland and Sweden especially have contributed to broader European cooperation. Sweden, like Norway, was an active participant in the discussions on establishing the Council of Europe in 1949 (but successfully opposing the intentions to use the CoE as an embryo for a more comprehensive federalistic political structure). Finland, however, was overly cautious: although a long-time participant in many of its activities, Finland joined the CoE as late as in 1989. The most recognized forum of Finland's multilateral foreign policy activity has been the Conference on Security and Cooperation in Europe, the final act of which was signed in Helsinki in 1975. Finland also organized the fourth CSCE follow-up meeting in 1992. Sweden's active participation included hosting in 1986 the CSCE Conference on Confidence and Security-Building Measures and Disarmament in Europe.

The formal initiative to establish a Nordic Council and a Nordic Council of Ministers was taken in 1951 by Denmark's prime minister; in Sweden it received immediate support from the government as well as from the parliament. Initially Norway was reluctant, but when it was agreed to leave out defense policy, the Norwegian attitude changed. The Nordic Council was launched in 1952; Finland joined in 1955. The cooperation was agreed to be functional and based on interparliamentary and intergovernmental recommendations. It has played an important role in furthering good neighborly relations among Iceland, Denmark, Finland, Norway and Sweden as it created, *inter alia*, a free movement, without passports, between the countries, a common Nordic labor market, and extensive cooperation within the cultural sphere.

Because the Soviet Union originally thought that the EEC was acting in close cooperation with NATO, every move toward it would have been considered incompatible with the "policy of neutrality". As an alternative, Sweden, together with Denmark, Norway, Great Britain, Austria,

Switzerland, and Portugal, decided in 1959 to form EFTA. But when, already in 1961, some EFTA countries applied for membership in the EEC, the neutral members Sweden, Austria, and Switzerland only asked for an associative agreement with the EEC. In 1973 Finland and Norway also signed a free trade agreement with the EEC. From 1967 to the early 1970s Sweden had already negotiated full membership, testing the compatibility of membership with traditional neutrality, but the issue was removed from its official political agenda for some fifteen years.

After the launching of "The Single Market '92" campaign in 1986, the joint decision by the EC and the remaining EFTA countries to develop a European Economic Space was regarded as an acceptable alternative. However, the economic arguments for membership in the EC also grew stronger in Sweden. The new geopolitical and geomilitary situation, which was accompanied by its worsening economic situation, by the Austrian application for EC membership in 1989, and by the growing public support for membership in the EC, were factors which forced Sweden's Social Democratic government to exploit the opportunity that had been created by the developments in Eastern Europe.

The traditional military aspect of security was moved into the background as issues such as unemployment, the tax system, immigration, and research and development were given top priority in Sweden. Thus many issues that at first seemed to be purely domestic policy issues turned out to be strongly tied to international conditions and developments.

And when Sweden's Social Democratic government handed over to the EC the formal application for EC membership on 1 July 1991, no special clauses concerning national security policy were included in the application. Membership in the EC/EU was regarded as compatible with a continued "policy of neutrality". The new non-socialist coalition government headed by Carl Bildt even stopped using the term "neutrality". Instead, it referred to "military nonalignment with a European identity", and in 1992 the Riksdag adopted the following definition of the basis of Sweden's security policy: "non-participation in military alliances in peacetime, making it possible to issue a declaration of neutrality in the event of war in the vicinity".

Norway chose not to be neutral after the Second World War and in other important ways it also differs from Finland and Sweden in its relationships with Western Europe. First of all, while the two others have a tradition of closer cooperation with continental Europe, Norway's orientation has been more Atlantic – one might say, ever since Norwegian emigration to Iceland some eleven centuries ago. Today, many Norwegians feel more American than European. And secondly, the first commercial discovery in 1969 of vast oil and gas resources on the continental shelf and the subsequent production of oil and gas have had a great impact both internally and in the foreign policy of the country. Notably, gas export has become an important dimension in Norway's policy toward Europe.

When newly independent, Norway was anxious to reclaim its ancient possessions in the North Sea. Spitsbergen came under its sovereignty in 1920 and tiny Jan Mayen in 1929, and demands were even made for territories in Antarctica. In 1977 Norway, like many other coastal nations, made use of the principle of exclusive economic zones and extended its jurisdiction to 200 nautical miles, later also establishing zones of a somewhat similar character around Jan Mayen and Spitsbergen. Both Iceland and Greenland/Denmark disputed Norway's right to establish a zone around Jan Mayen stretching out of the median line. Norway and Iceland reached a compromise in 1980–81; in 1993 the judgment of the International Court of Justice leaned in favor of Norway's claims. But few nations supported Norway's claim that it had exclusive rights to the continental shelf and the waters around the Spitsbergen archipelago. And another long-standing problem, still not yet fully settled, has concerned the partition of the Barents Sea between Norway and the U.S.S.R., now Russia.

Finland and Sweden, on the other hand, are more oriented toward the Baltic Sea. They aim at closer cooperation with Denmark, Germany, Poland, Lithuania, Latvia, Estonia and Russia on issues like pollution, trade, traffic and travel, plus financial aid to and economic cooperation with the recently democratized countries. More widely: despite potential unpredictability, the situation in the entire northern region of Europe appears now to be quite stable and tension-free. For instance, Russia was pleased with the Norwegian initiative in 1992 to launch a bridge-building project in the Barents region, and small businesses near Finland's southeastern border benefit from Russian tourists. Normalization prevails.

The Nordic countries share an interest in the stability of their region and they have much more in common in their foreign policies: often they act in concert in various forms of international cooperation, and they take similar stands on disarmament, development aid and human rights. But analyses of Swedish voting in the UN General Assembly also show that during 1990–93 Sweden voted less than before with the majority of the Third World countries and changed its traditional voting pattern to be more in line with the member states of the EC.

The national economies and European integration

Providing a simple overview of economic conditions is easier said than done: finding the appropriate economic indicators for evaluating the (potential) economic costs and benefits of EU membership is not an easy task. Moreover, the EEA agreement was already implemented from 1 January 1994. It gave the EFTA countries (except Switzerland) access to the Single Market and made "The four Freedoms" (the unrestricted movement of

goods, capital, services and labor) of the EU (Art. 7a of the EC Treaty), the governing economic principles of the whole EEA area.⁷

In a survey of the *general economic well-being* of the applicant nations the implicit argument is that EU attitudes might be informed by the relative autonomy and strength of the respective national economies. Economic integration is also relevant: the degree to which the Nordic economies were already integrated with the economies of EU member states may say something about their likelihood of supporting membership in the European Union. In measuring integration, it is important to consider the exchange of both capital and goods.

We can begin by looking at the relative strength of specific sectors in their contribution to national Gross Domestic Products (GDP). Table 2.4 does this (at the single-digit ISIC level) in terms of factor costs for 1991. This provides a fairly accurate picture of the significance of each sector as a percentage of total GDP factor costs. The most surprising information in Table 2.4 may be the differences which separate the three economies. In particular, Finland and Norway are most dependent on nonmarket services (23.4 percent and 18.2 percent respectively), while Sweden spends a larger percentage of its factor costs on community, social, and personal services (24.4 percent). Manufacturing is (rather surprisingly) more significant in Finland and Norway than it is in Sweden, while Sweden is the only country where in 1991 a large percentage of factor costs were sunk in the transportation and communications industry.

Table 2.4. Percent of GDP at factor cost by kind of economic activity in 1991 (ranking)

ISIC Economic Activity	Finland	Sweden	Norway
1 Agriculture, hunting, forestry & fishing	5.6	2.6	4.7
2 Mining & quarrying	4	20.4 (3)	13.3*
3 Manufacturing	21.0 (2)	3.3	14.9 (3)
4 Electricity, gas & water	2.6	7.6	3.7
5 Construction	8.6	10.8	4.3
6 Wholesale & retail trade	12.2	7.4	9.9
7 Transport, storage & communication	8.5	22.4 (2)	12.1 ^b
8 Finance, insurance, & business services	18.4 (3)	4.3	16.6 (2)
9 Community, social & personal services	2.9	24.4 (1)	6.3
10 Non-market services ^c	23.4 (1)	4.9	18.2 (1)

Source: *Yearbook of Nordic Statistics 1995*, p. 282

^a Includes crude petroleum and natural gas production

^b Includes pipelines of crude oil transport

^c Producers of government services and other nonmarket services

A nation's economic dependence in factor cost terms may differ radically from its dependence in employment terms. A sector which attracts a large percentage of the nation's factor costs might not require a large percentage of the nation's workers. Indeed, in all three countries, the strongest employment sector is in community, social, and personal services. Over a third of all employees in these countries are located in this sector. After

services, the manufacturing and trading sectors are the second and third largest employers in all of the three countries (NORD 1995). Another way of obtaining a general picture of national economic strength is to try to measure its relative strength according to standard economic indicators such as employment, budget deficits, government debt levels, etc. The EU's so-called convergence criteria provide a useful starting point for evaluating the relative strength of the national economies in these terms. But the convergence criteria in themselves are not enough. Table 2.5 lists the four traditional convergence criteria, but adds a fifth – percent unemployed – to give a better all-around picture of the health of each economy.

Table 2.5. Convergence criteria plus unemployment in 1993^b

	Inflation	Deficit	Interest rate	Debt	Unemployment
EU criteria ^a	<2.90%	<3,000%	9.46	<60,000%	–
Finland	2.20 ^b	10.80	8.90 ^b	37,00 ^b	18.0
Norway	3.70	3.40	7.20 ^b	43,30 ^b	6.0
Sweden	4.50	13.00	8.80 ^b	51,00 ^b	8.2

Source: European Commission, *Yearbook of Nordic Statistics 1995*

^a Annual change in consumer prices should not exceed more than 1.5% above the three lowest EU inflation rates; the general government budget deficit as percentage of GDP should not exceed 3%; the yields of long-term government bonds should not exceed the yields on the three lowest inflation countries by more than 2 points; the general government debt as a proportion of GDP should not exceed 60%.

^b The convergence criteria have been met.

These figures, which only cover a slice of time (1993), paint the following picture: despite the fact that Finland satisfied the greatest number of convergence criteria in 1993, it had a phenomenally large unemployment problem. The Swedish economy was also experiencing great difficulties, though these were of a different nature. Swedish debt figures were growing at such a rate that they would soon be outside the criteria's margins, and the deficit, at 13 percent, was frighteningly large. Measured in terms of the convergence criteria, then, it might be suggested that the Norwegian economy was the strongest. Not only was Norway's unemployment level lower than either Sweden's or Finland's, but Norway was fairly close to meeting both the deficit and inflation criteria prescribed in the Maastricht Treaty.

Depending on how one measures sectoral significance, the three Nordic economies can be described as either noticeably different from one another (measured in factor cost terms) or relatively similar to one another (measured in sectoral employment terms). Nevertheless, some patterns do emerge. Whereas factor costs concentrations vary across the Nordic countries, outputs from the service industry (broadly defined) predominate. In addition, all three economies are heavily reliant on the community service sector for employment.

In more general terms, the Norwegian economy – measured in unemployment terms and its record with regard to the EU's convergence criteria

— seemed to be the strongest in 1993. One aspect that is missing from this picture (and one that is important for evaluating national relationships to the European Union), is the degree to which the strength of these national economies is — in large part — derived from their ability to maintain strong economic links with the outside world, in particular with Europe. As all of these economies are relatively small, openness may be their most distinguishing characteristic.

Much of the momentum for closer political links with the European Union might be explained in terms of economic links that were even closer than the links agreed to in the EEA treaty between the applicant and EU member-state economies. In other words: To what degree were the applicant economies integrated with those in the European Union?

There are several possible ways to measure reliance on foreign capital markets. We have chosen to focus on three particular aspects of *foreign direct investment* (FDI). The first concerns the general susceptibility of the national economy to capital flows. Countries experiencing large FDI outflows, without matching inflows, are in danger of losing future investments. Second, we can look more closely at the degree to which capital flight from the Nordic countries was actually going to EU member states. A third aspect of FDI can be framed in the question, how dependent are the national economies on foreign capital investment domestically? In particular, we are concerned with the degree to which countries are reliant on FDI stocks for maintaining domestic investment levels. Each of these aspects tells us something different about the nature of national economic dependence on international (and European) capital.

Data from OECD (1993) suggest that the Finnish and Swedish economies were more (consistently) susceptible to outflows of FDI in the years prior to the referendums. In both countries, however, FDI outflows began to drop in the early 1990s. A gap between FDI outflows and inflows emerged in Finland in the late 1980s. The Swedish picture is similar, though the difference between them had narrowed radically in the years prior to the referendum. In Norway, however, the picture is much less clear. While Norwegian FDI inflows were generally less than its outflows, they were much more volatile than was the case in either Finland or Sweden.

The next question is whether the outward FDI flows were heading in the direction of EU member-state economies.⁸ Available data (Karlsson 1990; IMF 1994) indicate that the EC share of FDI from each of the three countries was significant, though less so in Finland than in the two other countries. In both Finland and Sweden the EC share of their world FDI has actually decreased, while in Norway the EC share of its world FDI has grown enormously since 1988. These figures reveal two patterns. First of all, outbound FDI increased rapidly prior to 1990 in all three countries — to both world and EC markets. Second, the rate of growth (for the EU/world share) varies between Norway, on the one hand, and Sweden and Finland on the other.

To complete the picture it is also necessary to know how dependent the national economies are in terms of foreign direct investment stocks. Statistics presented by Currie (1993:126) indicate that Norway is more dependent than either Sweden or Finland on sunk foreign investments. The most reasonable interpretation of the data might be that Norway was (and is) able to attract foreign investment, even without being a member of the European Union, whereas the other two may be experiencing more difficulty in attracting foreign investment without the added incentive of EU membership. (Obviously, the attractiveness of the Norwegian petroleum industry is an important variable here.)

On the other hand, the Norwegian economy is, arguably, more susceptible to foreign capital flight in the event of some future uncertainty.⁹ One could also find support for the argument that Norway is more dependent on the EU countries than its neighbors are. As a larger (relative) share of Norwegian outward FDI is landing in Europe, and because the relative growth of the Norwegian EU/world share of direct investment is higher than in either of the other two countries, we might expect that Norwegians would be more likely than people in the other two countries to entertain membership ambitions. On the other hand, outward FDI is of a larger magnitude (in terms of percent of GDP) for both Finland and Sweden than is the case for Norway.

By international standards, all of the Nordic countries are fairly *reliant on trade*.¹⁰ In 1993, export incomes were above 23 percent of GDP in all three countries. In terms of imports, all three countries are relatively equally dependent. However, when we begin to look at the degree to which each economy relies on the European Union as a receptor of its export products, we find more variation in the degree of dependence. On the import side, all three countries receive about one half of their imports from the European Union. Finland appears to be the least dependent, with 47 percent of its 1993 imports originating in the EU. On the export side, however, Norway appears to be more dependent on the West European market than the other countries, with 67 percent of its 1993 world exports heading toward the 12 EU countries.

Disaggregating the figures even more, one can get an idea as to which specific countries are the primary target markets for Finnish, Swedish, and Norwegian export goods. Table 2.6 lists the top five export markets for the Nordic countries in 1993. All three countries focused their exports on EU markets, with the United States and Norway being the only non-EU markets to make it among the top five (including Sweden still in 1993). Norway was the only country that had all of its top five export markets in the EU. Both Sweden and Finland are relatively dependent on the American market; Sweden in particular, with ten percent of its total export share going to the U.S. market.

Table 2.6. Top five export countries, 1993. Percent of world exports (ranking)

From:	Finland	Sweden	Norway
Denmark		7 (5)	8 (5)
France	5 (5)		13 (2)
Germany	13 (1)	14 (1)	8 (4)
Netherlands		8 (4)	
Norway			9 (3)
Sweden	11 (2)	10 (2)	
United States	8 (4)	8 (3)	25 (1)
United Kingdom	10 (3)		
Total	47	47	63

Source: Yearbook of Nordic Statistics 1995: 189

Generally, Table 2.6 indicates that the Norwegian economy is more dependent than either Finland's or Sweden's on the European market as a receptor for its exports. In both the aggregate figures, and in its export concentration, Norway would seem to be heavily integrated with the European goods market. But the table says little about the specific nature of the trade relationship these economies have with the European Union. Table 2.7 lists the five most important export items, at the two-digit SITC level, for each of the three countries. This table introduces two important types of information. First, the Finnish and Swedish export economies rely heavily on paper and paper products whereas the Norwegian export economy relies primarily on petroleum. In other words, all three export economies are heavily reliant on natural resources. Second, there are important differences in the degree of concentration for each export economy. The Norwegian export economy is by far the most concentrated, as 70 percent of its total export earnings are concentrated in the top five sectors, with petroleum taking the lion's share.

Thus, the Norwegian economy is most dependent on the European markets as receptors for its exports, and its exports rely heavily on petroleum and petroleum products. Obviously, these oil incomes are largely responsible for Norway's relative economic strength. The Finnish and Swedish economies are less dependent on a single sector for their export revenues, but they still lean heavily on natural resource utilization.

How well were the individual Nordic economies suited for a common Economic and Monetary Union (EMU)?¹¹ In order to gauge the relative costs of *participating in a common monetary system*, we must somehow distinguish the degree of "uniqueness" in economic structure between potential members.¹² Our concern is whether or not these structures are susceptible to asymmetric shocks. Implicitly we are suggesting that the more integrated a particular economy is with the other economies in the Union, the less likely it is to suffer asymmetric shocks resulting from a future EMU.

As shown above, and like other countries on the periphery of Europe, the

Table 2.7. Five most important export items at two-digit SITC level: percent of total exports (ranking)

Product group	Finland	Sweden	Norway
03 Seafood and seafood preparation			7 (3)
24 Cork and wood	5 (5)		44 (1) ^a
33 Petroleum and its products			7 (2)
34 Gas, natural and manufactured			
64 Paper and paper products	25 (1)	10 (2)	
67 Iron and steel	6 (2)	6 (5)	
68 Non-ferrous metals			7 (4)
72 Specialized industrial machinery	6 (3)		
74 General industrial machinery		7 (3)	
76 Telecommunication equipment	5 (4)	6 (4)	
78 Road vehicles		12 (1)	
79 Other transportation equipment			5 (5)
Total	47	41	70

Source: Yearbook of Nordic Statistics 1995; Statistisk Årbok 1994

^aThe Norwegian petroleum export figures in the Yearbook of Nordic Statistics 1995 are obviously incorrect. The Yearbook would have that sector representing only 4% of Norway's export earnings. The figures in the table have been replaced with those from the Norwegian Statistisk Årbok 1994.

Nordic economies rely on Western Europe as a market for their exports and a producer of their imports. Sweden and Finland are heavily reliant on the forest industry and Norway relies heavily on the export of petroleum products. There are problems created by relying heavily on either of these two sectors (timber and oil). The first problem is that few of the other European Union economies are major producers of either product; most of Europe imports petroleum and timber products. This means that revenue and business cycles in the producer and consumer markets are likely to be in opposition.¹³ The simple point here is that a demand shock in either of these industries will affect the Nordic (producer) countries differently from the consumer countries (the rest of Europe). In the context of a single currency, this is very problematic in that national officials no longer have recourse to monetary policy instruments to correct such differences.

The second point worthy of note is that the price of both oil and timber products are quoted and traded in U.S. dollars.¹⁴ For an economy such as the Norwegian (or Finnish), where a significant share of export revenues are derived in dollars, the dollar/home-currency exchange rate becomes critical. If membership in the European Union includes membership in an EMU, and the dollar/"Euro" exchange rate is allowed to float (because the dollar is a less significant income generator for other EU economies), the Norwegian and Finnish economies will be susceptible to greater uncertainty with respect to their (export-derived) income streams.

Finland's and Norway's economies, in particular, are highly susceptible to negative external demand shocks because of their overreliance on forest and petroleum exports, respectively. In Sweden, the conclusions are

similar, through less emphatic. To the extent that the Swedish economy is reliant on forest industry exports, it is susceptible to asymmetric shocks like Finland's. The Norwegian dependence on oil revenues will have similar consequences. Maintaining fixed exchange rates to a monetary basket which does not include the dollar will exacerbate booms and slumps in all three economies.

The economy in the eyes of voters

Most people are incapable of comprehending professional economic terminology. Concepts like "asymmetric shocks" (discussed above) are just as likely to be associated with fashions as with economics. Voters are not stupid, they simply do not find it worthwhile to educate themselves in macro-economic topics. However, ordinary citizens are able to form rough ideas about the state of affairs in the economy at large (whether the economy is declining or rising) and about some key sectors of the economy. Unfortunately, public debates on economic issues are mostly kept at a lolly level. The growth, unemployment, inflation and (perhaps) exchange rates are among the economic figures most frequently debated in public and hence probably the best understood economic indicators. Low or negative economic growth, high unemployment, inflation and a weak currency are recognized as signs of "bad" times, whereas a positive growth rate, low unemployment and inflation and a "strong" currency are associated with "good times". Still, when the key indicators display a more mixed situation, which is often the case, most voters have to rely on the interpretations of economists and other "expert" commentators.¹⁵ Nevertheless, ordinary citizens are able to form opinions on the basis of *changes* in the economy. In other words, voters may find it easier to judge whether the economy is improving or declining than whether the present stance is satisfactory or unacceptable. If the economic trends in the three countries were strikingly different in the years leading up to the referendums, we might expect the three national constituencies to perceive the economy differently (cf. Chapter 9). The results displayed in figure 2.1 confirm that they did.

In the years leading up to the referendums, the Finnish and Swedish economies changed for the worse. The Finnish economy suffered a severe blow as a result of the consequences of the overheated economy of the late 1980s and of the collapse of Finland's eastern markets. Unemployment levels rocketed from 1991 on, and in 1993 almost one out of five employees was laid off. Finland also suffered negative economic growth and its average personal income declined. In Sweden the public debt became unbearable in 1993. It became obvious that the public was facing severe cutbacks in welfare spending (Gilljam and Homberg 1995). At the same time, other economic indicators pointed downwards. Sweden was

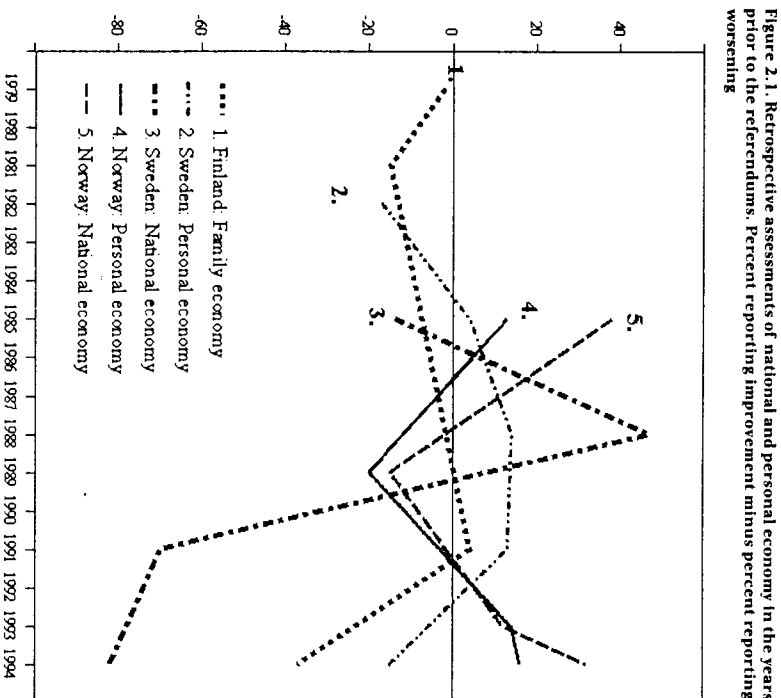


Figure 2.1. Retrospective assessments of national and personal economy in the years prior to the referendums. Percent reporting improvement minus percent reporting worsening

Sources: National Election Surveys in Sweden and Norway; Finnish Gallup, Political Action Study, and Referendum surveys

forced to cut the public deficit at the worst possible time. Comparatively, Norway was better off. The unemployment and public debt figures had risen somewhat, but the Norwegians experienced economic growth and increased personal income throughout this period.

The available time series of retrospective economic assessments for the years leading up to the referendums (Figure 2.1) are methodologically imperfect and need to be interpreted with caution.¹⁶ The general pattern, however, seems to be very distinct and in line with the economic trends just described. For most of the period more Finns may have perceived the economy of their household as declining than have perceived the household's economy as improving. In 1994 the percentage of Finns reporting a decline in the household's economy was larger than ever

before. The trend in perceptions of the personal economy in Sweden is very similar to the trend in Finland, but fewer Swedes reported a decline in their personal economy throughout the period. The changes in perceptions of the national economy in Sweden are more dramatic. In 1988 many Swedes saw the national economy as flourishing. Three and six years later Swedes were almost unanimous in perceiving their national economy as deteriorating. The trend in Norway was very different. After the 1989 low tide, the trend was upwards both with regard to perceptions of the national and the personal economy.

The "surplus" of Norwegians that saw the economy as improving (and hence created the positive score in the figure) was not great, but the contrast to the situations in Finland and Sweden is striking. If we assume that people suffering "bad times" are more willing to risk substantial changes than people pleased with the present state, we are led to expect a greater enthusiasm in Finland and Sweden than in Norway over the prospects of EU membership (the economic growth and recovery hypothesis). The history of the EU itself seems to contradict this reasoning, however. The integration and expansion has accelerated in economically "good times" and come close to a standstill in "bad times".

Facts and arguments

The historical, political and economic facts described in this chapter provided information for the EU debates in the three countries, but as many observers have noticed, politics is more about what people can be made to believe than about truth. Both sides gave their own scenarios, emphasizing "facts" believed to confirm their conclusion, and omitting or diminishing "irrelevant information" (cf. Chapters 3 and 7). So, the facts served as raw material in the production of political arguments by the two camps, and many "facts" were given at least two interpretations (cf. Chapter 7). However, plausible political arguments cannot be made out of thin air. The political actors on the "Yes" side had a hard time convincing even "Yes"-leaning voters that EU membership was compatible with national sovereignty as it has been known in the Nordic countries. The "No" side faced similar difficulties when it tried to make people believe that the EU would be as responsive to the needs of non-member states as member states in the future. The validity of most arguments put forward were not as transparent as in these two cases. More often than not, personal experiences and interests linked to sectors of employment, social class, ideological leanings and so forth made the arguments more or less plausible to different citizens. In other words, not only were the arguments based on the historical, political and economic situations described above, but the responses to these arguments reflected the same basic facts. In Chapters

Three, Four and Five, we discuss how these arguments were conveyed to the citizens, and in Part III of the book their impact on the EU vote is analyzed.

Notes

- 1 The authors wish to acknowledge the cooperation of Rutger Landahl.
- 2 After 1994 the Social Democrats and the Center Party started collaborating across the traditional bloc lines.
- 3 In March 1996 the new chairman of the party, Göran Persson, became prime minister.
- 4 One of Finland's national channels broadcasts in Swedish. Norway's P4 is the only commercial one. The total weekly transmission time in 1994 was 588 hours in Finland, 523 hours in Sweden, and 598 hours in Norway. (Media Trends 1995:32).
- 5 MTV 3 in Finland, TV 4 and TV 3 in Sweden (the latter via satellite), and TV 3 Norge and TV-Norge in Norway.
- 6 While Norway was enjoying the fruits of German participation in flank defense, originally it put restrictions on German contributions. Furthermore, foreign troops could not be stationed on Norwegian territory during peacetime, stockpiling of nuclear charges in Norway was rejected, and extra restraints were called for in the northern part of the country.
- 7 The EEA countries were given the right to block new EU laws and directives from implementation in the EEA (Article 102, Sections five and six). In the popular debate, this was repeatedly but somewhat inaccurately referred to as "the EEA veto." See also Miles (1996:69-70).
- 8 Unfortunately, more current figures are not available. The FC-share figures are the result of a Herculean effort by Karl Karlsson, who accumulated the data first-hand from the respective central banks.
- 9 Of course, from these data we can say nothing about the nationality of the investment in question. If the investments in Norway are American, then EU membership will probably have little effect.
- 10 All figures in this paragraph come from the *Nordic Yearbook of Statistics* 1995.
- 11 For a more detailed analysis of the effects of EMU membership on the Finnish and Swedish economies, see Moses (1997 a and b).
- 12 This section, then, builds implicitly on the Optimum Currency Area (OCA) literature to evaluate whether some countries will be better able to adjust to an EMU than others, based on the structure of their domestic economies. For good introductions to the OCA literature and its application to the EMU, see Gros and Thygesen (1992) and De Grauwe (1994). Whereas the OCA literature evaluates a number of different areas of economic integration (e.g., price and wage flexibility, labor mobility, potential for fiscal transfers, etc.), this section focuses on an evaluation of Finland's, Sweden's and Norway's production and export structures.

13 As a brief example, consider oil. When the price of oil rises (for whatever reason), this benefits the supplier (i.e., the Norwegian economy) at the expense of the consumer (i.e., the rest of the EU). The same is true of forest products (where Sweden, Finland, and Portugal are Europe's only net suppliers of forest industry products).

14 Consider the timber industry. The price of timber products fluctuates widely in world markets and is affected significantly by the dollar's value. Price shumps can be aggregated by a low dollar level; this will increase the supply of timber and paper products from North American producers – depressing world timber and paper prices in European currency terms.

15 When considering their own branch or trade, people are more likely to consider other questions (like access to different markets, production costs, etc.) as well, but they still rely heavily on various experts for their opinions. In this case, these experts are more likely to be connected to the branch or trade than to the national arena.

16 The wording of the questions is not identical for all points in time in the Finnish and Norwegian time-series. The most important deviation is that the questions applied in Finland up to 1994 regard “the family’s economy”, whereas the question applied in Sweden and Norway concerns the respondents’ personal economy.

Chapter 3

The Actors and the Campaigns

Detlef Jahn, Pertti Pesonen, Tore Slanttla and Leif Åberg

By the time EFTA and the EC had put to paper their agreement on the European Economic Area (EEA), Austria and Sweden had already applied for membership in the EC/EU. It was now up to the actors of the referendum campaigns to justify why they believed there ought to be the next step, full membership in the European Union for their country, or why they thought that the EEA arrangement had gone far enough – or even too far.

The primary concern of our study is the political behavior of individual citizens. It is they who formed the Nordic electorates and who were the target groups of the referendum campaigns. The present chapter, however, still belongs to the book's introductory part, intending to provide background information on the three other elements of campaign communication, namely the actors which produced and disseminated information: the messages or the framing of the EU-membership issue; and the channels or mass media through which the actors communicated their messages to the public.

In general terms, campaign actors attempt to influence the behavior of the recipients of their communications. Election campaigns have been portrayed as “a coordinated effort to achieve the objective of winning an election through the mobilization of human, social, material and environmental resources” (Agranoff 1980:47). However, referendum campaigns differ from election campaigns in some important aspects. Their actors focus on only one issue, trying to frame it in a light that favors their preferred outcome. And the major actors of a referendum are not necessarily the political parties which dominate election campaigns. It has even been said that referendums are particularly called for when political parties are unable to take a coherent stand (Butler and Ranney 1994; Bjorklund 1982b). In such situations the parties are not alone on the battlefield. More or less spontaneously created collectives (movements or organizations) aim at influencing citizens. The governments and state agencies might also play roles in the referendum campaigns. Even the mass media deserve attention, not only as channels, but also as campaign actors.